

ATTACHMENT C

APPLICATION COVER SHEET AND CHECK-OFF LIST

Page 1 of 2

Identifying Information:

Grant Opportunity: HHS Health Insurance Rate Review Grants-Cycle I

DUNS #: 9273247490000 Grant Award: \$1 million

Applicant: Commonwealth of Kentucky

Primary Contact Person, Name: William Nold

Telephone Number: 502-564-6088 Fax number: 502-564-2278

Email address: William.Nold@ky.gov

APPLICATION COVER SHEET AND CHECK-OFF LIST

Page 2 of 2

REQUIRED CONTENTS

A complete proposal consists of the following material organized in the sequence below: Please ensure that the project narrative is page-numbered. The sequence is:

- Cover Sheet
- Forms/Mandatory Documents (Grants.gov).

The following forms must be completed with an original signature and enclosed as part of the proposal:

- SF-424: Application for Federal Assistance
- SF-424A: Budget Information
- SF-424B: Assurances-Non-Construction Programs
- SF-LLL: Disclosure of Lobbying Activities
- Additional Assurance Certifications
- Required Letter of support and Memorandum of Agreement
- Applicant's Application Cover Letter
- Project Abstract
- Project Narrative
- Work plan and Time Line
- Proposed Budget (Narrative/Justifications)
- Required Appendices
- Resume/Job Description for Project Director and Assistant Director

Opportunity Title:	"Grants to States for Health Insurance Premium Review-C
Offering Agency:	Ofc of Consumer Information & Insurance Oversight
CFDA Number:	93.511
CFDA Description:	Affordable Care Act (ACA) Grants to States for Health I
Opportunity Number:	RFA-FD-10-999
Competition ID:	ADOBE-FORMS-B
Opportunity Open Date:	06/07/2010
Opportunity Close Date:	07/07/2010
Agency Contact:	Gladys Melendez-Bohler Grant Specialist E-mail: Gladys.Melendez-Bohler@fda.hhs.gov Phone: 301-827-7168

This electronic grants application is intended to be used to apply for the specific Federal funding opportunity referenced here.

If the Federal funding opportunity listed is not the opportunity for which you want to apply, close this application package by clicking on the "Cancel" button at the top of this screen. You will then need to locate the correct Federal funding opportunity, download its application and then apply.

This opportunity is only open to organizations, applicants who are submitting grant applications on behalf of a company, state, local or tribal government, academia, or other type of organization.

* Application Filing Name:

Mandatory Documents

Move Form to Complete

Move Form to Delete

Mandatory Documents for Submission

Budget Information for Non-Construction Program

Objective Work Plan

Project Abstract

Attachments

Project Narrative Attachment Form

Budget Narrative Attachment Form

Optional Documents

Project Abstract Summary

Other Attachments Form

Move Form to Submission List

Move Form to Delete

Optional Documents for Submission

Basic Work Plan

Instructions

- 1** Enter a name for the application in the Application Filing Name field.

 - This application can be completed in its entirety offline; however, you will need to login to the Grants.gov website during the submission process.
 - You can save your application at any time by clicking the "Save" button at the top of your screen.
 - The "Save & Submit" button will not be functional until all required data fields in the application are completed and you clicked on the "Check Package for Errors" button and confirmed all data required data fields are completed.
- 2** Open and complete all of the documents listed in the "Mandatory Documents" box. Complete the SF-424 form first.

 - It is recommended that the SF-424 form be the first form completed for the application package. Data entered on the SF-424 will populate data fields in other mandatory and optional forms and the user cannot enter data in these fields.
 - The forms listed in the "Mandatory Documents" box and "Optional Documents" may be predefined forms, such as SF-424, forms where a document needs to be attached, such as the Project Narrative or a combination of both. "Mandatory Documents" are required for this application. "Optional Documents" can be used to provide additional support for this application or may be required for specific types of grant activity. Reference the application package instructions for more information regarding "Optional Documents".
 - To open and complete a form, simply click on the form's name to select the item and then click on the => button. This will move the document to the appropriate "Documents for Submission" box and the form will be automatically added to your application package. To view the form, scroll down the screen or select the form name and click on the "Open Form" button to begin completing the required data fields. To remove a form/document from the "Documents for Submission" box, click the document name to select it, and then click the <= button. This will return the form/document to the "Mandatory Documents" or "Optional Documents" box.
 - All documents listed in the "Mandatory Documents" box must be moved to the "Mandatory Documents for Submission" box. When you open a required form, the fields which must be completed are highlighted in yellow with a red border. Optional fields and completed fields are displayed in white. If you enter invalid or incomplete information in a field, you will receive an error message.
- 3** Click the "Save & Submit" button to submit your application to Grants.gov.

 - Once you have properly completed all required documents and attached any required or optional documentation, save the completed application by clicking on the "Save" button.
 - Click on the "Check Package for Errors" button to ensure that you have completed all required data fields. Correct any errors or if none are found, save the application package.
 - The "Save & Submit" button will become active; click on the "Save & Submit" button to begin the application submission process.
 - You will be taken to the applicant login page to enter your Grants.gov username and password. Follow all onscreen instructions for submission.

Application for Federal Assistance SF-424		
* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application		
* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision		
* If Revision, select appropriate letter(s): _____ * Other (Specify): _____		
* 3. Date Received: Completed by Grants.gov upon submission.		4. Applicant Identifier: _____
5a. Federal Entity Identifier: _____		5b. Federal Award Identifier: _____
State Use Only:		
6. Date Received by State: _____		7. State Application Identifier: _____
8. APPLICANT INFORMATION:		
* a. Legal Name: Commonwealth of Kentucky		
* b. Employer/Taxpayer Identification Number (EIN/TIN): 61-0600439		* c. Organizational DUNS: 9273247490000
d. Address:		
* Street1: Kentucky Department of Insurance		
Street2: 215 West Main Street		
* City: Frankfort		
County/Parish: Franklin		
* State: KY: Kentucky		
Province: _____		
* Country: USA: UNITED STATES		
* Zip / Postal Code: 406011805		
e. Organizational Unit:		
Department Name: Kentucky Dept. of Insurance		Division Name: Health and Life Division
f. Name and contact information of person to be contacted on matters involving this application:		
Prefix: Mr.		* First Name: William
Middle Name: _____		
* Last Name: Nold		
Suffix: _____		
Title: Director, Health and Life Division		
Organizational Affiliation: Division of KY Dept. of Insurance, Public Protection Cabinet		
* Telephone Number: 502-564-6088		Fax Number: 502-564-2728
* Email: William.Nold@ky.gov		

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

Ofc of Consumer Information & Insurance Oversight

11. Catalog of Federal Domestic Assistance Number:

93.511

CFDA Title:

Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review

*** 12. Funding Opportunity Number:**

RFA-FD-10-999

* Title:

"Grants to States for Health Insurance Premium Review-Cycle I" Office of Consumer Information and Insurance Oversight (OCIIO)

13. Competition Identification Number:

ADOBE-FORMS-B

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Premium Review Grant

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="1,000,000.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="1,000,000.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

Key Contacts Form

* Applicant Organization Name:

Commonwealth of Kentucky

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 1 Project Role: Project Manager

Prefix: Mr.

* First Name: William

Middle Name:

* Last Name: Nold

Suffix:

Title: Director, Health and Life Division

Organizational Affiliation:

Kentucky Department of Insurance

* Street1: 215 West Main Street

Street2:

* City: Frankfort

County: Franklin

* State: KY: Kentucky

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 406011805

* Telephone Number: 502-564-6088

Fax:

502-564-2728

* Email: William.Nold@ky.gov

Delete Entry

Next Person

Key Contacts Form

* Applicant Organization Name:

Commonwealth of Kentucky

Enter the individual's role on the project (e.g., project manager, fiscal contact).

* Contact 2 Project Role: Fiscal Contact

Prefix:

Mr.

* First Name:

Daryl

Middle Name:

* Last Name:

Thompson

Suffix:

Title:

Branch Manager, Administrative Services

Organizational Affiliation:

Kentucky Department of Insurance

* Street1:

215 West Main Street

Street2:

* City:

Frankfort

County:

Franklin

* State:

KY: Kentucky

Province:

* Country:

USA: UNITED STATES

* Zip / Postal Code:

406011805

* Telephone Number:

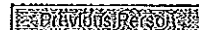
502-564-6154

Fax:

502-564-1650

* Email:

daryl.thompson@ky.gov



Project/Performance Site Location(s)

Project/Performance Site Primary Location I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name:

DUNS Number:

* Street1:

Street2:

* City: County:

* State:

Province:

* Country:

* ZIP / Postal Code: * Project/ Performance Site Congressional District:

Project/Performance Site Location 1 I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name:

DUNS Number:

* Street1:

Street2:

* City: County:

* State:

Province:

* Country:

* ZIP / Postal Code: * Project/ Performance Site Congressional District:

Additional Location(s)

ATTACHMENTS FORM

Instructions: On this form, you will attach the various files that make up your grant application. Please consult with the appropriate Agency Guidelines for more information about each needed file. Please remember that any files you attach must be in the document format and named as specified in the Guidelines.

Important: Please attach your files in the proper sequence. See the appropriate Agency Guidelines for details.

1) Please attach Attachment 1	App Cover Sheet and Check-Of	Add Attachment	Delete Attachment	View Attachment
2) Please attach Attachment 2	Governor's Letter of Support	Add Attachment	Delete Attachment	View Attachment
3) Please attach Attachment 3	Applicant's Application Cove	Add Attachment	Delete Attachment	View Attachment
4) Please attach Attachment 4	Job Description - Project Di	Add Attachment	Delete Attachment	View Attachment
5) Please attach Attachment 5	Cost Allocation Plan - Dept	Add Attachment	Delete Attachment	View Attachment
6) Please attach Attachment 6	Work Plan Time Line - Premiur	Add Attachment	Delete Attachment	View Attachment
7) Please attach Attachment 7		Add Attachment	Delete Attachment	View Attachment
8) Please attach Attachment 8		Add Attachment	Delete Attachment	View Attachment
9) Please attach Attachment 9		Add Attachment	Delete Attachment	View Attachment
10) Please attach Attachment 10		Add Attachment	Delete Attachment	View Attachment
11) Please attach Attachment 11		Add Attachment	Delete Attachment	View Attachment
12) Please attach Attachment 12		Add Attachment	Delete Attachment	View Attachment
13) Please attach Attachment 13		Add Attachment	Delete Attachment	View Attachment
14) Please attach Attachment 14		Add Attachment	Delete Attachment	View Attachment
15) Please attach Attachment 15		Add Attachment	Delete Attachment	View Attachment

Objective Work Plan

Project:

Premium Review Grant

*** Year:** *** Funding Agency Goal:**

1	By submitting this application, the KY Dept of Insurance will improve and enhance the agency's current processes for reviewing and reporting health insurance rate information.
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*** Objective:**

The objective of the KY Department of Insurance is to improve and enhance the health insurance rate review process. The agency intends to develop processes and reporting capabilities to meet federal law requirements. Further, the agency intends to develop mechanisms to make and assist the federal government in making health insurance rate information transparent to consumers.

*** Results or Benefits Expected:**

Develop more effective, efficient, and in-depth rate review processes. Collect and analyze required and meaningful health insurance rate information. Educate and make rate information available to Kentucky health insurance consumers.

* Activities	* Position Responsible	* Time Period Begin	* Time Period End	* Non-Salary Personnel Hours
Project planning and hiring additional staff.	William Nold, Director of Health and Life Division; Ray Perry, Dep. Commissioner	08/09/2010	10/01/2010	100
Develop, draft, lobby, implement new legislation/regulations to authorize the Department to enforce elements needed to enhance rate review process.	DJ Wasson, Assistant to Commissioner; Melea Rivera, Health Regulations	08/09/2010	04/01/2011	200
Educate and make meaningful health insurance rate information available to Kentucky health insurance consumers. Continuously collect and update information available regarding rates.	New personnel, Information Officer I; Ronda Sloan, Branch Mgr of Communications	10/01/2010	09/30/2011	1,500
Develop surveys to elicit information from insurers/consumers in order to develop a baseline upon which transparency and the rate review enhancements by the Department will be built. Analyze data/information received from surveys.	Healthcare Data Administrator	09/01/2010	11/01/2010	1,500

Objective Work Plan

* Activities	* Position Responsible	* Time Period Begin	* Time Period End	* Non-Salary Personnel Hours
IT staff to develop interface to SERFF database , enhancements to Consumer Protection and Health Division databases to increase volume and type of information captured for tracking and analysis	Russ Hamblin, System Analyst II, new position, System Analyst II	09/01/2010	09/01/2011	1,000
Development of an online portal to allow consumers access to information on rate filings and increases; Development of database of stakeholder contact information to easily disseminate rate increase information	Russ Hamblin, System Analyst II, new position, System Analyst II	09/01/2010	09/01/2011	800
Development of an online fraud reporting tool; Development of online web surveys of policyholders to assist with consumer protection and community outreach	Russ Hamblin, System Analyst II, new position, System Analyst II	09/01/2010	11/01/2011	1,000
Refinement of Database reporting tools for preparation to report to Secretary of Health and Human Services; Develop more robust database storage for improving collection, analysis and reporting of rates and insurance market characteristics	Russ Hamblin, System Analyst II, new System Analyst II	09/01/2010	11/01/2011	800

*** Criteria for Evaluating Results or Benefits Expected:**

1. Development of a database for capturing relevant and required health insurance rate information and data from insurers.
2. Enactment of statutes or regulations necessary to collect relevant health insurance rate information and data from insurers.
3. Development of an effective, efficient, and in-depth process to review health insurance rate filings to determine the reasonableness of the rates to be charged.
4. Make meaningful rate information available to consumers.

Objective Work Plan

Project:

Premium Review Grant

*** Year:** *** Funding Agency Goal:**

1

By submitting this application, the KY Dept of Insurance will improve and enhance the agency's current processes for reviewing and reporting health insurance rate information.

*** Objective:**

The objective of the KY Department of Insurance is to improve and enhance the health insurance rate review process. The agency intends to develop processes and reporting capabilities to meet federal law requirements. Further, the agency intends to develop mechanisms to make and assist the federal government in making health insurance rate information transparent to consumers.

*** Results or Benefits Expected:**

Develop more effective, efficient, and in-depth rate review processes. Collect and analyze required and meaningful health insurance rate information. Educate and make rate information available to Kentucky health insurance consumers.

* Activities	* Position Responsible	* Time Period Begin	* Time Period End	* Non-Salary Personnel Hours
Hiring of additional IT staff and purchasing, installing and configuring new hardware and software; Create internal documentation, white paper and training tools.	Russ Hamblin, Systems Analyst II, new position, Systems Analyst II	08/07/2010	11/01/2010	300
Data entry of paper rate filings and import of SERFF filings (as interface is developed) to capture more information in rate filings	Angi Raley, Internal Policy Analyst II, new position, Administrative Specialist II	09/15/2010	01/01/2011	500
Develop and implement new procedures and forms for more robust rate review process, review and make recommendations regarding statutory and regulatory revisions. Create presentations and training for staff	New pos., Health Policy Specialist II, new position, Administrative Specialist II	09/15/2010	08/31/2011	1,500
Develop and implement more robust consumer protection procedures for rate increases, receive and investigate complaints, coordinate hearing requests and notices, liaison with officials and Attorney General staff.	New pos., Health Policy Specialist II, new position, Administrative Specialist II	09/15/2010	08/31/2011	1,500

Objective Work Plan

* Activities	* Position Responsible	* Time Period Begin	* Time Period End	* Non-Salary Personnel Hours
Develop plain language correspondence for consumer protection rate increase issues, Establish a primary point of contact for insurers with regard to rate filings questions and issues.	new position, Administrative Specialist II	09/15/2010	10/31/2010	300
Assess technology, training, communications, physical space and supply needs of the Department for this project; facilitate acquisition and determine priority of project plan items	Darryl Thompson, Branch Manager; new position, Resource Management Analyst I	09/15/2010	01/01/2011	500
Monitor and track Project Budget and resources and compile operational reports for federal reporting; audit functions for Project	new position, Resource Management Analyst I	09/15/2010	03/01/2011	1,000
Establish an external consumer help desk to assist with filing complaints and obtaining information from the department with regard to rate increases and indexes, insurer offerings, and MLR	new position, Resource Management Analyst I; new position, Systems Analyst II	12/01/2010	08/31/2011	750

*** Criteria for Evaluating Results or Benefits Expected:**

1. Development of a database for capturing relevant and required health insurance rate information and data from insurers.
2. Enactment of statutes or regulations necessary to collect relevant health insurance rate information and data from insurers.
3. Development of an effective, efficient, and in-depth process to review health insurance rate filings to determine the reasonableness of the rates to be charged.
4. Make meaningful rate information available to consumers.

Objective Work Plan

You may attach up to 17 additional Objective Work Plan forms here. To extract, fill and attach each additional form, follow these steps:

- Select the "Select to Extract the Objective Work Plan Attachment" button below.
- Save the file using a descriptive name to help you remember the content of the supplemental form that you are creating. When assigning a name to the file, please remember to give it the extension ".pdf" (for example, "Objective_1.pdf"). If you do not name your file with the ".pdf" extension you will be unable to open it later, using Adobe Reader.
- Use the "Open Form" tool on Adobe Reader to open the new form you just saved.
- Enter your additional Objective information in this supplemental form, similar to the Objective Work Plan form that you see in the main body of your application.
- When you have completed entering information in the supplemental form, save and close it.
- Return to this page and attach the saved supplemental form you just filled in, to one of the blocks provided on this "attachments" form.

Important: Attach additional Objective Work Plan forms, using the blocks below. Please remember that the files you attach must be Objective Work Plan PDF forms that were previously extracted using the process outlined above. Attaching any other type of file may result in the inability to submit your application to Grants.gov. Note: It is important to attach completed forms only. Attach ONLY PDF (.pdf) forms where ALL required fields are filled out. Incomplete or missing data will cause your application to be rejected.

Select to extract the Objective Work Plan Attachment

1) Please attach Attachment 1	ObjectiveWorkPlanAttachment.1	Add Attachment	Delete Attachment	View Attachment
2) Please attach Attachment 2		Add Attachment	Delete Attachment	View Attachment
3) Please attach Attachment 3		Add Attachment	Delete Attachment	View Attachment
4) Please attach Attachment 4		Add Attachment	Delete Attachment	View Attachment
5) Please attach Attachment 5		Add Attachment	Delete Attachment	View Attachment
6) Please attach Attachment 6		Add Attachment	Delete Attachment	View Attachment
7) Please attach Attachment 7		Add Attachment	Delete Attachment	View Attachment
8) Please attach Attachment 8		Add Attachment	Delete Attachment	View Attachment
9) Please attach Attachment 9		Add Attachment	Delete Attachment	View Attachment
10) Please attach Attachment 10		Add Attachment	Delete Attachment	View Attachment
11) Please attach Attachment 11		Add Attachment	Delete Attachment	View Attachment
12) Please attach Attachment 12		Add Attachment	Delete Attachment	View Attachment
13) Please attach Attachment 13		Add Attachment	Delete Attachment	View Attachment
14) Please attach Attachment 14		Add Attachment	Delete Attachment	View Attachment
15) Please attach Attachment 15		Add Attachment	Delete Attachment	View Attachment
16) Please attach Attachment 16		Add Attachment	Delete Attachment	View Attachment
17) Please attach Attachment 17		Add Attachment	Delete Attachment	View Attachment

Project Abstract

The Project Abstract must not exceed one page and must contain a summary of the proposed activity suitable for dissemination to the public. It should be a self-contained description of the project and should contain a statement of objectives and methods to be employed. It should be informative to other persons working in the same or related fields and insofar as possible understandable to a technically literate lay reader. This Abstract must not include any proprietary/confidential information.

* Please click the add attachment button to complete this entry.

Add Attachment

Delete Attachment

View Attachment

Project Abstract - Premium Review Gra

Project Narrative File(s)

* Mandatory Project Narrative File Filename:

To add more Project Narrative File attachments, please use the attachment buttons below.

Budget Narrative File(s)

* Mandatory Budget Narrative Filename:

To add more Budget Narrative attachments, please use the attachment buttons below.

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		Total (g)
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	
1. Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511	\$	\$	\$ 1,000,000.00	\$	\$ 1,000,000.00
2.						
3.						
4.						
5. Totals		\$	\$	\$ 1,000,000.00	\$	\$ 1,000,000.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review				
a. Personnel	\$ 229,572.68	\$	\$	\$	\$ 229,572.68
b. Fringe Benefits	79,314.49				79,314.49
c. Travel	85,000.00				85,000.00
d. Equipment	30,000.00				30,000.00
e. Supplies	0.00				
f. Contractual	540,000.00				540,000.00
g. Construction	0.00				
h. Other	18,912.83				18,912.83
i. Total Direct Charges (sum of 6a-6h)	982,800.00			\$	982,800.00
j. Indirect Charges	17,200.00			\$	17,200.00
k. TOTALS (sum of 6i and 6j)	\$ 1,000,000.00	\$	\$	\$	\$ 1,000,000.00
7. Program Income	\$ 0.00	\$	\$	\$	\$

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	\$ 0.00	0.00	0.00	0.00
9.					
10.					
11.					
12.	TOTAL (sum of lines 8-11)	\$	\$	\$	\$

SECTION D - FORECASTED CASH NEEDS

		Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13.	Federal	\$ 1,000,000.00	250,000.00	250,000.00	250,000.00	250,000.00
14.	Non-Federal	\$				
15.	TOTAL (sum of lines 13 and 14)	\$ 1,000,000.00	250,000.00	250,000.00	250,000.00	250,000.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program		FUTURE FUNDING PERIODS (YEARS)			
		(b) First	(c) Second	(d) Third	(e) Fourth
16.	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	\$ 1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
17.					
18.					
19.					
20.	TOTAL (sum of lines 16 - 19)	\$ 1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:	None	22. Indirect Charges:	None
23. Remarks:	None		

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

<p>* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</p> <p>Completed on submission to Grants.gov</p>	<p>* TITLE</p> <p>Secretary, Public Protection Cabinet</p>
<p>* APPLICANT ORGANIZATION</p> <p>Commonwealth of Kentucky</p>	<p>* DATE SUBMITTED</p> <p>Completed on submission to Grants.gov</p>

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C.1352

Approved by OMB
0348-0046

1. * Type of Federal Action: <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. * Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input checked="" type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. * Report Type: <input checked="" type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change
--	--	--

4. Name and Address of Reporting Entity:

Prime SubAwardee

* Name:

* Street 1: Street 2:

* City: State: Zip:

Congressional District, if known:

5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime:

6. * Federal Department/Agency: <input type="text" value="Ofc of Consumer Information & Insurance"/>	7. * Federal Program Name/Description: <input type="text" value="Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review"/> CFDA Number, if applicable: <input type="text" value="93.511"/>
--	---

8. Federal Action Number, if known: <input type="text" value="RFA-FD-10-999"/>	9. Award Amount, if known: \$ <input type="text"/>
--	--

10. a. Name and Address of Lobbying Registrant:

Prefix * First Name Middle Name

* Last Name Suffix

* Street 1: Street 2:

* City: State: Zip:

b. Individual Performing Services (including address if different from No. 10a)

Prefix * First Name Middle Name

* Last Name Suffix

* Street 1: Street 2:

* City: State: Zip:

11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

* Signature:

* Name: Prefix * First Name Middle Name
 * Last Name Suffix

Title: Telephone No.: Date:

Basic Work Plan

1. Estimated date of established funding agreement with State:

08/09/2010

Note: Tasks starting before this date are not eligible for funding, and cannot be counted toward matching funds.

Describe the tasks in the work plan:

2 a. Describe this task or milestone: Develop effective and efficient rate review process

b. Name of person or organization responsible for carrying out task: Health and Life Division

c. How long will this task take to complete? 12 months

d. Justify how this project task contributes to project completion: (800 character limit - about 133 words)

The purpose of the grant is to assist states in the development or enhancement of the states' health insurance rate review process. Kentucky currently reviews rates but needs to enhance the state's existing process in order to capture and analyze the relevant rate review information as required in the new federal law. Such enhancements will include changes to Kentucky law and modification of Kentucky's current review and analytical processes.

3 a. Describe this task or milestone: Enhance transparency of health insurance rate information

b. Name of person or organization responsible for carrying out task: Information Officer

c. How long will this task take to complete? 12 months

d. Justify how this project task contributes to project completion: (800 character limit - about 133 words)

The grant will assist the Department in gathering relevant health insurance rate information for distribution to the public. The goal is to educate consumers regarding pertinent rating information relevant to them. Further, the project task will assist consumers in making personal health insurance choices.

4 a. Describe this task or milestone: Collect and report relevant health insurance rate data

b. Name of person or organization responsible for carrying out task: Health and Life Division

c. How long will this task take to complete? 12 months

d. Justify how this project task contributes to project completion: (800 character limit - about 133 words)

The Kentucky Department of Insurance is required to report particular information regarding health insurance rates to the federal government. Currently, rate information is not filed in the manner that will allow the Department of Insurance to report appropriately. As a result, the state's current rate review process must be enhanced to require certain information to be filed by insurers, to collect and organize the data, and to properly analyze the data collected.



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

STEVEN L. BESHEAR
GOVERNOR

700 CAPITOL AVENUE
SUITE 100
FRANKFORT, KY 40601
(502) 564-2611
FAX: (502) 564-2517

July 1, 2010

The Honorable Kathleen Sebelius
Secretary, Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

RE: Grants to States for Health Insurance Premium Review – Cycle I
Letter of Endorsement

Dear Secretary Sebelius:

The attached grant application is being submitted by the Commonwealth of Kentucky, Kentucky Department of Insurance ("Department"), in order to request funding for the Health Insurance Premium Review – Cycle I Project ("Project"). The goal of the Project is to expand, improve, and enhance the Department's existing rate review and data collection processes in response to new requirements as set forth by the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010. As Governor of the Commonwealth of Kentucky, I give my support to this grant application and the Health Insurance Premium Review – Cycle I Project.

Currently, the Department has statutory authority to review rate filings. It has a rate review process in place to protect consumers from unjustifiable rate increases. However, the Project will allow the Department to expand and improve existing rate review processes by enhancing data collection and analysis efforts, requiring more detailed information from insurers regarding the assumptions used in rating factors, and enhancing consumer protection and consumer outreach capabilities. These improvements will greatly benefit the citizens of the Commonwealth, make health insurance rating practices more transparent, and protect our policyholders from unreasonable rate increases by health insurers. For these reasons, I support and endorse the submission of the grant application for the Cycle I health insurance premium review.

I look forward to working with the Department to expand, improve, and enhance existing rate review processes.

Sincerely,

Signature on file with
original document

Steven L. Beshear



PUBLIC PROTECTION CABINET

Steven L. Beshear
Governor

Department of Insurance
P.O. Box 517
Frankfort, KY 40602-0517
800-595-6053
<http://insurance.ky.gov>

Robert D. Vance
Secretary

Sharon P. Clark
Commissioner

July 1, 2010

The Honorable Kathleen Sebelius
Secretary, Department of Health & Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

**Re: Grants to States for Health Insurance Premium Review – Cycle I
Applicant Cover Letter**

Dear Secretary Sebelius:

The attached grant application is being submitted by the Commonwealth of Kentucky, Kentucky Department of Insurance (the "Department"), in order to request funding for the Health Insurance Premium Review – Cycle I Project (the "Project"). The goal of the Project is to expand, improve, and enhance the Department of Insurance's existing rate review and data collection processes in response to new requirements as set forth by the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010. The Project Title is "Premium Review Grant" and the Project Director is:

William Nold
Director, Health and Life Division
Kentucky Department of Insurance
215 West Main Street
Frankfort, KY 40601
Phone: 502-564-6088
Fax: 502-564-2728
William.Nold@ky.gov

Pursuant to existing Kentucky statutes, the Department has the authority to review all individual, small group, association, and employer-organized association rate filings. The Department also has the authority to disapprove or request modifications of rating factors. In the large group market, the Department has the authority to review the rating methodology used to determine any rate. In the large group market, the Department is proposing an expansion of its authority through additional legislation to include requiring more detailed information from insurers regarding assumptions, requiring actual

Secretary Sebelius
July 1, 2010
Page Two

rating factors for the large group market (as opposed to the methodology) to be filed, and to convert to a prior-approval rate review process. The Department proposes to supplement existing staff using grant funds in order to convene a working group to expand and enhance the current rate review process and expand consumer protection and consumer outreach efforts. Also, the Department intends to make technological enhancements to capture required and relevant rate data, to assist in the analysis of that data, and to assist in reporting capabilities.

My assurances are given that grant funds will only be used to enhance Kentucky's existing rate review efforts and will not be used as a substitute for existing funding for such efforts. Please contact the Project Director listed above with any questions or if any additional information is needed to review this grant proposal.

Sincerely,

Signature on file with
original document

Sharon P. Clark
Commissioner

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD03
11:29:54

CABINET	DEPARTMENT	DIVISION	BRANCH	SECTION	UNIT	EMPLOYEE
58	676	09	00	00	00	001

Request: UPDATE

Employment: Full-time

Current Title Code: 9936 DIVISION DIRECTOR II

Proposed Title Code: 9936 DIVISION DIRECTOR II

If filled, name of incumbent: WILLIAM J NOLD

The main function of the job.

DIRECT THE EMPLOYEES AND PROGRAMS OF THE HEALTH AND LIFE INSURANCE DIVISION.

STILL PENDING

ENTR=NEXT PF1=UPD PF2=DEL PF3=LIST PF5=PD MENU PF6=APP PF10=MENU CLR=END

06/23/2010
11:30:03

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD) - INQUIRY

PEPCSD04
PAGE: 1
* MORE

Listed are the primary tasks and duties performed by the position.
Beginning with the most important duty.

	Avg % of Time
1 MANAGE AND DIRECT THE EMPLOYEES INVOLVED IN THE ACTIVITY OF REGULATING THE HEALTH AND LIFE INS INDUSTRY. ASSURE THE APPROPRIATE STATUTES ARE ENFORCED.	25
2 SET AND ENFORCE THE POLICY & PROCEDURE FOR THE DIVISION. ADVISE THE COMMISSIONER OF ISSUES RELATING TO HEALTH AND LIFE INSURANCE.	25
3 MEET WITH REPRESENTATIVES OF THE INDUSTRY AND INSURANCE CONSUMERS TO ASSURE AN EQUITABLE AND RESPONSIBLE BUSINESS ENVIRONMENT, AND ASSURE CONSUMER PROTECTION IS ADEQUATE.	25
4 RECOMMEND NEEDED REGULATION AND STATUTORY CHANGES TO THE COMMISSIONER AND GENERAL COUNSEL. ASSIST THE COMMISSIONER, COORDINATE ACTIVITIES W/ OTHER DIRECTORS.	15

ENTER=NEXT SCRIN PF1=UPDATE PF2=DELETE PF3=PREV SCRIN PF5=PD MENU
PF6=APPROVE PF8=DUTY 5-7 PF10=MENU CLEAR=END

06/23/2010
11:30:06

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD) - INQUIRY

PEPCSD04
PAGE: 2

Listed are the primary tasks and duties performed by the position.
Beginning with the most important duty.

	Avg % of Time
5 OTHER MANAGERIAL AND ADMINISTRATIVE DUTIES AS ASSIGNED.	10

6

7

ENTER=NEXT SCRN
PF6=APPROVE

PF1=UPDATE
PF7=DUTY 1-4

PF2=DELETE

PF10=MENU

PF5=PD MENU
CLEAR=END

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD05
11:30:08

The incumbent of this position does conduct performance appraisals on subordinate employees.

Listed below are the class title(s) and position number(s) of the employees, or title and number of contractual employee(s).

ASSISTANT DIRECTOR	58-676-09-00-00-00-002
HEALTH POLICY SPECIALIST II	58-676-09-00-00-00-004
INTERNAL POLICY ANALYST II	58-676-09-00-00-00-005
INSURANCE PROGRAM MANAGER	58-676-00-00-00-00-006
INSURANCE PROGRAM MANAGER	58-676-00-00-00-00-007
INSURANCE PROGRAM MANAGER	58-676-00-00-00-00-008
ADMINISTRATIVE BRANCH MANAGER	58-676-06-00-00-00-001
ADMINISTRATIVE BRANCH MANAGER	58-676-07-00-00-00-001

ENTER=NEXT SCR
PF5=PD MENU

PF1=UPDATE
PF6=APPROVE

PF2=DELETE
PF10=MENU

PF3=PREV SCR
CLEAR=END

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD06
11:30:11

The essential functions of this position require an incumbent to:

- (A) Drive a licensed vehicle?
 - (B) Use a firearm?
 - (C) Lift heavy objects or work in uncomfortable positions for extended periods of time?
 - (D) Be exposed to hazardous working conditions?
 - YES (E) Frequently communicate in person or by telephone?
 - YES (F) Spend a major portion of time using a keyboard?
 - (G) Be exposed to any hazards such as traffic or persons with contagious diseases?
 - YES (H) Visually inspect documents and/or activities and make decisions from those inspections?
- Other:

ENTR=NEXT PF1=UPD PF2=DEL PF3=PREV PF5=PD MENU PF6=APP PF10=MENU CLR=END

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD07
11:30:13

SUPERVISOR - I certify that the information listed is, to the best of my knowledge, complete and accurate, and if the position is filled the employee has reviewed the information contained herein.

Name of Supervisor: SHARON CLARK

Date: 01/01/2010

Title of Supervisor: COMMISSIONER, DEPARTMENT OF INSURANCE

NOTE: If submitted electronically, typed name serves as signature. If position is filled, do not submit the PD form until it has been reviewed by the employee.

The Commonwealth of Kentucky does not discriminate on the basis of race, color, national origin, sex, religion, age, disability, sexual orientation, gender identity, ancestry, veteran status or political affiliation in the admission or access to, or participation or employment in, its programs or services.

PF1=UPD PF2=DEL PF3=PREV PF5=PD MENU PF6=APP PF10=MENU CLEAR=END



United States Department of the Interior
National Business Center
ACQUISITION SERVICES DIRECTORATE
Indirect Cost Services
2180 Harvard Street, Suite 430
Sacramento, CA 95815



January 26, 2010

Ms. Holly McCoy-Johnson, Executive Director
Kentucky Environmental and Public Protection Cabinet
500 Mero Street
4th Floor Capital Plaza Tower
Frankfort, Kentucky 40601

Dear Ms. McCoy-Johnson:

We have reviewed your organization's revised Cost Allocation Plan (Plan), including your Cost Policy Statement, dated January 6, 2010. The Kentucky Environmental and Public Protection Cabinet has chosen not to employ an indirect cost rate, but to allocate actual costs monthly in accordance with the Cost Allocation Plan.

The allocation methodologies described in your Plan are hereby approved on a final basis for fiscal year (FY) ending June 30, 2007 and on a provisional basis for FY ending June 30, 2009.

The FY 2008 Plan must be finalized, based upon financial data for FY 2008, which was due in our office before January 1, 2009. The Plan must be supported by the attached list of required documentation. At the time the Plan is finalized, you can obtain a provisional Plan for FY ending June 30, 2010.

Acceptance of the actual costs in accordance with the approved Plan is subject to the following conditions:

1. The information contained in the Plan and provided by your organization in connection with our review of the Plan is complete and accurate in all material respects.
2. The actual costs claimed by your organization are allowable under prevailing cost principles, applicable law, and program regulations.
3. The claims conform to the administrative and statutory limitations against which the claims are made.

This approval relates only to the methods of identifying and allocating costs to the programs. Nothing contained herein should be construed as approving activities not otherwise authorized by approved program plans or federal legislation and regulations.

The Plan, and the costs allocated therein, may be subsequently reviewed or audited by authorized federal staff. The disclosure of inequities, violations of laws and regulations, or noncompliance with award terms and conditions may require changes to the Plan and may result in questioned costs.

If you have any questions, please contact Te Lam-Vi at 916-566-7111 or email at Te_Vi@nbc.gov.

Sincerely,

Signature on file with
original document

Deborah A. Moberly
Indirect Cost Coordinator

Attachment

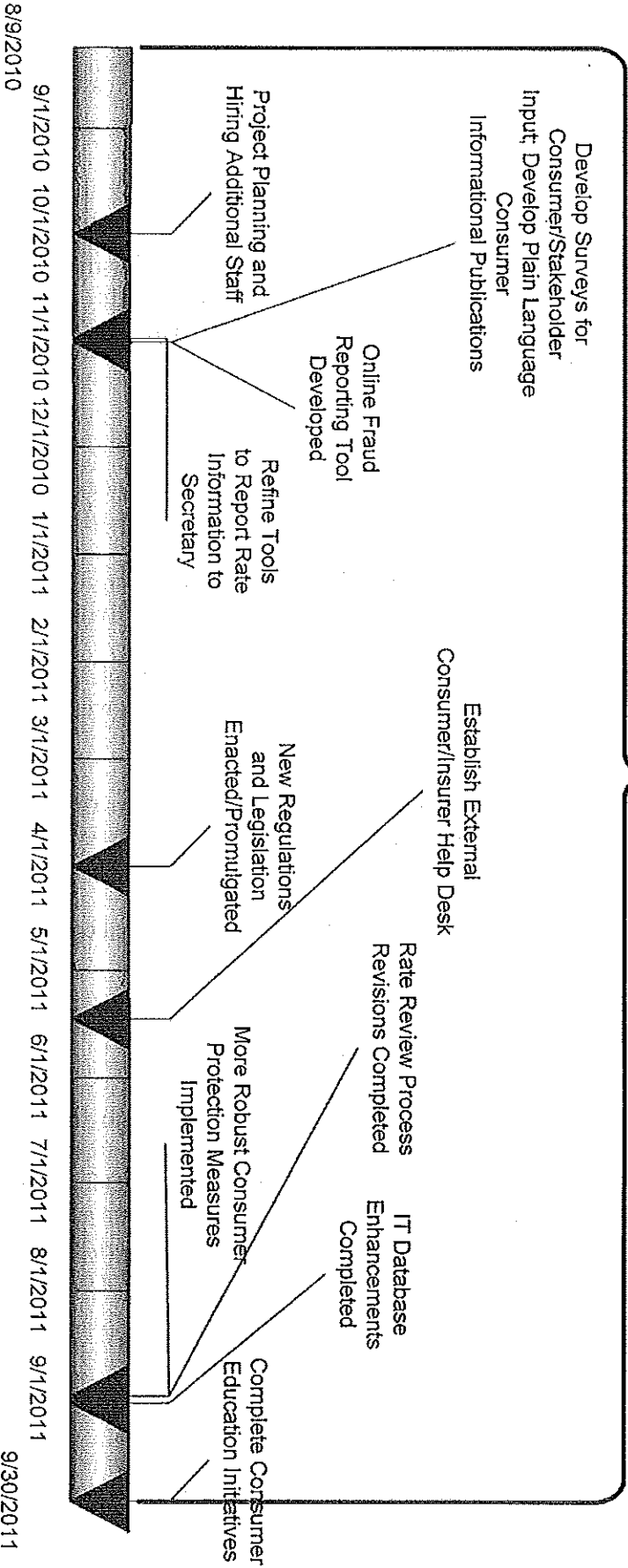
Ref: J; Kentucky/Eppc709/Eppc-CAP.07F&09P

Required Documentation to Finalize Cost Allocation Plan

1. Organizational chart.
2. Complete Cost Policy Statement describing all accounting policies and narrating in detail the proposed final Cost Allocation Plan. This Plan/Policy must identify the procedures used to identify, measure, and allocate all costs to each benefiting activity. This Plan/Policy should be signed by an authorized official.
3. Audited financial statements and related OMB Circular A-133 reports.
4. Cost Allocation Worksheet detailing expenses by function and cost category and reconciled with the financial statements or a budget for the applicable fiscal year(s).
 - a. Supporting schedule of direct costs incurred by cost category, identified by specific government grant, contract, or other non-government activities.
 - b. Supporting schedule of indirect costs identified by cost category claimed as direct costs under specific government grants, contracts, or other non-government activities.
5. A listing of grants and contracts by federal agency, amounts, periods of performance, and the indirect cost (overhead) limitations (if any) applicable to each, such as ceiling rates or amounts restricted by administrative or statutory regulations.
6. Statement of employee benefits. This document should contain the actual costs of the benefits earned/paid to employees.
7. A copy of the approved grant or contract budget(s) by line item with the U.S. Department of the Interior and any applicable clauses on indirect costs (overhead).
8. Certification signed by a duly authorized official of the organization stating that (1) information contained in the Plan was prepared in accordance with 2 CFR 230 (formerly OMB Circular A-122), (2) the costs have been accorded consistent treatment in accordance with generally accepted accounting principles, (3) an adequate accounting and statistical system exists to support claims that will be made under the Plan, (4) the information provided in support of the Cost Allocation Plan is accurate, and (5) all federally unallowable costs have been excluded from allocations.

GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW - CYCLE I
WORK PLAN TIME LINE
KENTUCKY DEPARTMENT OF INSURANCE

Monitor and Track Grant Expenditures;
 Plan Revisions to and Revise Rate Review Process;
 Implement Revisions to Rate Review Process



8/9/2010

9/30/2011

**GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW – CYCLE I
PROJECT ABSTRACT
KENTUCKY DEPARTMENT OF INSURANCE**

The Health Insurance Premium Review – Cycle I Project (the “Project”) is designed to expand and improve the Kentucky Department of Insurance’s (the “Department’s”) rate review and data collection programs in response to new requirements as set forth by the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as the “Affordable Care Act”). Generally, the Project will expand the scope of the Department’s current rate review and approval processes, clarify and augment rate filing requirements, expand current staffing models to make the rate review process more efficient and transparent, expand IT capacity to service the rate review process and data collection efforts, and enhance consumer protection standards and outreach initiatives.

The primary goal of the Project is to increase oversight of insurer rate increases and rating practices and increase the types of data collected in the process. Currently, the Department reviews periodic rate filings for individual, small group, association and employer-organized association products. The Department reviews only the rating methodology for large group products. The grant will allow the Department to increase the number of staff receiving and reviewing rate filings and add actuarial staff to examine more closely the assumptions made by insurers. Funds will be used to promulgate additional regulations and new legislation to modify rate filing requirements, increase the types of data to be provided with a rate filing, and expand the rate review process to the actual rate factors for large group products (as opposed to the limited methodology review currently performed). This increased scrutiny may assist in the overall goal of affordable coverage for Americans and more specifically, Kentuckians.

Another goal of the Project is to increase the efficiency and transparency of the rate review process and increase the data analysis performed in the process. The Department will be increasing the staff available to enter data into our system and to analyze rate and trend data. Grant funds will be used to purchase more robust Oracle software and additional server hardware to house the data collected and to prepare the Department for remitting data to the Secretary of the U.S. Department of Health and Human Services (the “Secretary”) and preparing informative publications for consumers. With more staff committed to data entry of rate information, upper level staff can be fully committed to the review of the rates themselves and performing analysis on emerging trends. This information will allow the Department to better understand the insurance industry in our state and report valuable data to the Secretary.

Lastly, the Project will increase consumer protection and outreach in several important ways. Additional staff will be hired with grant funds to research and resolve rate increase complaints from consumers. Having newly trained experts to assist consumers will result in more efficient investigation and will improve consumer understanding of the process. Also, grant funds will be used to increase staff to enable the Department to educate the public about rate increase issues. These individuals will be responsible for distributing actual rate increase information and justifications in plain language. Also, these staff members can support a more robust public hearing process and assist with open records requests on rate increases. IT professionals, as funded by the grant, will be improving the Department’s website to allow for posting of rate increase information.

The current budget for the Project for August 9, 2010, through September 30, 2011, as set forth in the attachments to the proposal, is \$1,000,000.

**GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW – CYCLE I
PROJECT NARRATIVE
KENTUCKY DEPARTMENT OF INSURANCE**

I. CURRENT HEALTH INSURANCE RATE REVIEW CAPACITY AND PROCESS

A. General health insurance rate regulation information

The Kentucky Department of Insurance (“Department”) regulates HMO, PPO, POS, and FFS products. These products are offered in the small group (2-50 employees), large group (51+), individual, association, employer-organized association, and insurance purchasing outlet (“IPO”) market segments. These market segments are defined by KRS 304.17A-005 and 304.17A-750. [Exhibit 1, KRS 304.17A-005; Exhibit 2, KRS 304.17A-750]. Currently, no entities are registered in Kentucky as an insurance purchasing outlet.

Rating rules utilized by insurers in Kentucky vary between different market segments as follows:

- Individual: The rating band for individual products is plus or minus 35% and case characteristics cannot be greater than 5:1. Case characteristics that may be used are age, gender, occupation or industry, and geographic area. Any adjustment for health status factors or experience cannot exceed 20% annually. For an individual product filed under a minimum loss ratio guarantee, the lifetime minimum loss ratio must be greater than or equal to 65%. [Exhibit 3, KRS 304.17A-095; Exhibit 4, KRS 304.17A-0952].
- Small Group: The rating band for small group products is plus or minus 50% and case characteristics cannot be greater than 5:1. Case characteristics that may be used are age, gender, occupation or industry, and geographic area. Any adjustment for health status factors or experience cannot exceed 20% annually. An insurer can apply to the Department to establish a separate class of business in certain limited circumstances

(such as acquiring a block of business through merger). For an approved separate class of business, the index rate may vary from any other classes of business in the small group market segment by no more than 10%. For a small group of 2-10 employees filed under a minimum loss ratio guarantee, the lifetime minimum loss ratio must be greater than or equal to 70%. For a small group of 11-50 employees filed under a minimum loss ratio guarantee, the lifetime minimum loss ratio must be greater than or equal to 75%. [Exhibit 3, KRS 304.17A-095; Exhibit 4, KRS 304.17A-0952].

- Association: Consistent with NAIC guidelines, associations are treated as individual products for the purpose of rate review. [Exhibit 3, KRS 304.17A-095; Exhibit 4, KRS 304.17A-0952].
- Employer-Organized Associations (“EOA”): Rates for EOA products are reviewed similar to rates in the small group market segment. [Exhibit 5, KRS 304.17A-0954].
- Large Group: There are no rating band rules applicable to the large group market in Kentucky. Insurers must file their rating methodology with the Department for large group products. [Exhibit 3, KRS 304.17A-095].

For all market segments, insurers must include an actuarial memorandum with a rate filing to demonstrate the actuarial justification for their proposed rates and methodology. Rates for all market segments must be guaranteed for twelve months at the rate in effect on the date of issue or renewal.

B. Health insurance rate review and filing requirements

Insurers offering health benefit plans in any of the market segments must submit a rate filing to the Department before rates may be used. Kentucky Administrative Regulation, 806 KAR 17:150, specifies the information and data required to be included in rate filings. [Exhibit

6, 806 KAR 17:150]. The regulation establishes a standard format for rate filings and requires supporting documentation to be included with the filings. The required data includes, but is not limited to, base and index rates, an actuarial memorandum, claim cost development, and benefits. A sample rate filing in the individual market is attached and labeled **Exhibit 7**.

The rate review process is governed by KRS 304.17A-095, 304.17A-0952 and 304.17A-0954. [**Exhibit 3**, KRS 304.17A-095; **Exhibit 4**, KRS 304.17A-0952; **Exhibit 5**, KRS 304.17A-0954]. A rate filing work flow chart is attached and labeled **Exhibit 8**. The work flow chart depicts the Department's internal rate review process. The following is a general overview of the process.

The Department accepts hard-copy paper filings, as well as electronic filings submitted through the National Association of Insurance Commissioners' ("NAIC") SERFF database. A copy of an insurer's annual statement is required with each filing. Upon receipt, Department staff enters information from the filing into a database. A printout from the Department's database depicting the rate filing information captured in the database is attached and labeled **Exhibit 9**.

A complete filing, one that includes all required information, is given a "date of filing." A rate filing may be used by the insurer on and after the date of filing and prior to approval by the Department. Rates must be approved or disapproved within sixty days of the date of filing. Otherwise, the filing will be deemed approved after the expiration of the sixty-day timeframe. The Department has the authority to disapprove or request modification and order the insurer to retroactively modify or reduce rates for any disapproved or modified filing. [**Exhibit 3**, KRS 304.17A-095(2)].

Department staff notifies the Kentucky Office of the Attorney General (“AG”) of any rate filing received and the date of filing. Insurers are required to file rates with the AG in addition to the Department. [Exhibit 3, KRS 304.17A-095(1)]. The AG’s rate reviews are separate and distinct from the Department’s review although the AG and the Department often collaborate in the review of health insurance rate filings.

The Department’s internal rate review staff assigns filings that have received a date of filing to contracted actuaries for review. The Department’s actuaries review the rate filing to determine if the rates are actuarially justified and comply with Kentucky statutes and regulations. During the review, the Department’s actuary may contact the insurer’s actuary for additional information or clarification as needed. The Department’s actuary will make a final recommendation to the Department to approve or disapprove a rate filing. The actuary may also request a modification of a rate filing. The insurer has the option to withdraw a rate filing, often in response to a request from the Department, if the filing would require significant modification to be approved.

In all health insurance market segments in Kentucky, insurers have the option to file rates and policy forms that contain a minimum guaranteed lifetime loss ratio. Filings submitted with a minimum guaranteed lifetime loss ratio that meet the requirements of KRS 304.17A-095(6) are deemed approved upon receipt. Again, the Department has the authority to disapprove or request modification and order the insurer to retroactively modify or reduce rates for any disapproved or modified filing. [Exhibit 3, KRS 304.17A-095(6)].

Kentucky Revised Statute 304.17A-095(3) outlines the factors that the commissioner is required to consider when determining whether a rate filing should be approved or disapproved. Those factors include, but are not limited to, the following:

- Whether the benefits provided are reasonable in relation to the premium or fee charged;
- Whether the rates, fees, dues, or other charges are excessive, inadequate, or unfairly discriminatory; and
- Other factors as deemed relevant by the commissioner.

Rate filings are approved and disapproved by the Department through the creation of a formal legal order. [Exhibit 10, Sample Approval/Disapproval Orders]. The final action is captured in the Department's database, together with the date of action. All rate filing disapprovals are reported as a regulatory action to the NAIC. The filing and the final action are scanned and retained in the Department's database and available for retrieval upon request.

The Department may conduct a retrospective review of a rate filing if a significant number of consumer complaints are received or the Attorney General's actuary has advised the Department of concerns regarding the rate filing. An insurer that does not meet the guaranteed minimum lifetime loss ratio is required to issue premium refunds, plus interest, to Kentucky policyholder(s) insured under the applicable policy if the refund would equal \$10 or more per policy. Premium refunds of less than \$10 per insured shall be aggregated by the insurer and paid to the Kentucky State Treasury. [Exhibit 3, KRS 304.17A-095(6)(d) and (e)].

C. Current level of resources and capacity for reviewing health insurance rates: Information Technology

Currently, the Kentucky Department of Insurance has a Systems' Developer and a Systems' Analyst that devote approximately 25% of their time to developing, modifying, maintaining, and enhancing systems' capabilities in the Health and Life Division of the Department.

The Department utilizes an Oracle database to collect relevant data and supporting documentation from rate and form filings. The majority of the data currently collected in the system pertaining to health insurance rate reviews is entered manually by staff of the Health and Life Division. Further, the data currently collected is not consistent with the data that will be required to be collected and reported to the Secretary of the U.S. Department of Health and Human Services ("Secretary") as outlined in the grant announcement.

As stated above, the Department accepts paper rate filings, as well as filings submitted through SERFF. SERFF currently does not have the capacity or programming functions to collect the state-specific data required to be filed in Kentucky. [Exhibit 11, Depiction of Rate Filing Information Captured by SERFF]. Consequently, insurers submitting rate filings through SERFF are required to submit additional information to the Department in order to comply with 806 KAR 17:150. Again, this data is manually entered into the Department's database by current staff. Due to staffing limitations, not all data filed is entered or captured into the Department's database.

**D. Current level of resources and capacity for reviewing health insurance rates:
Budget and Staffing**

The total expenditure appropriation for the Kentucky Department of Insurance for fiscal year 2011 is \$36,540,400. This appropriation includes money received from the tobacco settlement in the amount of \$16,581,400 as well as restricted funds from the Kentucky State Treasury in the amount of \$19,959,000. With this budgeted appropriation, the Department supports twelve separate divisions and branches including the Health and Life Division. The Department's revenue and receipts for fiscal year 2011 are estimated to be \$29,815,300.

The total expenditure appropriation for the Kentucky Department of Insurance for fiscal year 2010 is \$42,005,000. This appropriation includes money received from the tobacco

settlement in the amount of \$18,356,000; restricted funds from the Kentucky State Treasury in the amount of \$19,770,900; and federal bonus grant money for the high-risk pool in the amount of \$3,878,100. The Department's revenue and receipts for fiscal year 2010, calculated through May 2010, were \$40,665,326.

Currently the rate review function is handled primary by two full-time employees in the Department's Health and Life Division. An Internal Policy Analyst II devotes approximately 60-75% of her time to analyzing health rate filings and data, manually entering rate data into the appropriate database, checking rate filings for accuracy and completeness, and collecting and compiling rate data. [Exhibit 12, Position Description for Internal Policy Analyst II]. An Administrative Branch Manager allocates approximately 75% of her time to identifying rate and form filing issues and managing and supervising employees and contractors responsible for health insurance rate and form filing reviews. [Exhibit 13, Position Description for Administrative Branch Manager].

In addition to the employees identified above, the Department contracts with and utilizes three part-time actuaries to review health insurance rate filings. The Department contracts with Ingenix Consulting of Minneapolis, MN, primarily for the use of two actuaries to review health insurance rates on a part-time basis. The Department also contracts with Wakely Consulting Group of Louisville, KY, primarily for the use of one actuary to review health insurance rates on a part-time basis. The Department has contracted for the services of these actuarial firms to provide an actuarial review of health insurance rate filings, to determine whether the rate filings are in compliance with Kentucky law, to provide consulting on actuarial issues, and to provide analysis of the rate filings as appropriate. [Exhibit 14, Personal Service Contract with Ingenix Consulting; Exhibit 15, Personal Service Contract with Wakely Consulting Group].

On an annual basis, the Department reviews approximately 58 health insurance rate filings in the individual market segment, 35 health insurance rate filings in the small group market segment, and 12 health insurance rate filings in the large group market segment. The total expenditures allocated by the state of Kentucky to the review of insurance rates in the individual and group health insurance markets for FY 2011 is as follows:

Staff employees – salary and benefits	\$ 128,616.00
Contracted actuaries – hourly rate and travel	<u>\$ 882,100.00</u>
Total	\$1,010,716.00

E. Consumer protections

In accordance with KRS 304.2-150 and the Kentucky Open Records Act, codified at KRS 61.872 through KRS 61.884, all rate and form filings and information filed in support thereof are open and subject to public disclosure. [Exhibit 16, KRS 304.2-150; Exhibit 17, Kentucky Open Records Act at KRS 61.872 through KRS 61.884]. Provider fee reimbursement schedules are exempted from public disclosure as those schedules have been determined to be proprietary and confidential in accordance with KRS 61.878, the exemptions to the Kentucky Open Records Act. [Exhibit 18, KRS 61.878].

An open records request for a rate filing must be submitted, in writing, to the Department. Written requests for a filing may be submitted by mailing the request to the Department or by submitting the request via email to LoriP.Brown@ky.gov. The request must provide sufficient information in order for the Department to determine which rate filing is being requested. Pursuant to KRS 304.4-010, the cost of providing a rate filing is thirty cents per page and must be paid prior to the Department's delivery of the requested filing. [Exhibit 19, KRS 304.4-010].

Current consumer publications published by the Department do not directly address the state's rate review process or provide information regarding health insurance rate changes.

[Exhibit 20, List of Publications Currently Available to Consumers Regarding Health Insurance]. Further, only a superficial mention is made of medical underwriting or possible reasons for a premium increase or a decision to deny coverage.

In accordance with KRS 304.2-310(1), the commissioner of the Department, at her discretion, may hold a hearing for any purpose within the scope of the Kentucky Insurance Code. This statute authorizes the commissioner to hold public informational hearings to gather information and data regarding rate filings from interested parties and stakeholders. Further, any person aggrieved by any order of the commissioner may file an application for a hearing within sixty days after the person knew or reasonably should have known of the order in accordance with KRS 304.2-310(2). Consequently, the issuance of an order approving or disapproving a rate filing might give rise to the necessity to hold a formal administrative hearing. [Exhibit 21, KRS 304.2-310]. Lastly, KRS 304.17A-095(8)(a) requires the commissioner to hold a hearing regarding a rate filing upon written request by the Attorney General if such request is based upon one or more of the approval/disapproval considerations outlined in KRS 304.17A-095(3). Also, KRS 304.17A-095(8)(b) reiterates an insurer's right to request a hearing pursuant to KRS 304.2-310 with regard to any action taken by the commissioner as to the disapproval of rates or an order of a retroactive reduction in rates. [Exhibit 3, KRS 304.17A-095(8)(a) and (b)].

The Department does not currently capture data regarding consumer inquiries and complaints by plan year. Regardless, since June 15, 2008, the Department has received a total of 216 complaints regarding health insurance rates. Of the 216 complaints received, 145 were determined to be unjustified, 22 were determined to be justified, 14 were determined to be inquiries, and 35 remain open without a determination.

F. Examination and oversight

The Department is authorized to conduct examinations of insurer business practices, including the application of rates that have been filed and approved in Kentucky. [Exhibit 22, KRS 302.2-210, Examination of Insurers]. The Department conducts examinations of insurers transacting health insurance business in Kentucky. Each insurer is examined approximately every 4-5 years. On occasion, a market conduct examination may reveal an isolated violation by an insurer for charging a health insurance rate not filed and approved with the Department; however, this business practice is not prevalent in the Commonwealth of Kentucky.

The Department does not capture administrative action data based on plan years. Regardless, there have been no administrative actions taken against an insurer based on the insurer's health insurance rating practices during the past two years. With respect to orders approving health rate insurance filings, the Department has issued 104 orders approving health insurance rate filings since June, 2008. The Department has issued 1 disapproval order since June, 2008. In general, insurers agree to modify their filings in response to issues advanced by the Department or the AG after a review of a filing rather than receive an order disapproving a filing. This accounts for the disproportionate number of approvals versus the number of disapprovals. The Department's data does not currently capture the number of rate filings modified prior to the issuance of an approval order.

The Department has not held any formal hearings over the past two years regarding health insurance rates or rate filings.

II. PROPOSED RATE REVIEW ENHANCEMENTS

A. Expanding the scope of current review and approval activities

Through the use of grant funds, the Department intends to increase oversight of insurer rate increases and rating practices, increase the types of and manner in which rate data is collected, improve the efficiency of the rate review process, enhance current systems' capabilities, improve the methods and analysis of rate reviews, and make the rate review process more meaningful and transparent to consumers.

Currently, the tools utilized by the Department are not sufficient and are not designed to capture rate data that will be required by the Secretary. Enhanced systems' capabilities will need to be developed as well as the processes for populating the systems. The Department intends to improve the process for reviewing rates and promulgate new regulations governing the review, including mandatory reporting. In addition, staff will need to be hired and trained to fulfill their rate review roles in accordance with applicable law and expectations.

B. Improving rate filing requirements

Based on the data points outlined in the grant announcement that will need to be collected in order to provide meaningful and compliant reports to the Secretary, the Department's current health insurance rate data collection and analysis processes will need to be transformed and enhanced. Currently, of the 23+ data points outlined in the announcement, the Department collects and can report on only 4 or 5 elements. The Department's process will need to be augmented to capture plan year and policy form data in relation to rate filings. Further, because the Department currently reviews only the rating methodology for large group products, the Department will need to modify and expand the rate reviews in the large group market segment. [Exhibit 3, KRS 304.17A-095(1)(b)].

Considering the Department's current processes and capabilities, grant funds will be used to promulgate additional regulations and new legislation to revise rate filing requirements;

increase the nature and amount of data to be provided in a rate filing; mandate electronic filing; expand the rate review process in the large group market to analyze rate factors; and modify the rate review process to include consideration of plan years, underwriting issues, and policy forms. Further, the Department expects that grant funds will be expended for actuarial consultation to evaluate potential revisions to or extensions of existing law necessary to enhance the rate review process in Kentucky.

C. Enhancing rate review process – staffing

In order to enhance the rate review process in Kentucky as explained in this Narrative, additional personnel will be required to carry out key functions. Grant funds will be used to support employing additional personnel. Additional staffing will be needed to perform data entry functions to capture relevant rate data into the Department's database; to analyze and develop systems' enhancements to capture and report information related to filed rate data; to develop, draft, and prepare informational publications to advise consumers regarding rates, rate filings, rate review processes, and rate review results; to analyze rate filings and rate data; to make recommendations regarding the approval or disapproval of rate filings; to administratively support the rate filing process; to bridge the gap between the current rate review processes and new processes developed as a result of this grant; and to field consumer and insurer complaints and inquiries regarding rate filings and rate data.

To complete these functions, the Department estimates that six new positions will be created through the use of the grant funds. Those six positions include one healthcare data administrator, one health policy specialist, one administrative specialist, one information officer, one resource management analyst, and one systems' analyst. In addition to these positions, the Department anticipates that grant funds will be used to support entering into two additional

actuarial contracts to enhance the actual rate filing reviews and improve the type of reviews completed with respect to large group rate filings.

D. Enhancing rate review process -- IT capacity

Further, in order to capture and analyze the data received as a result of new regulations or statutes, the Department's technological capabilities will need to be augmented to increase server storage space; develop systems' capabilities; collect additional information; and integrate, to the extent possible, with the SERFF system.

Specifically, the Department intends to develop a "1 Application Programming Interface" to interact with the SERFF database for rate filings. This will enable the Department to download an initial rate filing, eliminate data entry, and make the rate review process more efficient. Additional enhancements will need to occur to the Department's internal databases to track additional data fields and to improve reporting capabilities. The Department intends to develop an online portal to allow the public access to enhanced rate information concerning filings/increases. This enhancement will include a fraud reporting tool; online consumer surveys to assist in gathering stakeholder opinions, positions, and concerns; and enhancements to e-services account capabilities.

The Department intends to use grant funds to purchase more robust Oracle software and additional server hardware to house the data collected and to prepare reports for the Secretary of the U.S. Department of Health and Human Services (the "Secretary") and to produce informative publications for consumers. Also, grant funds will be used to develop IT user documentation and to purchase computers, scanners, and laptops for additional staff and actuaries.

E. Enhancing consumer protection standards

Because information regarding health insurance rates is not readily available to consumers in Kentucky, the Department intends to develop a publication to explain the rate review process. Further, the publication will explore the information that insurers submit in a rate filing, the information the Department reviews when determining the proper action to take on a filing, and external factors such as medical cost increases that contribute positively or negatively to the premium amount paid by a consumer.

The Department intends to gather information from consumers, through surveys and open meetings, to determine what information would be useful for them to make well-informed health insurance decisions. In addition, the Department intends to make information available to the public, written in plain language, regarding specific rate filings intending to give consumers notice regarding premium increases and decreases. This transparency would provide valuable information for consumers to consider prior to the introduction of the health exchanges in 2014.

Lastly, the Department intends to employ additional staff to act as a liaison between the Health and Life Division and the Consumer Protection Division. This employee will receive, analyze, and investigate consumer complaints regarding health insurance rate increases. Currently, the Health and Life and the Consumer Protection Divisions are dependent upon one another for rate filing information during a complaint investigation. Also, there is insufficient staff to thoroughly review and investigate rate complaints. As a result, consumer concerns regarding rate increases are often not handled timely. With additional staff, funded with grant funds, rate complaints can be more thoroughly reviewed, the proper personnel will have ready access to necessary information, the investigatory functions will become more efficient, and consumers will be better informed about rate increases that affect them personally.

III. REPORTING TO THE SECRETARY ON RATE INCREASE PATTERNS

A. Attestation

















The Commissioner, on behalf of the Kentucky Department of Insurance, attests that the Department will endeavor to comply with the reporting requirements regarding the individual, small group, and large group market segments as required by the Patient Protection and Affordable Care Act of 2010 and any subsequent reporting guidance made available to the states.

B. Process used to collect and provide data to Secretary

As stated above, the Kentucky Department of Insurance does not currently collect all of the data elements related to health insurance rate filings as outlined in the grant announcement. As a result, grant funds will be used to enhance current data collection capabilities, including enhancements to the SERFF system maintained through the NAIC. It is expected that the reporting capabilities will be enhanced to permit electronic filing and thereby, eliminate the need to manually input large amounts of data. Further, the data reporting requirements will necessitate changes in existing law in order to mandate submission of the data and to enable the collection of rate filing information from insurers. Lastly, grant funds will be used employ staff to input rating information into the Department's systems, review the data, analyze the data, and produce reports in the format required by the Secretary.

IV. OPTIONAL DATA CENTER FUNDING

The Kentucky Department of Insurance does not intend to utilize rate review grant funding to establish a data center to compile and publish fee schedule information.

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KRS 304.17A-005
- 2  **EXHIBIT 2**
Definition: Insurance Purchasing Outlet
KRS 304.17A-750
- 3  **EXHIBIT 3**
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KRS 304.17-095
- 4  **EXHIBIT 4**
Premium Rate Guidelines for Individual, Small Group, and Association Plans
KRS 304.17A-0952
- 5  **EXHIBIT 5**
Premium Rate Guidelines for
Employer-Organized Association Plans
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- 6  **EXHIBIT 6**
Health Benefit Plan Rate Filing Requirements
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Personal Services Contract with
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- 18  **EXHIBIT 18**
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List of Publications Currently Available to Consumers Regarding Health Insurance
- 21  **EXHIBIT 21**
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- 22  **EXHIBIT 22**
Examination of Insurers
KRS 304.2-210

EXHIBIT 1

Definitions

KRS 304.17A-005

304.17A-005 Definitions for subtitle.

As used in this subtitle, unless the context requires otherwise:

- (1) "Association" means an entity, other than an employer-organized association, that has been organized and is maintained in good faith for purposes other than that of obtaining insurance for its members and that has a constitution and bylaws;
- (2) "At the time of enrollment" means:
 - (a) At the time of application for an individual, an association that actively markets to individual members, and an employer-organized association that actively markets to individual members; and
 - (b) During the time of open enrollment or during an insured's initial or special enrollment periods for group health insurance;
- (3) "Base premium rate" means, for each class of business as to a rating period, the lowest premium rate charged or that could have been charged under the rating system for that class of business by the insurer to the individual or small group, or employer as defined in KRS 304.17A-0954, with similar case characteristics for health benefit plans with the same or similar coverage;
- (4) "Basic health benefit plan" means any plan offered to an individual, a small group, or employer-organized association that limits coverage to physician, pharmacy, home health, preventive, emergency, and inpatient and outpatient hospital services in accordance with the requirements of this subtitle. If vision or eye services are offered, these services may be provided by an ophthalmologist or optometrist. Chiropractic benefits may be offered by providers licensed pursuant to KRS Chapter 312;
- (5) "Bona fide association" means an entity as defined in 42 U.S.C. sec. 300gg-91(d)(3);
- (6) "Church plan" means a church plan as defined in 29 U.S.C. sec. 1002(33);
- (7) "COBRA" means any of the following:
 - (a) 26 U.S.C. sec. 4980B other than subsection (f)(1) as it relates to pediatric vaccines;
 - (b) The Employee Retirement Income Security Act of 1974 (29 U.S.C. sec. 1161 et seq. other than sec. 1169); or
 - (c) 42 U.S.C. sec. 300bb;
- (8) (a) "Creditable coverage" means, with respect to an individual, coverage of the individual under any of the following:
 1. A group health plan;
 2. Health insurance coverage;
 3. Part A or Part B of Title XVIII of the Social Security Act;
 4. Title XIX of the Social Security Act, other than coverage consisting solely of benefits under section 1928;
 5. Chapter 55 of Title 10, United States Code, including medical and dental care for members and certain former members of the uniformed services,

and for their dependents; for purposes of Chapter 55 of Title 10, United States Code, "uniformed services" means the Armed Forces and the Commissioned Corps of the National Oceanic and Atmospheric Administration and of the Public Health Service;

6. A medical care program of the Indian Health Service or of a tribal organization;
 7. A state health benefits risk pool;
 8. A health plan offered under Chapter 89 of Title 5, United States Code, such as the Federal Employees Health Benefit Program;
 9. A public health plan as established or maintained by a state, the United States government, a foreign country, or any political subdivision of a state, the United States government, or a foreign country that provides health coverage to individuals who are enrolled in the plan;
 10. A health benefit plan under section 5(e) of the Peace Corps Act (22 U.S.C. sec. 2504(e)); or
 11. Title XXI of the Social Security Act, such as the State Children's Health Insurance Program.
- (b) This term does not include coverage consisting solely of coverage of excepted benefits as defined in subsection (14) of this section;
- (9) "Dependent" means any individual who is or may become eligible for coverage under the terms of an individual or group health benefit plan because of a relationship to a participant;
- (10) "Employee benefit plan" means an employee welfare benefit plan or an employee pension benefit plan or a plan which is both an employee welfare benefit plan and an employee pension benefit plan as defined by ERISA;
- (11) "Eligible individual" means an individual:
- (a) For whom, as of the date on which the individual seeks coverage, the aggregate of the periods of creditable coverage is eighteen (18) or more months and whose most recent prior creditable coverage was under a group health plan, governmental plan, or church plan. A period of creditable coverage under this paragraph shall not be counted if, after that period, there was a sixty-three (63) day period of time, excluding any waiting or affiliation period, during all of which the individual was not covered under any creditable coverage;
 - (b) Who is not eligible for coverage under a group health plan, Part A or Part B of Title XVIII of the Social Security Act (42 U.S.C. secs. 1395j et seq.), or a state plan under Title XIX of the Social Security Act (42 U.S.C. secs. 1396 et seq.) and does not have other health insurance coverage;
 - (c) With respect to whom the most recent coverage within the coverage period described in paragraph (a) of this subsection was not terminated based on a factor described in KRS 304.17A-240(2)(a), (b), and (c);

- (d) If the individual had been offered the option of continuation coverage under a COBRA continuation provision or under KRS 304.18-110, who elected the coverage; and
 - (e) Who, if the individual elected the continuation coverage, has exhausted the continuation coverage under the provision or program;
- (12) "Employer-organized association" means any of the following:
- (a) Any entity that was qualified by the executive director as an eligible association prior to April 10, 1998, and that has actively marketed a health insurance program to its members since September 8, 1996, and which is not insurer-controlled;
 - (b) Any entity organized under KRS 247.240 to 247.370 that has actively marketed health insurance to its members and that is not insurer-controlled; or
 - (c) Any entity that is a bona fide association as defined in 42 U.S.C. sec. 300gg-91(d)(3), whose members consist principally of employers, and for which the entity's health insurance decisions are made by a board or committee, the majority of which are representatives of employer members of the entity who obtain group health insurance coverage through the entity or through a trust or other mechanism established by the entity, and whose health insurance decisions are reflected in written minutes or other written documentation.

Except as provided in KRS 304.17A-200, 304.17A.210, and 304.17A-220, no employer-organized association shall be treated as an association, small group, or large group under this subtitle;

- (13) "Employer-organized association health insurance plan" means any health insurance plan, policy, or contract issued to an employer-organized association, or to a trust established by one (1) or more employer-organized associations, or providing coverage solely for the employees, retired employees, directors and their spouses and dependents of the members of one (1) or more employer-organized associations;
- (14) "Excepted benefits" means benefits under one (1) or more, or any combination thereof, of the following:
- (a) Coverage only for accident, including accidental death and dismemberment, or disability income insurance, or any combination thereof;
 - (b) Coverage issued as a supplement to liability insurance;
 - (c) Liability insurance, including general liability insurance and automobile liability insurance;
 - (d) Workers' compensation or similar insurance;
 - (e) Automobile medical payment insurance;
 - (f) Credit-only insurance;
 - (g) Coverage for on-site medical clinics;
 - (h) Other similar insurance coverage, specified in administrative regulations, under which benefits for medical care are secondary or incidental to other insurance benefits;

- (i) Limited scope dental or vision benefits;
 - (j) Benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof;
 - (k) Such other similar, limited benefits as are specified in administrative regulations;
 - (l) Coverage only for a specified disease or illness;
 - (m) Hospital indemnity or other fixed indemnity insurance;
 - (n) Benefits offered as Medicare supplemental health insurance, as defined under section 1882(g)(1) of the Social Security Act;
 - (o) Coverage supplemental to the coverage provided under Chapter 55 of Title 10, United States Code;
 - (p) Coverage similar to that in paragraphs (n) and (o) of this subsection that is supplemental to coverage under a group health plan; and
 - (q) Health flexible spending arrangements;
- (15) "Governmental plan" means a governmental plan as defined in 29 U.S.C. sec. 1002(32);
- (16) "Group health plan" means a plan, including a self-insured plan, of or contributed to by an employer, including a self-employed person, or employee organization, to provide health care directly or otherwise to the employees, former employees, the employer, or others associated or formerly associated with the employer in a business relationship, or their families;
- (17) "Guaranteed acceptance program participating insurer" means an insurer that is required to or has agreed to offer health benefit plans in the individual market to guaranteed acceptance program qualified individuals under KRS 304.17A-400 to 304.17A-480;
- (18) "Guaranteed acceptance program plan" means a health benefit plan in the individual market issued by an insurer that provides health benefits to a guaranteed acceptance program qualified individual and is eligible for assessment and refunds under the guaranteed acceptance program under KRS 304.17A-400 to 304.17A-480;
- (19) "Guaranteed acceptance program" means the Kentucky Guaranteed Acceptance Program established and operated under KRS 304.17A-400 to 304.17A-480;
- (20) "Guaranteed acceptance program qualified individual" means an individual who, on or before December 31, 2000:
- (a) Is not an eligible individual;
 - (b) Is not eligible for or covered by other health benefit plan coverage or who is a spouse or a dependent of an individual who:
 1. Waived coverage under KRS 304.17A-210(2); or
 2. Did not elect family coverage that was available through the association or group market;
 - (c) Within the previous three (3) years has been diagnosed with or treated for a high-cost condition or has had benefits paid under a health benefit plan for a

high-cost condition, or is a high risk individual as defined by the underwriting criteria applied by an insurer under the alternative underwriting mechanism established in KRS 304.17A-430(3);

- (d) Has been a resident of Kentucky for at least twelve (12) months immediately preceding the effective date of the policy; and
 - (e) Has not had his or her most recent coverage under any health benefit plan terminated or nonrenewed because of any of the following:
 - 1. The individual failed to pay premiums or contributions in accordance with the terms of the plan or the insurer had not received timely premium payments;
 - 2. The individual performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage; or
 - 3. The individual engaged in intentional and abusive noncompliance with health benefit plan provisions;
- (21) "Guaranteed acceptance plan supporting insurer" means either an insurer, on or before December 31, 2000, that is not a guaranteed acceptance plan participating insurer or is a stop loss carrier, on or before December 31, 2000, provided that a guaranteed acceptance plan supporting insurer shall not include an employer-sponsored self-insured health benefit plan exempted by ERISA;
- (22) "Health benefit plan" means any hospital or medical expense policy or certificate; nonprofit hospital, medical-surgical, and health service corporation contract or certificate; provider sponsored integrated health delivery network; a self-insured plan or a plan provided by a multiple employer welfare arrangement, to the extent permitted by ERISA; health maintenance organization contract; or any health benefit plan that affects the rights of a Kentucky insured and bears a reasonable relation to Kentucky, whether delivered or issued for delivery in Kentucky, and does not include policies covering only accident, credit, dental, disability income, fixed indemnity medical expense reimbursement policy, long-term care, Medicare supplement, specified disease, vision care, coverage issued as a supplement to liability insurance, insurance arising out of a workers' compensation or similar law, automobile medical-payment insurance, insurance under which benefits are payable with or without regard to fault and that is statutorily required to be contained in any liability insurance policy or equivalent self-insurance, short-term coverage, student health insurance offered by a Kentucky-licensed insurer under written contract with a university or college whose students it proposes to insure, medical expense reimbursement policies specifically designed to fill gaps in primary coverage, coinsurance, or deductibles and provided under a separate policy, certificate, or contract, or coverage supplemental to the coverage provided under Chapter 55 of Title 10, United States Code, or limited health service benefit plans;
- (23) "Health care provider" or "provider" means any facility or service required to be licensed pursuant to KRS Chapter 216B, pharmacist as defined pursuant to KRS Chapter 315, and any of the following independent practicing practitioners:

- (a) Physicians, osteopaths, and podiatrists licensed under KRS Chapter 311;
 - (b) Chiropractors licensed under KRS Chapter 312;
 - (c) Dentists licensed under KRS Chapter 313;
 - (d) Optometrists licensed under KRS Chapter 320;
 - (e) Physician assistants regulated under KRS Chapter 311;
 - (f) Advanced registered nurse practitioners licensed under KRS Chapter 314; and
 - (g) Other health care practitioners as determined by the office by administrative regulations promulgated under KRS Chapter 13A;
- (24) (a) "High-cost condition," pursuant to the Kentucky Guaranteed Acceptance Program, means a covered condition in an individual policy as listed in paragraph (c) of this subsection or as added by the executive director in accordance with KRS 304.17A-280, but only to the extent that the condition exceeds the numerical score or rating established pursuant to uniform underwriting standards prescribed by the executive director under paragraph (b) of this subsection that account for the severity of the condition and the cost associated with treating that condition.
- (b) The executive director by administrative regulation shall establish uniform underwriting standards and a score or rating above which a condition is considered to be high-cost by using:
1. Codes in the most recent version of the "International Classification of Diseases" that correspond to the medical conditions in paragraph (c) of this subsection and the costs for administering treatment for the conditions represented by those codes; and
 2. The most recent version of the questionnaire incorporated in a national underwriting guide generally accepted in the insurance industry as designated by the executive director, the scoring scale for which shall be established by the executive director.
- (c) The diagnosed medical conditions are: acquired immune deficiency syndrome (AIDS), angina pectoris, ascites, chemical dependency cirrhosis of the liver, coronary insufficiency, coronary occlusion, cystic fibrosis, Friedreich's ataxia, hemophilia, Hodgkin's disease, Huntington chorea, juvenile diabetes, leukemia, metastatic cancer, motor or sensory aphasia, multiple sclerosis, muscular dystrophy, myasthenia gravis, myotonia, open heart surgery, Parkinson's disease, polycystic kidney, psychotic disorders, quadriplegia, stroke, syringomyelia, and Wilson's disease;
- (25) "Index rate" means, for each class of business as to a rating period, the arithmetic average of the applicable base premium rate and the corresponding highest premium rate;
- (26) "Individual market" means the market for the health insurance coverage offered to individuals other than in connection with a group health plan. The individual market includes an association plan that is not employer related, issued to individuals on an individually underwritten basis, other than an employer-organized association or a bona fide association, that has been organized and is maintained in good faith for

purposes other than obtaining insurance for its members and that has a constitution and bylaws;

- (27) "Insurer" means any insurance company; health maintenance organization; self-insurer or multiple employer welfare arrangement not exempt from state regulation by ERISA; provider-sponsored integrated health delivery network; self-insured employer-organized association, or nonprofit hospital, medical-surgical, dental, or health service corporation authorized to transact health insurance business in Kentucky;
- (28) "Insurer-controlled" means that the executive director has found, in an administrative hearing called specifically for that purpose, that an insurer has or had a substantial involvement in the organization or day-to-day operation of the entity for the principal purpose of creating a device, arrangement, or scheme by which the insurer segments employer groups according to their actual or anticipated health status or actual or projected health insurance premiums;
- (29) "Kentucky Access" has the meaning provided in KRS 304.17B-001(17);
- (30) "Large group" means:
 - (a) An employer with fifty-one (51) or more employees; or
 - (b) An affiliated group with fifty-one (51) or more eligible members;
- (31) "Managed care" means systems or techniques generally used by third-party payors or their agents to affect access to and control payment for health care services and that integrate the financing and delivery of appropriate health care services to covered persons by arrangements with participating providers who are selected to participate on the basis of explicit standards for furnishing a comprehensive set of health care services and financial incentives for covered persons using the participating providers and procedures provided for in the plan;
- (32) "Market segment" means the portion of the market covering one (1) of the following:
 - (a) Individual;
 - (b) Small group;
 - (c) Large group; or
 - (d) Association;
- (33) "Participant" means any employee or former employee of an employer, or any member or former member of an employee organization, who is or may become eligible to receive a benefit of any type from an employee benefit plan which covers employees of the employer or members of the organization, or whose beneficiaries may be eligible to receive any benefit as established in Section 3(7) of ERISA;
- (34) "Preventive services" means medical services for the early detection of disease that are associated with substantial reduction in morbidity and mortality;
- (35) "Provider network" means an affiliated group of varied health care providers that is established to provide a continuum of health care services to individuals;

- (36) "Provider-sponsored integrated health delivery network" means any provider-sponsored integrated health delivery network created and qualified under KRS 304.17A-300 and KRS 304.17A-310;
- (37) "Purchaser" means an individual, organization, employer, association, or the Commonwealth that makes health benefit purchasing decisions on behalf of a group of individuals;
- (38) "Rating period" means the calendar period for which premium rates are in effect. A rating period shall not be required to be a calendar year;
- (39) "Restricted provider network" means a health benefit plan that conditions the payment of benefits, in whole or in part, on the use of the providers that have entered into a contractual arrangement with the insurer to provide health care services to covered individuals;
- (40) "Self-insured plan" means a group health insurance plan in which the sponsoring organization assumes the financial risk of paying for covered services provided to its enrollees;
- (41) "Small employer" means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least two (2) but not more than fifty (50) employees on business days during the preceding calendar year and who employs at least two (2) employees on the first day of the plan year;
- (42) "Small group" means:
- (a) A small employer with two (2) to fifty (50) employees; or
 - (b) An affiliated group or association with two (2) to fifty (50) eligible members;
- (43) "Standard benefit plan" means the plan identified in KRS 304.17A-250; and
- (44) "Telehealth" has the meaning provided in KRS 311.550.

Effective: July 12, 2006

History: Amended 2006 Ky. Acts ch. 253, sec. 1, effective July 12, 2006. -- Amended 2005 Ky. Acts ch. 144, sec. 7, effective June 20, 2005. -- Amended 2002 Ky. Acts ch. 351, sec. 1, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 376, sec. 6, effective July 15, 2001; ch. 476, sec. 17, effective July 14, 2000; and ch. 521, sec. 1, effective July 14, 2000. -- Created 1998 Ky. Acts ch. 496, sec. 1, effective April 10, 1998.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

EXHIBIT 2

Definition: Insurance Purchasing Outlet

KRS 304.17A-750

304.17A-750 Definitions for KRS 304.17A-750 to 304.17A-770 and 304.47-020.

As used in KRS 304.17A-750 to 304.17A-770 and 304.47-020, unless the context requires otherwise:

- (1) "Eligible employee" means any full time or part time employee who is actively engaged in the conduct of business of the employer, who has satisfied any employer waiting period requirements, and who has been given a voucher by the employer to purchase a health benefit plan;
- (2) "Eligible person" means an employer, eligible employee, self-employed person, unemployed person, or retiree who is not eligible for Medicare;
- (3) "Employer" means any corporation, partnership, sole proprietorship, or other business entity doing business in Kentucky that provides a voucher for a health benefit plan to its eligible employees to purchase a health benefit plan;
- (4) "Insurance purchasing outlet" means a business entity licensed as an administrator in accordance with Subtitle 9 of Chapter 304, which collects premiums and vouchers from or on behalf of health purchasing outlet members, and which is issued a certificate of registration in accordance with KRS 304.17A-750 to 304.17A-770 and 304.47-020;
- (5) "Insurance purchasing outlet member" means an eligible person, including a dependent of an eligible person, who is enrolled in a health benefit plan offered through an insurance purchasing outlet by a participating insurer;
- (6) "Participating insurer" means an authorized insurer that contracts with an insurance purchasing outlet to provide coverage to insurance purchasing outlet members under a health benefit plan; and
- (7) "Voucher" means an instrument that is issued to an eligible employee by an employer to purchase a health benefit plan.

Effective: July 15, 2002

History: Created 2002 Ky. Acts ch. 207, sec. 1, effective July 15, 2002.

EXHIBIT 3

Health Benefit Plan Rate Filing Requirements

KRS 304.17-095

304.17A-095 Insurer issuing health benefit plan must file rates and charges -- Executive director's approval -- Policy forms -- Administrative regulations -- Hearing.

- (1) (a) Notwithstanding any other provisions of this chapter to the contrary, each insurer that issues, delivers, or renews any health benefit plan to any market segment other than a large group shall, before use thereof, file with the executive director its rates, fees, dues, and other charges paid by insureds, members, enrollees, or subscribers. The insurer shall also submit a copy of the filing to the Attorney General and shall comply with the provisions of this section. The insurer shall adhere to its rates, fees, dues, and other charges as filed with the executive director. The insurer shall submit a new filing to reflect any material change to the previously filed and approved rate filing. For all other changes, the insurer shall submit an amendment to a previously approved rate filing.
- (b) Notwithstanding any other provisions of this chapter to the contrary, each insurer that issues, delivers, or renews any health benefit plan to a large group as defined in KRS 304.17A-005 shall file the rating methodology with the executive director and shall submit a copy of the filing to the Attorney General.
- (2) (a) A rate filing under this section may be used by the insurer on and after the date of filing with the executive director prior to approval by the executive director. A rate filing shall be approved or disapproved by the executive director within sixty (60) days after the date of filing. Should sixty (60) days expire after the executive director receives the filing before approval or disapproval of the filing, the filing shall be deemed approved.
- (b) In the circumstances of a filing that has been deemed approved or has been disapproved under paragraph (a) of this subsection, the executive director shall have the authority to order a retroactive reduction of rates to a reasonable rate if the executive director subsequently determines that the filing contained misrepresentations or was based on fraudulent information, and if after applying the factors in subsection (3) of this section the executive director determines that the rates were unreasonable. If the executive director seeks to order a retroactive reduction of rates and more than one (1) year has passed since the date of the filing, the executive director shall consider the reasonableness of the rate over the entire period during which the filing has been in effect.
- (3) In approving or disapproving a filing under this section, the executive director shall consider:
 - (a) Whether the benefits provided are reasonable in relation to the premium or fee charged;
 - (b) Whether the fees paid to providers for the covered services are reasonable in relation to the premium or fee charged;

- (c) Previous premium rates or fees for the policies or contracts to which the filing applies;
 - (d) The effect of the rate or rate increase on policyholders, enrollees, and subscribers;
 - (e) Whether the rates, fees, dues, or other charges are excessive, inadequate, or unfairly discriminatory;
 - (f) The effect on the rates of any assessment made under KRS 304.17B-021; and
 - (g) Other factors as deemed relevant by the executive director.
- (4) The rates for each policyholder shall be guaranteed for twelve (12) months at the rate in effect on the date of issue or date of renewal.
- (5) At any time the executive director, after a public hearing for which at least thirty (30) days' notice has been given, may withdraw approval of rates or fees previously approved under this section and may order an appropriate refund or future premium credit to policyholders, enrollees, and subscribers if the executive director determines that the rates or fees previously approved are in violation of this chapter.
- (6) Notwithstanding subsection (2) of this section, premium rates may be used upon filing with the office of a policy form not previously used if the filing is accompanied by the policy form filing and a minimum loss ratio guarantee. Insurers may use the filing procedure specified in this subsection only if the affected policy forms disclose the benefit of a minimum loss ratio guarantee. An insurer may not elect to use the filing procedure in this subsection for a policy form that does not contain the minimum loss ratio guarantee. If an insurer elects to use the filing procedure in this subsection for a policy form or forms, the insurer shall not use a filing of premium rates that does not provide a minimum loss ratio guarantee for that policy form or forms.
- (a) The minimum loss ratio shall be in writing and shall contain at least the following:
- 1. An actuarial memorandum specifying the expected loss ratio that complies with the standards as set forth in this subsection;
 - 2. A statement certifying that all rates, fees, dues, and other charges are not excessive, inadequate, or unfairly discriminatory;
 - 3. Detailed experience information concerning the policy forms;
 - 4. A step-by-step description of the process used to develop the experience loss ratio, including demonstration with supporting data;
 - 5. A guarantee of a specific lifetime minimum loss ratio, that shall be greater than or equal to the following, taking into consideration adjustments for duration as set forth in administrative regulations promulgated by the executive director:
 - a. Sixty-five percent (65%) for policies issued to individuals or for certificates issued to members of an association that does not offer coverage to small employers;

- b. Seventy percent (70%) for policies issued to small groups of two (2) to ten (10) employees or for certificates issued to members of an association that offers coverage to small employers; and
 - c. Seventy-five percent (75%) for policies issued to small groups of eleven (11) to fifty (50) employees;
6. A guarantee that the actual Kentucky loss ratio for the calendar year in which the new rates take effect, and for each year thereafter until new rates are filed, will meet or exceed the minimum loss ratio standards referred to in subparagraph 5. of this paragraph, adjusted for duration;
 7. A guarantee that the actual Kentucky lifetime loss ratio shall meet or exceed the minimum loss ratio standards referred to in subparagraph 5. of this paragraph; and
 8. If the annual earned premium volume in Kentucky under the particular policy form is less than two million five hundred thousand dollars (\$2,500,000), the minimum loss ratio guarantee shall be based partially on the Kentucky earned premium and other credibility factors as specified by the executive director.
- (b) The actual Kentucky minimum loss ratio results for each year at issue shall be independently audited at the insurer's expense and the audit shall be filed with the executive director not later than one hundred twenty (120) days after the end of the year at issue. The audit shall demonstrate the calculation of the actual Kentucky loss ratio in a manner prescribed as set forth in administrative regulations promulgated by the executive director.
 - (c) The insurer shall refund premiums in the amount necessary to bring the actual loss ratio up to the guaranteed minimum loss ratio.
 - (d) A Kentucky policyholder affected by the guaranteed minimum loss ratio shall receive a portion of the premium refund relative to the premium paid by the policyholder. The refund shall be made to all Kentucky policyholders insured under the applicable policy form during the year at issue if the refund would equal ten dollars (\$10) or more per policy. The refund shall include statutory interest from July 1 of the year at issue until the date of payment. Payment shall be made not later than one hundred eighty (180) days after the end of the year at issue.
 - (e) Premium refunds of less than ten dollars (\$10) per insured shall be aggregated by the insurer and paid to the Kentucky State Treasury.
 - (f) None of the provisions of subsections (2) and (3) of this section shall apply if premium rates are filed with the office and accompanied by a minimum loss ratio guarantee that meets the requirements of this subsection. Such filings shall be deemed approved. Each insurer paying a risk assessment under KRS 304.17B-021 may include the amount of the assessment in establishing premium rates filed with the executive director under this section. The insurer shall identify any assessment allocated.

- (g) The policy form filing of an insurer using the filing procedure with a minimum loss ratio guarantee will disclose to the enrollee, member, or subscriber as prescribed by the executive director an explanation of the lifetime loss ratio guarantee, and the actual loss ratio, and any adjustments for duration.
 - (h) The insurer who elects to use the filing procedure with a minimum loss ratio guarantee shall notify all policyholders of the refund calculation, the result of the refund calculation, the percent of premium on an aggregate basis to be refunded if any, any amount of the refund attributed to the payment of interests, and an explanation of amounts less than ten dollars (\$10).
 - (i) Notwithstanding the provisions of this subsection, an insurer may amend the policy forms used before March 31, 2005, or may amend the minimum loss ratio guarantee on policy forms filed with the office and used by the insurer prior to March 31, 2005, to provide for a minimum loss ratio guarantee allowed under this subsection for policies issued, delivered, or renewed on or after March 31, 2005.
- (7) The executive director may by administrative regulation prescribe any additional information related to rates, fees, dues, and other charges as they relate to the factors set out in subsection (3) of this section that he or she deems necessary and relevant to be included in the filings and the form of the filings required by this section. When determining a loss ratio for the purposes of loss ratio guarantee, the insurer shall divide the total of the claims incurred, plus preferred provider organization expenses, case management and utilization review expenses, plus reinsurance premiums less reinsurance recoveries by the premiums earned less state and local premium taxes less other assessments. For purposes of determining the loss ratio for any loss ratio guarantee pursuant to this section, the executive director may examine the insurer's expenses for preferred provider organization, case management, utilization review, and reinsurance used by the insurer in calculating the loss ratio guarantee for reasonableness. Only those expenses found to be reasonable by the executive director may be used by the insurer for determining the loss ratio for purposes of any loss ratio guarantee.
- (8) (a) The executive director shall hold a hearing upon written request by the Attorney General. The written request shall be based upon one (1) or more of the reasons set out in subsection (3) of this section and shall state the applicable reasons.
- (b) An insurer may request a hearing, pursuant to KRS 304.2-310, with regard to any action taken by the executive director under this section as to the disapproval of rates or an order of a retroactive reduction of rates.
- (c) The hearing shall be a public hearing conducted in accordance with KRS 304.2-310.

Effective: March 31, 2005

History: Amended 2005 Ky. Acts ch. 183, sec. 2, effective March 31, 2005. -- Amended 2004 Ky. Acts ch. 59, sec. 3, effective July 13, 2004. -- Amended 2002 Ky. Acts ch. 351, sec. 3, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 476,

sec. 25, effective January 1, 2001; and 2000 Ky. Acts ch. 521, sec. 14, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 496, sec. 9, effective April 10, 1998. -- Created 1996 Ky. Acts ch. 371, sec. 16, effective July 15, 1996.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

EXHIBIT 4

Premium Rate Guidelines for Individual, Small
Group, and Association Plans

KRS 304.17A-0952

304.17A-0952 Premium rate guidelines for individual, small group, and association plans.

Premium rates for a health benefit plan issued or renewed to an individual, a small group, or an association on or after April 10, 1998, shall be subject to the following provisions:

- (1) The premium rates charged during a rating period to an individual with similar case characteristics for the same coverage, or the rates that could be charged to that individual under the rating system for that class of business, shall not vary from the index rate by more than thirty-five percent (35%) of the index rate upon any policy issuance or renewal, on or after January 1, 2003.
- (2) Notwithstanding the thirty-five percent (35%) variance limitation in subsection (1) of this section, insurers offering an individual health benefit plan that is state-elected under sec. 35(e)(1)F of the Trade Act of 2002, Pub. L. No. 107-210 sec. 201, may vary from the index rate by more than thirty-five percent (35%) for individuals who are eligible for the health coverage tax credit under the following conditions:
 - (a) The insurer certifies that the individual does not meet the insurer's underwriting guidelines for issuance of an individual policy;
 - (b) The policy meets the requirements for state-elected coverage under the Trade Act of 2002; and
 - (c) The premium rate is actuarially justified and has been approved by the Office of Insurance pursuant to KRS 304.17A-095.
- (3) The percentage increase in the premium rate charged to an individual for a new rating period shall not exceed the sum of the following:
 - (a) The percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period. In the case of a class of business for which the insurer is not issuing new policies, the insurer shall use the percentage change in the base premium rate;
 - (b) Any adjustment, not to exceed twenty percent (20%) annually and adjusted pro rata for rating periods of less than one (1) year, due to the claim experience, mental and physical condition, including medical condition, medical history, and health service utilization, or duration of coverage of the individual and dependents as determined from the insurer's rate manual for the class of business; and
 - (c) Any adjustment due to change in coverage or change in the case characteristics of the individual as determined from the insurer's rate manual for the class of business.
- (4) The premium rates charged during a rating period to a small group or to an association member with similar case characteristics for the same coverage, or the rates that could be charged to that small group or that association member under the rating system for that class of business, shall not vary from the index rate by more than fifty percent (50%) of the index rate.

- (5) The percentage increase in the premium rate charged to a small group or to an association member for a new rating period shall not exceed the sum of the following:
- (a) The percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period. In the case of a class of business for which the insurer is not issuing new policies, the insurer shall use the percentage change in the base premium rate;
 - (b) Any adjustment, not to exceed twenty percent (20%) annually and adjusted pro rata for rating periods of less than one (1) year, due to the claims experience, mental and physical condition, including medical condition, medical history, and health service utilization, or duration of coverage of the employee, association member, or dependents as determined from the insurer's rate manual for the class of business; and
 - (c) Any adjustment due to change in coverage or change in the case characteristics of the small group or association member as determined from the insurer's rate manual for the class of business.
- (6) In utilizing case characteristics, the ratio of the highest rate factor to the lowest rate factor within a class of business shall not exceed five to one (5:1). For purpose of this limitation, case characteristics include age, gender, occupation or industry, and geographic area.
- (7) Adjustments in rates for claims experience, mental and physical condition, including medical condition, medical history, and health service utilization, health status, and duration of coverage shall not be charged to an individual group member or the member's dependents. Any adjustment shall be applied uniformly to the rates charged for all individuals and dependents of the small group.
- (8) The executive director may approve establishment of additional classes of business upon application to the executive director and a finding by the executive director that the additional class would enhance the efficiency and fairness for the applicable market segment.
- (a) The index rate for a rating period for any class of business shall not exceed the index rate for any other class of business in that market segment by more than ten percent (10%).
 - (b) An insurer may establish a separate class of business only to reflect substantial differences in expected claims experience or administrative cost related to the following reasons:
 - 1. The insurer uses more than one (1) type of system for the marketing and sale of the health benefit plans;
 - 2. The insurer has acquired a class of business from another insurer; or
 - 3. The insurer is offering a state-elected plan under the provisions of the Trade Act of 2002, Pub. L. No. 107-210 sec. 201.
 - (c) Notwithstanding any other provision of this subsection, beginning January 1, 2001, a GAP participating insurer may establish a separate class of business for the purpose of separating guaranteed acceptance program qualified

individuals from other individuals enrolled in their plan prior to January 1, 2001. The index rate for the separate class created under this paragraph shall be established taking into consideration expected claims experience and administrative costs of the new class of business and the previous class of business.

- (9) For the purpose of this section, a health benefit plan that utilizes a restricted provider network shall not be considered similar coverage to a health benefit plan that does not utilize a restricted provider network if utilization of the restricted provider network results in substantial differences in claims costs.
- (10) Notwithstanding any other provision of this section, an insurer shall not be required to utilize the experience of those individuals with high-cost conditions who enrolled in its plans between July 15, 1995, and April 10, 1998, to develop the insurer's index rate for its individual policies.
- (11) Nothing in this section shall be construed to prevent an insurer from offering incentives to participate in a program of disease prevention or health improvement.

Effective: April 21, 2004

History: Amended 2004 Ky. Acts ch. 168, sec. 1, effective April 21, 2004. -- Amended 2002 Ky. Acts ch. 351, sec. 15, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 476, sec. 19, effective January 1, 2001. -- Created 1998 Ky. Acts ch. 496, sec. 10, effective April 10, 1998.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

2008-2010 Budget Reference. See State/Executive Branch Budget, 2008 Ky. Acts ch. 127, Pt. XII, Sec. 12, at 608; and State/Executive Branch Budget Memorandum, 2008 Ky. Acts ch. 188, at 993 (Final Budget Memorandum, Vol. 1, at 100).

EXHIBIT 5

Premium Rate Guidelines for
Employer-Organized Association Plans

KRS 304.17A-0954

304.17A-0954 Definitions for section -- Premium rate guidelines for employer-organized association plans.

- (1) For purposes of this section:
 - (a) "Base premium rate" has the meaning provided in KRS 304.17A-005;
 - (b) "Employer" means a person engaged in a trade or business who has two (2) or more employees within the state in each of twenty (20) or more calendar weeks in the current or preceding calendar year;
 - (c) "Employer-organized association" means any of the following:
 1. Any entity which was qualified by the executive director as an eligible association prior to April 10, 1998, and which has actively marketed a health insurance program to its members after September 8, 1996, and which is not insurer-controlled;
 2. An entity organized under KRS 247.240 to 247.370 that has actively marketed health insurance to its members and which is not insurer-controlled; or
 3. Any entity which is a bona fide association as defined in 42 U.S.C. sec. 300gg-91(d)(3), whose members consist principally of employers, and for which the entity's health insurance decisions are made by a board or committee the majority of which are representatives of employer members of the entity who obtain group health insurance coverage through the entity or through a trust or other mechanism established by the entity, and whose health insurance decisions are reflected in written minutes or other written documentation;
 - (d) "Index rate" has the meaning provided in KRS 304.17A-005.
- (2) Notwithstanding any other provision of this chapter, the amount or rate of premiums for an employer-organized association health plan may be determined, subject to the restrictions of subsection (3) of this section, based upon the experience or projected experience of the employer-organized associations whose employers obtain group coverage under the plan. Without the written consent of the employer-organized association filed with the executive director, the index rate for the employer-organized association shall be calculated solely with respect to that employer-organized association and shall not be tied to, linked to, or otherwise adversely affected by any other index rate used by the issuing insurer.
- (3) The following restrictions shall be applied in calculating the permissible amount or rate of premiums for an employer-organized health insurance plan:
 - (a) The premium rates charged during a rating period to members of the employer-organized association with similar characteristics for the same or similar coverage, or the premium rates that could be charged to a member of the employer-organized association under the rating system for that class of business, shall not vary from its own index rate by more than fifty percent (50%) of its own index rate.

- (b) The percentage increase in the premium rate charged to an employer member of an employer-organized association for a new rating period shall not exceed the sum of the following:
1. The percentage change in the new business premium rate for the employer-organized association measured from the first day of the prior rating period to the first day of the new rating period;
 2. Any adjustment, not to exceed twenty percent (20%) annually and adjusted pro rata for rating period of less than one (1) year, due to the claims experience, mental and physical condition, including medical condition, medical history, and health service utilization, or duration of coverage of the member as determined from the insurer's rate manual; and
 3. Any adjustment due to change in coverage or change in the case characteristics of the member as determined by the insurer's rate manual.
- (4) In utilizing case characteristics, the ratio of the highest rate factor to the lowest rate factor within a class of business shall not exceed five to one (5:1). For purpose of this limitation, case characteristics include age, gender, occupation or industry, and geographic area.
- (5) For the purpose of this section, a health insurance contract that utilizes a restricted provider network shall not be considered similar coverage to a health insurance contract that does not utilize a restricted provider network if utilization of the restricted provider network results in measurable differences in claims costs.

Effective: July 15, 2002

History: Amended 2002 Ky. Acts ch. 351, sec. 16, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 476, sec. 27, effective January 1, 2001. -- Created 1998 Ky. Acts ch. 496, sec. 11, effective April 10, 1998.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

EXHIBIT 6

Health Benefit Plan Rate Filing Requirements

806 KAR 17:150

806 KAR 17:150. Health benefit plan rate filing requirements.

RELATES TO: KRS 304.1-050, 304.3-270, 304.4-010, 304.17A-005, 304.17A-095, 304.17A-0952, 304.17A-0954, 304.17A-096, 304.17A-132, 304.17A-134, 304.17A-139, 304.17A-149, 304.17A-410, 304.17A-430, 304.17A-450, 304.17A-500, 304.17A-750, 304.17B-021, 304.17B-023(3)

STATUTORY AUTHORITY: KRS 304.2-110(1), 304.17A-095(7)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110(1) authorizes the Executive Director of Insurance to promulgate administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code, as defined by KRS 304.1-010. KRS 304.17A-095(7) authorizes the executive director to promulgate an administrative regulation to obtain relevant information for health benefit plan rate filings and establish the format of the filings. This administrative regulation establishes the format and procedure for the submission of a health benefit plan rate filing.

Section 1. Definitions. (1) "Base new business rate" means the premium rate for each product benefit plan for each class of business, prior to any adjustment for case characteristics or health status.

(2) "Base new business rate change" means:

(a) For a product benefit plan, the percentage change in the base new business rate measured from the first day of the prior rating period to the first day of the proposed rating period; and

(b) For a product within a market segment class of business, the percentage change equal to the premium weighted average base new business rate change for all of the product benefit plans within that market segment class of business.

(3) "Base premium rate" is defined in KRS 304.17A-005(3).

(4) "Basic health benefit plan" is defined in KRS 304.17A-005(4).

(5) "Class of business" means all or a distinct grouping of small employers or individuals as shown on the records of the small employer or individual insurance carrier.

(6) "Covered person" is defined in KRS 304.17A-500(3).

(7) "Date of filing" means the date the office confirms that the appropriate filing fee and all information required by this administrative regulation have been received by the office.

(8) "Duration" means a policy year of twelve (12) months, measured from the date of issuance of a policy, with each succeeding twelve (12) month period being a new duration.

(9) "Employer-organized association" is defined in KRS 304.17A-0954(1)(c).

(10) "Executive director" is defined in KRS 304.1-050(1).

(11) "FFS" means a fee for service product type.

(12) "Guaranteed Acceptance Program" or "GAP" is defined in KRS 304.17A-005(19).

(13) "Health benefit plan" is defined in KRS 304.17A-005(22).

(14) "Health benefit plan region" or "geographic region" means each one (1) of the eight (8) allowable rating regions for health benefit plans identified in HIPMC-R33, Health Benefit Plan Regions, which is incorporated by reference in 806 KAR 17:005.

(15) "HMO" means a health maintenance organization product type.

(16) "Index rate" is defined in KRS 304.17A-005(25).

(17) "Insurance purchasing outlet" is defined in KRS 304.17A-750(4).

(18) "Large group" is defined in KRS 304.17A-005(30).

(19) "Material change" means any change to a rate filing, except that a change in value of an existing rate factor other than trend shall not be considered a material change.

(20) "Office" is defined in KRS 304.1-050(2).

(21) "POS" means a point of service product type.

(22) "PPO" means a preferred provider organization product type.

(23) "Small group" is defined in KRS 304.17A-005(42).

(24) "Target loss ratio" means a loss ratio that an insurer files, which projects and guarantees a loss ratio on an annual basis.

Section 2. Scope. (1) A health benefit plan rate filing to which the standards of KRS 304.17A-095 apply, shall include the information required by Sections 3 through 10 of this administrative regulation.

(2) The period of time in which the executive director shall approve or disapprove a filing shall not begin until the date of filing.

(3) An insurer shall not market or use the proposed rates until the date of filing.

(4) A filing and fee shall not be deemed received until the office confirms that:

(a) Information required by Sections 3 through 10 of this administrative regulation has been received; and

(b) The appropriate fee, as set forth in 806 KAR 4:010, has been paid.

Section 3. Health Benefit Plan Rate Filing Procedures. (1) A health benefit plan rate filing shall be submitted to the office for a:

(a) New rate filing; or

(b) Material change to a previously approved rate filing.

(2) The following shall be included and properly completed in a health benefit plan rate filing submission:

(a) Form HIPMC-R32, the Health Benefit Rate Filing Information Form, which is incorporated by reference in 806 KAR 17:005;

(b) The following filing fee or the domiciliary state fee, whichever is greater:

1. \$100 for an original or new filing; or

2. Fifty (50) dollars for an amendment to a filing;

(c) Form HIPMC-F1, Face Sheet and Verification Form, which is incorporated by reference in 806 KAR 17:005;

(d) Signed actuarial memorandum prepared in accordance with Sections 6 and 7 of this administrative regulation;

(e) An Income and Expense Worksheet, which is incorporated by reference in 806 KAR 17:005;

(f) Except for large groups, Certification Form HIPMC-R34, which is incorporated by reference in 806 KAR 17:005; and

(g) If a rate for a basic health benefit plan is included, Form HIPMC-RF-25, Basic Health Benefit Plan Summary Sheet-Form and Rate Filings, which is incorporated by reference in 806 KAR 17:005.

(3) Two (2) copies of all written material shall be submitted to the office.

(4) One (1) copy of all written material shall be submitted to the Kentucky Attorney General's Office by the insurer at the same time as the submission to the office and shall include:

(a) An amendment;

(b) An update; or

(c) A response to an inquiry from the office.

(5) Two (2) copies of all correspondence with the office or other state agency concerning a filing shall be submitted to the office.

(6) A photocopy of the most recent annual financial report shall be attached to the filing as an exhibit.

Section 4. Filing Format. (1) A separate health benefit plan rate filing shall be submitted for each market segment as follows:

- (a) Individual;
- (b) Small group;
- (c) Association;
- (d) Large group; and
- (e) Except as otherwise authorized pursuant to KRS 304.17A-0954(2), each employer-organized association.

(2) A large group rate filing may include each product type offered as follows:

- (a) FFS;
- (b) PPO;
- (c) POS; and
- (d) HMO.

(3) A rate filing for a market segment other than large group may be submitted separately for each product type listed in subsection (2) of this section or in the following combinations:

- (a) FFS and PPO; or
- (b) POS, HMO, and PPO.

Section 5. Employer-organized Association Rate Filings. (1)(a) An employer-organized association rate filing shall include the name of each employer-organized association that generated the rating experience contained in the filing; and

(b) If more than one (1) employer-organized association is named in the filing as identified in paragraph (a) of this subsection and each employer-organized association provides the insurer with written permission to have rates based on experience other than its own, the insurer:

1. May have the experience of all employer-organized associations named in the filing combined for rate determination; and
2. Shall include proposed rates for the combination of associations in one (1) filing.

(2) Each employer-organized association rate filing shall contain documentation demonstrating that the entity is an employer-organized association pursuant to KRS 304.17A-0954(1)(c).

(3) If an insurer is proposing to begin marketing a health benefit plan to an employer-organized association, a rate filing may be based on the standard plan benefits, including appropriate formulas and rate factors within the limitations outlined in KRS 304.17A-0954. The filing shall include:

(a) Factors for all plans to be offered; and

(b) A detailed description of the methodology for incorporating the actual experience of an employer-organized association in determining rates for that association.

(4) If the insurer receives written permission from an employer-organized association regarding combining experience with other employer-organized associations, the insurer shall submit two (2) copies of the written permission to the executive director with the rate filing. The written permission shall include the following:

- (a) A statement giving the insurer permission to rate the employer-organized association on experience other than the employer-organized association's own experience;
- (b) Name, address, and telephone number of the employer-organized association giving permission to the insurer;
- (c) Name, address, and telephone number of the insurer to which permission is given;
- (d) Month, day, and year that permission is given to the insurer; and
- (e) Number of eligible association members.

Section 6. Actuarial Memorandum. (1) The actuarial memorandum for each rate filing shall be prepared in accordance with the following:

- (a) Actuarial Standard of Practice No. 8, Regulatory Filings for Rates and Financial Projections for Health Plans (Doc. No. 010, 1990 Edition), American Academy of Actuaries;
- (b) Actuarial Standard of Practice No. 26, Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans (Doc. No. 052, adopted October, 1996), American Academy of Actuaries;
- (c) Actuarial Standard of Practice No. 31, Documentation in Health Benefit Plan Ratemaking (Doc. No. 060, adopted October, 1997), American Academy of Actuaries; and
- (d) Actuarial Standard of Practice No. 41, Actuarial Communication (Doc. No. 086, adopted March, 2002), American Academy of Actuaries.

(2) The actuarial memorandum for a rate filing, other than a large group rate filing, shall include the following:

- (a) Qualifications of the signing actuary;
- (b) A statement identifying the date that the proposed rates shall be used;
- (c) A discussion of the rate development, which shall include a detailed explanation of the following:
 1. The effects of each of the following mandated benefits which shall include the percentage cost and actual dollars attributable to the rates and the number of policyholders who are affected:
 - a. For benefit plans offering pharmacy benefits, coverage for amino acid modified preparations and low-protein modified food products for the treatment of inherited metabolic disorders in accordance with KRS 304.17A-139(4);
 - b. Hearing aids and related services in accordance with KRS 304.17A-132;
 - c. Anesthesia and hospital or ambulatory surgical facility services in connection with dental procedures in accordance with KRS 304.17A-149; and
 - d. Medical and surgical benefits with respect to mastectomies pursuant to KRS 304.17A-134;
 2. The claim cost development, which shall include an explanation of the following:
 - a. Methodology;
 - b. Assumptions including the following:
 - (i) Trend, including supporting analysis, which supports the trend level selected;
 - (ii) Benefit change;
 - (iii) Utilization or cost-per-service change;
 - (iv) Demographic change;
 - (v) Change in medical management;
 - (vi) Change in provider contracts; and
 - (vii) Any other assumption used by the actuary in the claim cost development; and
 - c. Experience by month, including exposures or members, earned premium, paid claims, incurred claims, and incurred loss ratio, for the past three (3) years for this product, or for a similar product if this filing is for a new product;
 - 3.a. Development and printout of the following shall be shown by age, gender, and tier combination using the lowest industry factor and

the lowest area factor, and separately using the highest industry factor and highest area factor:

- (i) Base premium rates;
 - (ii) Index rates;
 - (iii) Corresponding highest premium rates; and
 - (iv) If offered, any applicable GAP premium rates for the standard plan option.
- b. If the filing contains more than one (1) product type, a development and printout as identified and described in clause a of this subparagraph for each product type separately.
- c. If the filing contains proposed rates for more than one (1) class of business, a development and printout as identified and described in clauses a and b of this subparagraph for each class of business separately;
4. For an insurer that has existing GAP enrollees:
- a. Index rates for the non-GAP classes of business may be set by excluding the experience of the GAP enrollees;
 - b. Index rates for the GAP class of business shall be set by considering the block of experience for the new GAP class of business and the former class of business, which included GAP enrollees; and
 - c. Rates for the GAP class of business may not exceed 150 percent of the index rates established in clause b of this subparagraph;
5. Factors used for each case characteristic, including age, gender, industry or occupation, and geographic region, with a separate summary of the maximum factor and the minimum factor for each case characteristic.
- a. A health benefit plan region other than the eight (8) identified in HIPMC-R33, Health Benefit Plan Regions, which is incorporated by reference in 806 KAR 17:005, shall not be used for a geographic region factor adjustment; and
 - b. Any healthy lifestyle discount factor, if applicable, shall be included and an explanation of the determination of that factor, and the condition under which that factor is applicable;
6. The anticipated pricing loss ratio, including a detailed justification of load factors, including percentages allocated for the:
- a. Administrative expense assumption, including an explanation of:
 - (i) Any change from the factor used for existing rates; and
 - (ii) How these costs are allocated among each benefit plan design, including demonstrative documentation as an exhibit;
 - b. Commission assumption, including an explanation for any change from the factor used for existing rates;
 - c. Federal, state, and local government tax assumptions, including an explanation for a change from the factor used for existing rates;
 - d. Investment income assumption, including an explanation for any change from the factor used for existing rates;
 - e. Profit and contingency assumption, including an explanation for a change from the factor used for existing rates;
 - f. Assessments pursuant to KRS 304.17B-021; and
 - g. Other identified load factors;
 - (d) A detailed explanation, including an example of the following:
 - 1. The method for determining a small group composite rate;
 - 2. The conditions under which a small group composite rate is recalculated; and
 - 3. The group size that is eligible for a composite rate calculation;
 - (e) Each health benefit plan description and the applicable benefit factor adjustment, or other methods of calculating rates for a different benefit plan if the method is not multiplicative, for each benefit plan to which this filing applies;
 - (f) Detailed discussion of the manner in which the projected amount of net assessments and payments under KRS 304.17B-021 and 304.17B-023(3) used in establishing the proposed rates in the filing as required by KRS 304.17A-095;
 - (g) Information regarding how fees are paid to providers as follows:
 - 1. Justification of fees paid to providers in relation to the rate requested, including any assumption used regarding provider discounts in the rate filing; and
 - 2. Average discount to providers during experience period and average discount for physician payments, hospital payments, laboratory payments, pharmacy payments, mental health payments, and other payments for the rate filing period;
 - (h) If a trend rate is used, include the time period to which the trend applies, not to exceed twelve (12) months, and the applicable annual trend rate and the periodicity of the factor;
 - (i) Explanation of the anticipated effect of the requested rates on the current policyholders, subscribers, or enrollees;
 - (j) Information regarding each class of business, which shall include:
 - 1. Identification of each class of business;
 - 2. Justification of each separate class of business; and
 - 3. A demonstration that each index rate for the class of business with the highest index rates is within ten (10) percent of the corresponding index rate from the class of business with the lowest index rates, excluding a GAP class of business; and
 - (k) Prospective certification of the following, which shall be filed as an attachment to the actuarial memorandum for a rate filing other than a large group filing, and signed by the qualified actuary who prepared and signed the actuarial memorandum:
 - 1. That the information is prepared in accordance with American Academy of Actuaries Actuarial Standard of Practice No. 26, Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans, applicable to the following markets:
 - a. Individual;
 - b. Association; and
 - c. Small group; and
 - 2. That the proposed rates meet the requirements of KRS 304.17A-0952 or 304.17A-0954, as applicable.

Section 7. Large Group Rate Filings. (1) The actuarial memorandum for a large group rate filing shall include the following information:

- (a) The information identified in Section 6(2)(a), (b), (c)1, 2, 6, (f), (g), (h) and (i) of this administrative regulation;
- (b) Development of rating basis, including each adjustment for the following:
 - 1. Age;
 - 2. Gender;
 - 3. Family composition;
 - 4. Benefit plan;
 - 5. Industry;
 - 6. Healthy lifestyle; and
 - 7. Any other adjustment included in the development;
- (c) A formula for new and renewal business, including a definition of each term used in the formula;
- (d) Credibility criteria used in conjunction with experience rating;
- (e) Detailed explanation of a change in the manual rating formula or experience rating formula;
- (f) Detailed explanation of a change in factors that would be used in a formula;
- (g) Any periodic trend rate applied in the formula;

- (h) The composite effect of a change in formula and formula factors; and
 - (i) Detailed explanation of any trend assumption used in experience rating.
- (2) Certification Form HIPMC-R34, Certification Form, incorporated by reference in 806 KAR 17:005, shall not be required for a large group rate filing.

Section 8. Guaranteed Loss Ratio Filing for New Products or Products without Credible Experience. (1) A filing accompanied by a guaranteed loss ratio statement shall meet all requirements of KRS 304.17A-095(6).

(2) Individual, small group, and employer-organized association market filings shall meet the following requirements regarding guaranteed loss ratios by duration:

(a) The guaranteed loss ratio for the first duration shall not be less than sixty (60) percent of the guaranteed lifetime loss ratio specified in the policy.

- 1. Expected loss ratios may vary by month within the first duration; and
- 2. The average of the loss ratios for all months shall be equal to the guaranteed loss ratio for the first duration;

(b) The guaranteed loss ratio for a specific duration shall not be less than the guaranteed loss ratio for the previous duration;

(c) The guaranteed loss ratio for the third duration shall not be less than the guaranteed lifetime loss ratio identified in the policy;

(d) The average of the first six (6) guaranteed loss ratios by duration shall not be less than the guaranteed lifetime loss ratio identified in the policy;

(e) The guaranteed lifetime loss ratio shall not be less than that identified in KRS 304.17A-095(6)(a)5; and

(f) The guaranteed loss ratios by duration shall be guaranteed for any policy issued under the policy form and shall be identified in the policy.

(3) A refund shall be calculated pursuant to the following formula:

(a) Refundable premium for any year shall be the sum of the current year's refundable premium for each duration. Each duration's refundable premium shall be calculated by subtracting the three (3) items in subparagraphs 1, 2, and 3 of this paragraph from the current year's earned premium by duration and multiplying the result by the ratio of earned premium by duration and earned premium by duration minus the items identified in subparagraphs 1 and 2 of this paragraph and minus any premium related expenses identified in subparagraph 3 of this paragraph:

- 1. State and local premium taxes allocated to that duration;
- 2. Assessments pursuant to KRS 304.17B-021 allocated to that duration; and

3. The sum of incurred claims, preferred provider organization expenses, case management and utilization review expenses, and reinsurance premiums, minus reinsurance recoveries, allocated to that duration, divided by the guaranteed loss ratio in the policy, for that duration;

(b) If the annual earned premium is less than \$2,500,000, the minimum refund shall be calculated by refundable premium multiplied by the annual earned premium, divided by \$2,500,000;

(c) If the annual earned premium is equal to or greater than \$2,500,000, the minimum refund shall be the refundable premium;

(d) The refund to be paid to a policyholder pursuant to KRS 304.17A-095(6)(d) shall be calculated by dividing the earned premium for that policyholder by the total earned premium for the year, and multiplying that percentage of the aggregate refund of the policy form by the aggregate refund; and

(e) The amount of the refund shall include the computation of interest in accordance with KRS 304.17A-095(6)(d) in determining whether payment shall be made to the policyholder or to the Kentucky State Treasurer.

(4) An audit shall be conducted in accordance with KRS 304.17A-095(6)(b), which shall include the following:

- (a) Guaranteed lifetime loss ratio;
 - (b) Guaranteed loss ratios by duration;
 - (c) Analysis of prior year estimated items, including uncollected premiums and unpaid claim liabilities, and description of method of allocation by duration;
 - (d) Earned premium by duration and description of method of allocation by duration;
 - (e) State premium tax by duration and description of method of allocation by duration;
 - (f) Local premium tax by duration and description of method of allocation by duration;
 - (g) Assessments by duration and description of the method of allocation by duration;
 - (h) Incurred claims by duration and description of method of allocation by duration;
 - (i) Preferred provider organization expenses and description of method of allocation by duration;
 - (j) Case management and utilization review expenses and description of method of allocation by duration;
 - (k) Reinsurance premiums less reinsurance recoveries and description of method of allocation by duration;
 - (l) A description of reinsurance and identity of reinsurer;
 - (m) A statement that incurred claims do not include administrative expenses, late payment charges, punitive damages, legal fees, or any other related administration expenses;
 - (n) A statement that incurred claims have been reduced for the full amount of all provider discounts, rebates, coordination of benefits savings, subrogation savings, and any other savings;
 - (o) A statement of refund checks not being issued before approval of the audit;
 - (p) Calculation of minimum refundable premium, actual refunded premium, and refund carryover;
 - (q) Calculation of percent of earned premium that shall be refunded;
 - (r) Method used to calculate a policyholder's actual refund;
 - (s) Historical experience for the policy form since inception;
 - (t) Auditor's certification; and
 - (u) Actuarial certification.
- (5) An initial rate filing shall be a formal filing, and a subsequent rate filing may be submitted by actuarial certification.

Section 9. Minimum Guaranteed Loss Ratio Requirements for an Amended Policy Form or a Previously Filed Minimum Guaranteed Loss Ratio. (1) If amending a policy form or a previously filed minimum guaranteed loss ratio, a filing accompanied by a guaranteed loss ratio statement shall meet the requirements of KRS 304.17A-095(6).

(2)(a) An insurer shall provide a minimum guaranteed loss ratio statement each time rates are amended for a policy form or if amending a previously filed minimum guaranteed loss ratio. The statement shall identify amounts by which rates are amended and include an actuarial certification verifying that rates continue to meet the requirements of the minimum guaranteed loss ratio; and

(b) Most recently filed with the office.

(3) The initial rate filing and subsequent statements shall include an actuarial certification, which includes information to demonstrate meeting the requirements of KRS 304.17A-0952 and Section 6 of this administrative regulation.

(4)(a) The currently approved loss ratio on file with the office under a prior approval process or a minimum guaranteed loss ratio shall be

deemed a reasonable loss ratio for any amended policy forms or amended minimum guaranteed loss ratios; and

(b) Rate filings requesting a change in the previously approved loss ratio shall require documented evidence to demonstrate increased administrative cost or other evidence that the insurer would not be able to achieve previously approved profitability targets.

(5) If experience is filed by duration pursuant to Section 8(2) of this administrative regulation, a refund shall be calculated in accordance with Section 8(3) of this administrative regulation.

(6) If experience is filed by utilizing a target loss ratio and the actual achieved loss ratio is less than the target loss ratio, a refundable premium shall be determined as follows:

(a) Refundable premium shall be equal to the annual earned premium multiplied by the percentage by which the target loss ratio exceeds the actual achieved loss ratio;

(b)1. If the annual earned premium is equal to or greater than \$2,500,000, the minimum refundable premium shall be equal to the refundable premium as established in paragraph (a) of this subsection; or

2. If the annual earned premium is less than \$2,500,000, the:

a. Minimum refundable premium shall be equal to the refundable premium multiplied by the ratio of the annual earned premium divided by \$2,500,000;

b. Refund carryover shall be equal to any amount by which the refundable premium exceeds the minimum refundable premium; and

c. Refundable premium in the subsequent year shall be the sum of the refund carryover plus the calculated refundable premium for the subsequent year;

(c) The refund to be paid to a policyholder pursuant to KRS 304.17A-095(6)(d) shall be calculated by dividing the earned premium for that policyholder by the total earned premium for the year, and multiplying that percentage of the aggregate refund of the policy form by the aggregate refund; and

(d) The amount of the refund shall include the computation of interest in accordance with KRS 304.17A-095(6)(d) in determining whether payment shall be made to the policyholder or to the Kentucky State Treasurer.

(7) If experience is filed by duration, an audit shall be conducted in accordance with Section 8(4) of this administrative regulation.

(8) If experience is filed by target loss ratio, an audit shall be conducted in accordance with KRS 304.17A-095(6)(b), which shall include the following:

(a) Guaranteed lifetime loss ratio;

(b) Actual loss ratio;

(c) Analysis of prior year estimated items, including uncollected premiums and unpaid claim liabilities;

(d) Earned premium;

(e) State premium tax;

(f) Local premium tax;

(g) Assessments;

(h) Incurred claims;

(i) Preferred provider organization expenses;

(j) Case management and utilization review expenses;

(k) Reinsurance premiums less reinsurance recoveries;

(l) A description of reinsurance and identity of reinsurer;

(m) A statement that incurred claims do not include administrative expenses, late payment charges, punitive damages, legal fees, or any other related administration expenses;

(n) A statement that incurred claims have been reduced for the full amount of all provider discounts, rebates, coordination of benefits savings, subrogation savings, and any other savings;

(o) A statement of refund checks not being issued before approval of the audit;

(p) Calculation of minimum refundable premium, actual refunded premium, and refund carryover;

(q) Calculation of percent of earned premium that is to be refunded;

(r) Method used to calculate a policyholder's actual refund;

(s) Historical experience for the policy form since inception;

(t) An auditor's certification; and

(u) An actuarial certification.

(9) An initial rate filing shall be a formal filing, and a subsequent rate filing may be by actuarial certification.

(10) An initial rate filing shall be required for insurers electing to file under a minimum guaranteed loss ratio pursuant to KRS 304.17A-095 (6).

Section 10. Amendments to Previously Approved Rate Filings. (1) For any change that is not a material change, an insurer shall submit an amendment to a rate filing previously approved by the office, which shall include the following:

(a) Identification of the rate file number assigned and stated in the Order of Approval received by the insurer from the office for the previously approved rate filing;

(b) Date of approval of the previously approved rate filing;

(c) The proposed effective date of the amendment;

(d) A fifty (50) dollar filing fee;

(e) Two (2) copies of a properly completed HIPMC-F1 form, Face Sheet and Verification Form, which is incorporated by reference in 806 KAR 17:005;

(f) Two (2) copies of a properly-completed HIPMC-R32 form, Health Benefit Plan Rate Filing Information Form, which is incorporated by reference in 806 KAR 17:005; and

(g) If the filing is for a basic health benefit, two (2) copies of the completed HIPMC-RF-25 Form, Basic Health Benefit Plan Summary Sheet - Form and Rate Filings, which is incorporated by reference in 806 KAR 17:005.

(2) Each amendment filing shall contain documentation to demonstrate the necessity of the amendment, which shall include the following:

(a) An itemized list of the information to be amended and the reason for the amendment;

(b) A statement identifying the impact of the amendment in relation to benefits and costs on current and future policyholders; and

(c) A statement identifying the impact of the amendment on the insurer.

(3) One (1) copy of the amendment filing and written material relating to the filing shall be submitted to the Kentucky Attorney General's Office by the insurer at the same time as the submission to the office.

(4) The amendment to a previously approved rate filing shall not be deemed received until the office confirms that the information and fifty (50) dollar filing fee required under this section have been received.

(5) Within sixty (60) days of confirmation of receipt of the required information and fee, the office shall notify the insurer in writing of the acceptance or rejection of the amendment.

(6) The sixty (60) day confirmation time shall not begin until the office confirms that the required information and fee have been received.

Section 11. Material Incorporated by Reference: (1) The following material is incorporated by reference:

- (a) Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans (Doc. No. 010, 1990 Edition)", American Academy of Actuaries;
- (b) Actuarial Standard of Practice No. 26, "Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans (Doc. No. 052, adopted October, 1996)", American Academy of Actuaries;
- (c) Actuarial Standard of Practice No. 31, "Documentation in Health Benefit Plan Ratemaking (Doc. No. 060, adopted October, 1997)", American Academy of Actuaries;
- (d) Actuarial Standard of Practice No. 41, "Actuarial Communication (Doc. No. 086, adopted March, 2002)", American Academy of Actuaries.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Office of Insurance, 215 West Main Street, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available on the office's internet Web site at <http://doi.ppr.ky.gov>. (25 Ky.R. 718; Am. 1049; eff. 11-20-98; 28 Ky.R. 151; eff. 9-10-2001; 29 Ky.R. 1368; 1799; eff. 1-16-2003; 32 Ky.R. 158; 512; eff. 11-22-05; 34 Ky.R. 1804; 2095; eff. 4-4-08.)

EXHIBIT 7

Sample Rate Filing

NOTICE

TO: Wanda Watson
13550 Triton Park Blvd
Louisville, KY 40223
Anthem Health Plans of Kentucky, Inc.

RE: Health Benefit Plan Rate Filing: 2009-002815-R

Enclosed is the Kentucky Department Of Insurance's order notifying you of the disposition of Anthem Health Plans of Kentucky, Inc.'s health insurance rate filing.

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE

IN RE:

Anthem Health Plans of Kentucky, Inc.
13550 Triton Park Blvd
Individual, PPO
FFS
2009-002815-R

HEALTH RATE FILING APPROVAL ORDER

WHEREAS, the above named filing was submitted to the Kentucky Department of Insurance pursuant to KRS 304.17A-095 and KRS 304.38-050(1) and assigned a Date of Filing on 05/26/2009;

WHEREAS, the Commissioner has reviewed and considered the filing pursuant to KRS 304.17A-095(3) and 806 KAR 17:150 and has taken into consideration the Actuarial Report; and

WHEREAS, the Commissioner has found the filing to be in compliance with KRS 304.17A-095 and 806 KAR 17:150;

THEREFORE, pursuant to KRS 304.2-120, and all other applicable law, the above named filing is hereby APPROVED.

Done and effective this 27th day of July, 2009.

Signature on file with
original document

Sharon P. Clark
Commissioner
Kentucky Department of Insurance

Certificate Of Service

I hereby certify that the foregoing Order was by mailing a true copy of same by prepaid certified mail, return receipt requested, to:

Company: Anthem Health Plans of Kentucky, Inc.
Attn: Wanda Watson
13550 Triton Park Blvd
Louisville, KY 40223

and by messenger mail to:

Hon. Dennis Howard
Counsel
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, Kentucky 40601

This 28th day of July, 2009.

Signature on file with
original document

7804 1160 0003 4095 5346

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

OFFICIAL USE

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Certified Fee	
Return Receipt Fee (Endorsement Required)	
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Total Postage & Fees \$	

Postmark Here
2009-07-28
Angie R.

Sent To Anthem Health Plans of
Kentucky, Inc.
Attn: Wanda Watson
13550 Triton Park Blvd.
Louisville, KY 40223

Sent Via (Print, Apt. No. or PO Box No.)
City, State, ZIP

PS Form 3800

Nyra Shields, Counsel
Office of Legal Services
Insurance Division
215 West Main Street
Frankfort, Kentucky 40602
(502) 564-6032

Raley, Angela M (PPC)

From: Busch, Fritz [Fritz.Busch@anthem.com]
Sent: Tuesday, July 14, 2009 12:08 PM
To: Drennan, Jim (PPC Contractor); Watson, Wanda (KY)
Cc: Mitchell, Jill (PPC); Raley, Angela M (PPC); Kash, Heather (KYOAG); Bogolin, Joann; Mitchell, Barton; Fritchen, Beth
Subject: RE: Anthem Individual 2009-002815
Attachments: basic ffs

The attached e-mail contains the Blue Basic experience.

All of our openly sold, underwritten products are filed under guaranteed loss ratio provisions. We have a group conversion product filed separately. There are no other openly sold products other than Blue Basic.

Thank you,

Fritz

From: Drennan, Jim (PPC Contractor) [mailto:Jim.Drennan@ky.gov]
Sent: Monday, July 13, 2009 4:06 PM
To: Busch, Fritz; Watson, Wanda (KY)
Cc: Mitchell, Jill (PPC); Raley, Angela M (PPC); Kash, Heather (KYOAG); Bogolin, Joann; Mitchell, Barton; Fritchen, Beth
Subject: RE: Anthem Individual 2009-002815

I will respond with the same numbers in your email:

- 1) OK
- 2) OK
- 3) Are there other products (other than Blue Basic and Guaranteed Loss Ratio products) under which new business will be written? If so, should they be combined in this filing with the products that are being discontinued?
- 4) Please provide the experience for Blue Basic.

Thanks,
Jim

James E. Drennan, F.S.A
Principal
Ingenix Consulting
Consultant to the Department of Insurance
2170 Satellite Blvd, #150
Duluth, GA 30097
678-417-4904

From: Busch, Fritz [mailto:Fritz.Busch@anthem.com]
Sent: Monday, July 13, 2009 1:22 PM
To: Drennan, Jim (PPC Contractor); Watson, Wanda (KY)
Cc: Mitchell, Jill (PPC); Raley, Angela M (PPC); Kash, Heather (KYOAG); Bogolin, Joann; Mitchell, Barton
Subject: RE: Anthem Individual 2009-002815

- 1) The only product in this filing that will not be closed is Blue Basic.
- 2) New business is written under our Premiere, SmartSense and Lumenos products which are AHP filing numbers 1279 (DOI-2616), 1280 (DOI-2615), 1281(DOI-2614).
- 3) I don't know what you mean by "Should the new products also be filed with these?" What is the "these" referring to?

4) Blue Basic is severely under-rated. It runs around 180-200% loss ratio and as such it is already subject to heavy anti-selection. As this product grows as a % of the block due to increasing enrollment (and decreasing enrollment from the other products) the overall deterioration of this block of business will increase simply due to the changing composition, thus warranting a higher overall trend, thus the addition of the 2.5% to the base trend.

Thanks

Fritz

From: Drennan, Jim (PPC Contractor) [mailto:Jim.Drennan@ky.gov]
Sent: Monday, July 13, 2009 1:02 PM
To: Busch, Fritz; Watson, Wanda (KY)
Cc: Mitchell, Jill (PPC); Raley, Angela M (PPC); Kash, Heather (KYOAG); Bogolin, Joann
Subject: Anthem Individual 2009-002815

In your trend assumptions, you mentioned anti-selection due to the block closing, except for Blue Basic. Does this closing include all the remaining products, and where will the new business be written? Should the new products also be filed with these?

Why would the Blue Basic have increased trends due to anti-selection?

Thanks,
Jim

James E. Drennan, F.S.A
Principal
Ingenix Consulting
Consultant to the Department of Insurance
2170 Satellite Blvd, #150
Duluth, GA 30097
678-417-4904

CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information or otherwise be protected by law. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information or otherwise be protected by law. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

KY Individual Blue Access Basic
Experience through December 2008
Paid through March 2009

RptPrd	Mbrs	Sbrs	Premlum	MedClams	RxClams	Total Clams	1 - Month Loss Ratio	12 - Month Loss Ratio
200601	681	647	192,235	370,937	91,417	462,354	240.6%	-
200602	697	662	197,695	209,503	100,725	310,228	158.0%	-
200603	717	683	204,836	201,688	124,446	326,133	159.1%	-
200604	733	697	210,284	145,770	94,809	240,578	114.4%	-
200605	751	712	216,860	239,938	121,973	361,911	168.9%	-
200606	768	731	222,724	223,217	123,704	346,921	155.8%	-
200607	793	758	232,194	192,282	122,516	314,798	135.8%	-
200608	808	767	236,108	194,470	142,967	337,436	142.9%	-
200609	817	778	240,618	268,086	125,025	391,111	162.5%	-
200610	833	791	245,191	218,330	138,798	357,128	145.7%	-
200611	839	797	248,272	388,743	160,280	547,023	220.3%	-
200612	839	797	249,823	323,716	139,164	482,890	185.3%	188.3%
200701	852	814	254,846	194,790	141,944	336,734	132.2%	157.0%
200702	871	830	259,511	238,806	151,929	390,734	150.6%	158.4%
200703	893	852	268,475	310,861	145,592	458,463	170.0%	157.5%
200704	930	887	280,105	274,743	135,398	410,141	146.4%	159.5%
200705	939	898	283,001	428,131	184,267	612,398	216.4%	164.3%
200706	958	918	288,847	342,017	159,864	501,881	173.8%	165.8%
200707	977	936	298,849	353,685	156,681	509,358	171.8%	168.0%
200708	1,004	959	304,764	275,989	193,058	469,048	153.9%	169.1%
200709	1,017	975	311,331	233,073	159,080	392,133	126.0%	165.5%
200710	1,039	995	310,179	340,358	162,387	502,746	162.1%	166.6%
200711	1,049	1,005	322,642	284,767	184,689	470,468	148.6%	161.0%
200712	1,042	1,000	323,084	399,818	171,300	671,118	176.8%	160.8%
200801	1,074	1,030	334,943	229,245	191,872	420,817	126.7%	159.5%
200802	1,081	1,041	338,013	685,433	211,998	877,429	259.6%	169.4%
200803	1,100	1,058	341,690	302,337	201,539	503,875	147.5%	167.3%
200804	1,114	1,068	349,130	441,492	203,321	644,814	184.7%	170.5%
200805	1,124	1,078	352,505	308,333	218,839	523,173	148.4%	165.1%
200806	1,136	1,090	356,247	408,796	205,812	614,008	172.5%	165.1%
200807	1,148	1,099	358,098	413,147	206,694	619,842	173.1%	165.4%
200808	1,160	1,112	366,752	355,903	204,896	580,599	152.9%	165.1%
200809	1,169	1,119	370,150	394,434	213,088	607,522	164.1%	168.0%
200810	1,178	1,131	375,121	578,727	245,981	824,688	219.8%	173.1%
200811	1,183	1,138	380,434	486,425	198,471	684,896	180.0%	175.5%
200812	1,185	1,140	383,062	584,688	251,044	835,610	218.1%	179.2%
2008 Total	13,649	13,102	4,306,144	5,166,839	2,551,133	7,717,971		179.2%

KY Individual FFS
Experience through December 2008
Paid through March 2009

RptPrd	Mbrs	Sbrs	Premium	MedClaims	RxClaims	Total Claims	1 - Month Loss Ratio	12 - Month Loss Ratio
200801	175	144	101,724	57,119	47,415	104,534	102.8%	-
200802	172	142	100,370	39,755	37,281	74,016	73.7%	-
200803	170	140	98,747	45,877	43,019	88,896	90.0%	-
200804	170	140	98,748	44,488	43,456	87,943	89.1%	-
200805	160	138	94,908	65,380	45,877	111,058	117.0%	-
200806	153	132	90,921	53,224	38,907	92,130	101.3%	-
200807	162	131	90,217	58,758	44,589	101,348	112.3%	-
200808	161	130	89,881	43,919	63,571	97,490	108.5%	-
200809	150	129	89,460	100,050	42,981	143,031	159.9%	-
200910	148	129	88,685	52,799	41,708	84,508	106.6%	-
200911	147	129	88,091	27,410	42,131	69,541	78.9%	-
200912	145	127	87,244	73,098	40,200	113,298	129.9%	108.3%
200701	135	119	87,102	63,932	45,248	109,180	125.3%	107.1%
200702	128	114	81,483	80,412	35,315	116,727	142.0%	112.8%
200703	127	113	81,282	63,865	38,780	92,646	114.0%	116.0%
200704	123	110	78,101	63,272	41,505	104,777	134.2%	118.8%
200705	123	110	78,078	95,514	37,410	132,924	170.3%	122.9%
200706	123	110	78,288	47,487	38,410	83,878	107.1%	123.6%
200707	122	109	77,390	29,878	48,342	75,217	97.2%	122.6%
200708	120	107	75,079	33,198	38,422	69,618	92.0%	121.5%
200709	117	104	74,432	22,980	29,319	52,279	70.2%	114.1%
200710	116	103	68,384	36,760	34,871	71,431	104.5%	114.1%
200711	118	103	73,125	38,677	32,459	71,135	97.3%	116.1%
200712	119	103	73,340	40,705	32,805	73,311	100.0%	113.5%
200801	108	98	73,358	30,808	40,050	70,558	96.3%	111.0%
200802	108	93	71,899	47,253	34,885	81,938	114.0%	108.5%
200803	101	89	69,483	25,502	32,859	68,360	84.0%	109.1%
200804	97	85	66,203	53,203	32,825	86,028	129.9%	105.4%
200805	98	84	64,989	31,512	34,012	65,524	100.9%	99.2%
200806	95	83	64,881	31,340	33,468	64,808	100.2%	98.5%
200807	94	82	64,585	60,789	40,594	101,483	157.1%	103.2%
200808	94	82	64,585	41,138	38,847	77,983	120.8%	103.5%
200809	93	81	63,850	57,235	42,703	99,938	156.6%	112.7%
200810	92	80	62,887	38,470	29,000	67,480	107.3%	113.0%
200811	91	80	62,684	57,797	32,787	90,584	144.6%	116.9%
200812	89	77	60,497	40,483	27,668	68,149	112.6%	118.2%
2008 Total	1,152	1,012	789,587	515,294	417,675	932,969		118.2%

Raley, Angela M (PPC)

From: Mitchell, Barton [bart.mitchell@anthem.com]
Sent: Thursday, May 21, 2009 9:05 AM
To: Kash, Heather (KYOAG); Raley, Angela M (PPC)
Cc: Watson, Wanda (KY)
Subject: RE: Question from KY Office of Attorney General re: AHP 1285
Attachments: AHP 1285 PPO Filing, Corrected pg 4.pdf

Hello Heather,

2009-052825

Attached is the corrected Pg 4 of our AHP 1285 filing. FFS is now checked as intended. Sorry for the error.

Let me know if you need anything else.

Thanks,
Bart

From: Watson, Wanda (KY)
Sent: Thursday, May 21, 2009 8:43 AM
To: Busch, Fritz
Cc: Mitchell, Barton
Subject: FW: Question from KY Office of Attorney General re: AHP 1285
Importance: High

*I've attached the filing so you can view it.
Thanks,
Wanda*

From: Kash, Heather (KYOAG) [mailto:Heather.Kash@ag.ky.gov]
Sent: Wednesday, May 20, 2009 2:17 PM
To: Watson, Wanda (KY)
Cc: Raley, Angela M (PPC)
Subject: ahp 1285

Filing AHP 1285 received this date: Pg 4 of the HIPMC-R32 indicates PPO but Pg 7 of the HIPMC-R32 also indicates FFS, not noted on Rate Filing Information Form (page 4).

Heather Kash
Admin. Specialist III
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601
502-696-5453
heather.kash@ag.ky.gov

Descartes - French mathematician and philosopher who discovered that the position of a point can be determined by coordinates, a discovery that laid the foundation for analytic geometry. He then inferred that it was not wise to put Descartes before des horse.

5/26/2009

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5/26/2009

COMMONWEALTH OF KENTUCKY
OFFICE OF INSURANCE
Frankfort, KY 40602-0817
HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

Company Name Anthem Health Plans of Kentucky, Inc
(name listed on the certificate of authority and/or the article of incorporation)

NAIC NO. 95120 FEDERAL TAX ID NO. 61-0263895

D/B/A Anthem Blue Cross Blue Shield
(name listed on the filed certificate of assumed name)

Product Marketing Network Name: Individual Blue Access

Contact Person: Wanda Watson

Mailing Address: 13550 Triton Park Blvd, Louisville, KY 40223

Phone Number: (602) 889-2830 Ext. _____ Fax No. (602) 889-2783

E-Mail: Wanda.Watson@Anthem.com

Contact Actuary: Frederick S. Busch, FSA, MAAA

Mailing Address: 13550 Triton Park Blvd, Louisville, KY 40223

Phone Number: (502) 889-2737 Ext. _____ Fax No. (502) 889-2783

E-Mail: Fritz.Busch@Anthem.com

To whom should the notification for the "DATE OF FILING" be sent:

Contact Person Contact Actuary

Other _____ Fax Number _____

E-mail _____

Form Number(s) to which this filing applies: AHP 1285

DOI Form Filing Number to which this filing applies: _____
(DOI File Number is LOCATED on your return form filing copy)

Company/Insurer Assigned File Number: AHP 1285

Requested Effective Date of This Filing: October 1, 2009

MARKET SEGMENT: Small Group _____ Individual Large Group _____

Association _____

OTHER: Employer Organized Association: _____
Employer Organized Association Name

Health Insurance Purchasing Outlet: _____
Health Insurance Purchasing Outlet Name

PRODUCT TYPE: HMO _____ POS _____ PPO FFS

Anthem Blue Cross and Blue Shield
13550 Triton Park Blvd.
Louisville, KY 40223-4194

DATE OF FILING

MAY 26 2009

KY OFFICE OF INSURANCE



May 18, 2009

5/19/09
\$100.⁰⁰
61213283
SF

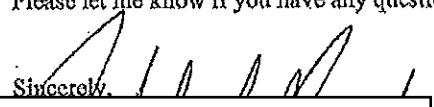
TO: Sharon Clark, Commissioner of Insurance
Kentucky Office of Insurance
215 West Main Street
Frankfort, KY 40601

RE: Anthem Individual PPO Filing
Form # AHP 1285

Dear Mrs. Clark,

Enclosed for your review and consideration of approval is the above-mentioned rate filing. This filing will apply to all new and renewing Individual policies written by Anthem Health Plans of Kentucky, Inc. and is necessary to assure the proper relationship between benefit costs, operating expenses and premium rates. The proposed effective date of the filing is October 1, 2009. The products in this filing were previously filed in the Individual Rate Filing DOI# 2008-002296-R.

Please let me know if you have any questions.

Sincerely, 

Signature on file with original document

Frederick S. Busch, FSA, MAAA
RVP Central Zone, Individual Pricing

cc: Office of Rate Intervention
Office of the Attorney General

Enclosures

RECEIVED
MAY 19 2009
ADMINISTRATIVE SERVICES
OFFICE OF INSURANCE

LKY-15 (8/05)

Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans of Kentucky, Inc.
An independent licensee of the Blue Cross and Blue Shield Association
® Registered marks Blue Cross and Blue Shield Association

REC. HEALTH DIV.

MAY 22 2009
5-22-2009-0022815

KENTUCKY INDIVIDUAL RATE FILING - PPO
ANTHEM HEALTH PLANS OF KENTUCKY, INC.

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38	Exhibit K	Experience Exhibit
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**Kentucky Office of Insurance
Division of Health Insurance Policy and Managed Care
Face Sheet and Verification Form (In Duplicate)**

Anthem Health Plans of Kentucky, Inc. (602) 889-2630 95120 01-0263696
 Company Phone No. (800# if available) NAIC Company No. Fed. Tax ID.
 No.
 Anthem BCBS 13850 Triton Park Blvd Louisville, KY 40223 (602) 889-2783 Wanda.Watson@Anthem.Com
 Address, City, State and Zip Code Fax Number E-Mail Address
 AHP 1285 Individual PPO
 Form No. * Description of Filing Flesch Score

1. CERTIFICATION Include signed HIPMC-F2 and signed HIPMC-R4, as appropriate. Individual health POLICY FORMS policy must include rates, actuarial memorandum, and classifications, if any.
2. APPROVAL - FORMS () Stop Loss () Medicare Supp. () LTC/Nursing Home/Home Health (These filings may not be filed by certification) () HMO () Blanket () Limited Health Service Benefit Plan (Include HIPMC-F-37) () Health Benefit Plan (Include HIPMC-F-35) () Basic Health Benefit Plan (Include HIPMC-RF-25)
- X 3. APPROVAL - RATES () Basic Health Benefit Plan Rates (KRS 304.17A) (X) Health Benefit Plan Rates (KRS 304.17A) () Limited Health Service Benefit Plan Rates (KRS 304.17C) () Other - Rate Change/Revisions:
4. FILED ONLY () Provider Agreements () Risk Sharing Arrangements () Provider Directory () Advertising
5. AMENDMENT () Previously Approved Health Benefit Plan Rate Filing OOI FILE NO: Approval Date:
6. REFERENCE FILING (For use only when referencing another company's approved filing). Referenced Company Name NAIC # Date Approved By Kentucky Office of Insurance Form #

FEES: KRS 304.4-010 and 808 KAR 4:010 establish filing fees as follows: a) _____ for rate level revision filings subject to prior approval; b) _____ for other rate and form filings; c) your company's domiciliary state fee of \$ _____; and d) a \$50.00 filing fee for amendments to previously approved health benefit plan rate filings. Pursuant to KRS 304.3-270 submit the greater of a), b), c), or d). Amount submitted \$ 100.00

KRS 304.17A-527 and 808 KAR 17:300 establish filing fee as follows: a) \$26.00 for provider agreement; and b) \$50.00 for a risk sharing arrangement agreement. Amount submitted: \$ _____

**A FILING CANNOT BE ACCEPTED UNLESS ACCOMPANIED BY THE APPROPRIATE FEE
(MAKE CHECK PAYABLE TO KENTUCKY STATE TREASURER)**

CERTIFICATION OF PERSON RESPONSIBLE FOR FILING

Signature on file with original document

the board of directors or management committee of the company or organization

NAME (Manual Signature Required)

RVP Central Zone, Individual Pricing
POSITION

May 18, 2009
DATE

Frederick S. Busch, FSA, MAAA
NAME (Print or Type)

Applications, benefit riders, certificates of insurance, and disclosure statements will not be adopted by reference unless noted above with form numbers.

COMMONWEALTH OF KENTUCKY
OFFICE OF INSURANCE
Frankfort, KY 40602-0517
HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

Company Name Anthem Health Plans of Kentucky, Inc
(name listed on the certificate of authority and/or the article of incorporation)

NAIC NO. 95120 FEDERAL TAX ID NO. 61-0263895

D/B/A Anthem Blue Cross Blue Shield
(name listed on the filed certificate of assumed name)

Product Marketing Network Name: Individual Blue Access

Contact Person: Wanda Watson

Mailing Address: 13550 Triton Park Blvd, Louisville, KY 40223

Phone Number: (502) 889-2530 Ext. _____ Fax No. (502) 889-2783

E-Mail: Wanda.Watson@Anthem.com

Contact Actuary: Frederick S. Busch, FSA, MAAA

Mailing Address: 13550 Triton Park Blvd, Louisville, KY 40223

Phone Number: (502) 889-2737 Ext. _____ Fax No. (502) 889-2783

E-Mail: Fritz.Busch@Anthem.com

To whom should the notification for the "DATE OF FILING" be sent:

Contact Person Contact Actuary

Other _____ Fax Number _____

E-mail _____

Form Number(s) to which this filing applies: AHP 1285

DOI Form Filing Number to which this filing applies: _____
(DOI File Number is LOCATED on your return form filing copy)

Company/Insurer Assigned File Number: AHP 1285

Requested Effective Date of This Filing: October 1, 2009

MARKET SEGMENT: Small Group _____ Individual Large Group _____

Association _____

OTHER: Employer Organized Association: _____
Employer Organized Association Name

Health Insurance Purchasing Outlet: _____
Health Insurance Purchasing Outlet Name

PRODUCT TYPE: HMO _____ POS _____ PPO FFS

Raley, Angela M (PPC)

From: Mitchell, Barton [bart.mitchell@anthem.com]
Sent: Thursday, May 21, 2009 9:05 AM
To: Kash, Heather (KYOAG); Raley, Angela M (PPC)
Cc: Watson, Wanda (KY)
Subject: RE: Question from KY Office of Attorney General re: AHP 1285
Attachments: AHP 1285 PPO Filing, Corrected pg 4.pdf

Hello Heather,

Attached is the corrected Pg 4 of our AHP 1285 filing. FFS is now checked as intended. Sorry for the error.

Let me know if you need anything else.

Thanks,
Bart

From: Watson, Wanda (KY)
Sent: Thursday, May 21, 2009 8:43 AM
To: Busch, Fritz
Cc: Mitchell, Barton
Subject: FW: Question from KY Office of Attorney General re: AHP 1285
Importance: High

I've attached the filing so you can view it.

Thanks.

Wanda

From: Kash, Heather (KYOAG) [mailto:Heather.Kash@ag.ky.gov]
Sent: Wednesday, May 20, 2009 2:17 PM
To: Watson, Wanda (KY)
Cc: Raley, Angela M (PPC)
Subject: ahp 1285

Filing AHP 1285 received this date: Pg 4 of the HIPMC-R32 indicates PPO but Pg 7 of the HIPMC-R32 also indicates FFS, not noted on Rate Filing Information Form (page 4).

Heather Kash
Admin. Specialist III
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601
502-696-5453
heather.kash@ag.ky.gov

Descartes - French mathematician and philosopher who discovered that the position of a point can be determined by coordinates, a discovery that laid the foundation for analytic geometry. He then inferred that it was not wise to put Descartes before des horse.

5/26/2009

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5/26/2009

COMMONWEALTH OF KENTUCKY
OFFICE OF INSURANCE
Frankfort, KY 40602-0517
HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

Company Name Anthem Health Plans of Kentucky, Inc
(name listed on the certificate of authority and/or the article of incorporation)

NAIC NO. 95120 FEDERAL TAX ID NO. 61-0263895

D/B/A Anthem Blue Cross Blue Shield
(name listed on the filed certificate of assumed name)

Product Marketing Network Name: Individual Blue Access

Contact Person: Wanda Watson

Mailing Address: 13550 Triton Park Blvd, Louisville, KY 40223

Phone Number: (502) 889-2530 Ext. _____ Fax No. (502) 889-2783

E-Mail: Wanda.Watson@Anthem.com

Contact Actuary: Frederick S. Busch, FSA, MAAA

Mailing Address: 13550 Triton Park Blvd, Louisville, KY 40223

Phone Number: (502) 889-2737 Ext. _____ Fax No. (502) 889-2783

E-Mail: Fritz.Busch@Anthem.com

To whom should the notification for the "DATE OF FILING" be sent:

Contact Person _____ Contact Actuary

_____ Other _____ Fax Number

_____ E-mail

Form Number(s) to which this filing applies: AHP 1285

DOI Form Filing Number to which this filing applies: _____
(DOI File Number is LOCATED on your return form filing copy)

Company/Insurer Assigned File Number: AHP 1285

Requested Effective Date of This Filing: October 1, 2009

MARKET SEGMENT: Small Group _____ Individual Large Group _____

Association _____

OTHER: _____ Employer Organized Association: _____
Employer Organized Association Name

_____ Health Insurance Purchasing Outlet: _____
Health Insurance Purchasing Outlet Name

PRODUCT TYPE: HMO _____ POS _____ PPO FFS _____

COMMONWEALTH OF KENTUCKY
OFFICE OF INSURANCE
Frankfort, KY 40602-0517
HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

COMPLETE A SEPARATE PAGE FOR EACH PRODUCT TYPE

Product Type PPO-Direct Pay

This filing is for: _____ Material Change to previously approved DOI Rate Filing # _____
(DOI File No)

_____ New Product Rates

_____ Change in Existing Product Rates Due to: _____

_____ Projected need for rate change

_____ Geographical Region (Adding or Deleting a Service Area)

_____ Other change requiring a change in rates

Specify: _____

X Rate Change: Increase: X Decrease: _____

DOI File Number for Existing Health Benefit Rates: 2008-002296-R

Effective Date of Existing Health Benefit Rates: October 1, 2008

ASSESSMENT: Identify the amount of assessments (Kentucky, Access/Guaranteed
Acceptance Program (GAP) used in this product's rate
development:

Net Assessment (paid minus refund received):

Amount: \$ _____

Paid Date: _____

Base New Business Rate: \$301.60

Base New Business Rate Change: 3.0%

Class: _____ Product: _____

Class: _____ Product: _____

COMMONWEALTH OF KENTUCKY
OFFICE OF INSURANCE
Frankfort, KY 40602-0517

HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

COMPLETE A SEPARATE PAGE FOR EACH PRODUCT TYPE

Product Type PPO-Farm Bureau

This filing is for: _____ Material Change to previously approved DOI Rate Filing # _____ (DOI File No)

_____ New Product Rates

_____ Change in Existing Product Rates Due to: _____

_____ Projected need for rate change

_____ Geographical Region (Adding or Deleting a Service Area)

_____ Other change requiring a change in rates

Specify: _____

X Rate Change: Increase: X Decrease: _____

DOI File Number for Existing Health Benefit Rates: 2008-002296-R

Effective Date of Existing Health Benefit Rates: October 1, 2008

ASSESSMENT: Identify the amount of assessments (Kentucky, Access/Guaranteed
Acceptance Program (GAP) used in this product's rate
development:

Net Assessment (paid minus refund received):

Amount: \$ _____

Paid Date: _____

Base New Business Rate: \$301.60

Base New Business Rate Change: 3.0%

Class: _____ Product: _____

Class: _____ Product: _____

COMMONWEALTH OF KENTUCKY
OFFICE OF INSURANCE
Frankfort, KY 40602-0517

HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

COMPLETE A SEPARATE PAGE FOR EACH PRODUCT TYPE

Product Type FFS

This filing is for: _____ Material Change to previously approved DOI Rate Filing # _____ (DOI File No)

_____ New Product Rates

_____ Change in Existing Product Rates Due to: _____

_____ Projected need for rate change

_____ Geographical Region (Adding or Deleting a Service Area)

_____ Other change requiring a change in rates

Specify: _____

x Rate Change: Increase: x Decrease: _____

DOI File Number for Existing Health Benefit Rates: 2008-002296-R

Effective Date of Existing Health Benefit Rates: October 1, 2008

ASSESSMENT: Identify the amount of assessments (Kentucky, Access/Guaranteed
Acceptance Program (GAP) used in this product's rate
development:

Net Assessment (paid minus refund received):

Amount: \$ _____

Paid Date: _____

Base New Business Rate: \$301.60

Base New Business Rate Change: 3.0%

Class: _____ Product: _____

Class: _____ Product: _____

Commonwealth of Kentucky
 Office of Insurance
 Frankfort, KY 40602-0517

HEALTH BENEFIT PLAN RATE FILING
 INFORMATION FORM

COMPLETE A SEPARATE PAGE FOR EACH PRODUCT TYPE

Product Type PPO-Direct Pay

Enter the number of existing Covered Persons in each region

Region	1	2	3	4	5	6	7	8
All Plans	7,647	10,520	28,618	14,067	20,735	6,790	3,515	6,513
Blue Access Plan 2 \$500 Ded	1,050	1,547	3,969	1,815	3,179	934	476	1,107
Blue Access Plan 2 \$1000 Ded	1,624	2,216	6,338	2,836	4,592	1,309	767	1,250
Blue Access Plan 2 \$2500 Ded	2,537	3,632	10,111	5,099	6,875	2,574	1,064	1,727

Total Statewide Covered Persons: 98,405

I have prepared or supervised the preparation of this Product Information Form for the above policy(ies), and the content is accurate as of

May 18, 2009
 Date

Signature on file with
 original document

Signature of Company Representative

Frederick S. Busch, FSA, MAAA
 (Type name of person signing)

RVP Central Zone, Individual Pricing
 (Type title of person signing above)

Commonwealth of Kentucky
Office of Insurance
Frankfort, KY 40602-0517

HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

COMPLETE A SEPARATE PAGE FOR EACH PRODUCT TYPE

Product Type PPO-Farm Bureau

Enter the number of existing Covered Persons in each region

Region	1	2	3	4	5	6	7	8
All Plans	636	1,112	1,172	1,378	910	158	367	504

Total Statewide Covered Persons: 6,237

I have prepared or supervised the preparation of this Product Information Form for the above policy(ies), and the content is accurate as of the date below.

May 18, 2009
Date

Frederick S. Busch
Signature on file with original document

Signature of Company Representative

Frederick S. Busch, FSA, MAAA
(Type name of person signing)

RVP Central Zone, Individual Pricing
(Type title of person signing above)

Commonwealth of Kentucky
Office of Insurance
Frankfort, KY 40602-0517

HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

COMPLETE A SEPARATE PAGE FOR EACH PRODUCT TYPE

Product Type FFS

Enter the number of existing Covered Persons in each region

Region	1	2	3	4	5	6	7	8
All Plans	2	9	29	4	17	3	5	14

Total Statewide Covered Persons: 83

I have prepared or supervised the preparation of this Product Information Form for the above policy(ies), and the content is accurate as of

May 18, 2009
Date

Signature on file with original document

Signature of Company Representative

Frederick S. Busch, FSA, MAAA
(Type name of person signing)

RVP Central Zone, Individual Pricing
(Type title of person signing above)

Commonwealth of Kentucky
Office of Insurance
Frankfort, KY 40602-0517

HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

COMPLETE A SEPARATE PAGE FOR EACH PRODUCT TYPE

Company Name: Anthem Health Plans of Kentucky, Inc
dba Anthem Blue Cross Blue Shield

Market Segment: Individual Product Type: PFO-Direct Pay

Class of Business: Regular: All Other: _____

Plan Identification	(a) Monthly Premium In Force	(b) Proposed Change in New Business Rate	(c) (a) * (b)
1 Blue Access 1 \$500 Ded	\$210,605	3.0%	\$6,318.14
2 Blue Access 1 \$1000 Ded	\$300,145	3.0%	\$9,004.34
3 Blue Access 1 \$2500 Ded	\$691,668	3.0%	\$20,750.05
4 Blue Access 1 \$5000 Ded	\$359,177	3.0%	\$10,505.32
5 Blue Access 2 \$250 Ded	\$690,626	3.0%	\$19,218.77
6 Blue Access 2 \$500 Ded	\$3,110,934	3.0%	\$93,328.03
7 Blue Access 2 \$1000 Ded	\$1,524,668	3.0%	\$135,740.05
8 Blue Access 2 \$2500 Ded	\$6,276,121	3.0%	\$188,283.63
9 Blue Access 3 \$2500 Ded	\$677,561	3.0%	\$20,326.84
10 Blue Access 3 \$5000 Ded	\$287,798	3.0%	\$8,633.93
11 Blue Access 3 \$10000 Ded	\$33,019	3.0%	\$990.58
12 TAA 500	\$69,008	3.0%	\$2,070.25
13 TAA 1000	\$21,826	3.0%	\$654.78
14 TAA 2500	\$16,402	3.0%	\$492.07
15 TAA 5000	\$330	3.0%	\$9.90
16 Assoc. Health Plan \$1000 Ded	\$787	3.0%	\$23.61
17 Plan Transfer	\$379,749	3.0%	\$11,392.47
18 NSA Plan 1	\$11,801	3.0%	\$354.04
19 NSA Plan 2	\$0	3.0%	\$0.00
20			
Total	\$17,603,226		\$528,097

Average increase in base new business rates = Total (c) / Total (a) = 3.00%
(Attach Additional Pages as Necessary)

Change for each product HMO, FFB, FOS, and PFO.

Commonwealth of Kentucky
Office of Insurance
Frankfort, KY 40602-0517

HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

COMPLETE A SEPARATE PAGE FOR EACH PRODUCT TYPE

Company Name: Anthem Health Plans of Kentucky, Inc
dba Anthem Blue Cross Blue Shield

Market Segment: Individual Product Type: PPO-Direct Pay

Class of Business: Regular: All Other: _____

Plan Identification	(a) Monthly Premium In Force	(b) Proposed Change in New Business Rate	(c) (a) * (b)
1 Steps Standard High	\$1,958,778	3.0%	\$58,763.34
2 Steps Standard Low	\$908,427	3.0%	\$27,012.81
3 Steps Budget High	\$283,074	3.0%	\$8,492.21
4 Steps Economy High	\$16,486	3.0%	\$494.59
5 Steps Economy Low	\$25,274	3.0%	\$758.23
6 High Option PPO Econ Low	\$82,417	3.0%	\$1,572.50
7 Blue Mod \$300 Ded Plan	\$160,567	3.0%	\$4,817.02
8 Blue Mod \$500 Ded Plan	\$138,249	3.0%	\$4,147.45
9 Blue Mod \$1000 Ded Plan	\$257,863	3.0%	\$7,735.89
10 Blue Mod \$2500 Ded Plan	\$344,282	3.0%	\$10,328.45
11 Blue Mod \$200 Ded w/Ext NM	\$2,295	3.0%	\$68.84
12 Blue Mod \$500 Ded w/Ext NM	\$683	3.0%	\$20.48
13 Blue Mod \$1000 Ded w/Ext NM	\$2,321	3.0%	\$69.62
14 Blue Mod \$2500 Ded w/Ext NM	\$2,129	3.0%	\$63.97
15 Blue Mod Catastrophic \$1000	\$46,461	3.0%	\$1,393.84
16 Blue Mod Catastrophic \$2500	\$59,726	3.0%	\$1,791.78
17 Blue Mod Catastrophic \$5000	\$35,742	3.0%	\$1,072.25
18 Blue Mod Catastrophic \$10000	\$8,572	3.0%	\$257.16
19 Blue Mod Catastrophic \$1000 Ext NM	\$0	3.0%	\$0.00
20			
Total	\$4,295,344		\$128,860.33

Average increase in base new business rates = Total (c) / Total (a) = 3.00%
(attach additional pages as necessary)

Change for each product HMO, PPO, POS, and PPO.

Commonwealth of Kentucky
Office of Insurance
Frankfort, KY 40602-0517

HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

COMPLETE A SEPARATE PAGE FOR EACH PRODUCT TYPE

Company Name: Anthem Health Plans of Kentucky, Inc
dba Anthem Blue Cross Blue Shield

Market Segment: Individual Product Type: PPO-Fam Bureau

Class of Business: Regular Other: ALL

Plan Identification	(a) Monthly Premium in Force	(b) Proposed Change in New Business Rate	(c) (a)*(b)
1 Blue Access 1 \$500 Ded	\$12,136	3.0%	\$364.07
2 Blue Access 1 \$1000 Ded	\$17,719	3.0%	\$532.16
3 Blue Access 1 \$2500 Ded	\$37,090	3.0%	\$1,112.69
4 Blue Access 1 \$5000 Ded	\$26,523	3.0%	\$795.69
5 Blue Access 2 \$250 Ded	\$26,566	3.0%	\$796.97
6 Blue Access 2 \$500 Ded	\$201,822	3.0%	\$6,054.67
7 Blue Access 2 \$1000 Ded	\$270,852	3.0%	\$8,125.55
8 Blue Access 2 \$2500 Ded	\$438,561	3.0%	\$13,066.83
9 Blue Access 3 \$2500 Ded	\$37,864	3.0%	\$1,135.92
10 Blue Access 3 \$5000 Ded	\$19,869	3.0%	\$596.07
11 Blue Access 3 \$10000 Ded	\$2,518	3.0%	\$75.54
12 TAA 500	\$1,113	3.0%	\$33.38
13 TAA 1000	\$0	3.0%	\$0.00
14 TAA 2500	\$0	3.0%	\$0.00
15 TAA 5000	\$0	3.0%	\$0.00
16 Assoc. Health Plan \$1000 Ded	\$0	3.0%	\$0.00
17 Plan Transfer	\$12,468	3.0%	\$374.04
18 MSA Plan 1	\$9,978	3.0%	\$299.33
19 MSA Plan 2	\$0	3.0%	\$0.00
20			
Total	\$1,112,097		\$33,362.92

Average increase in base new business rates = Total (c) / Total (a) = 3.00%
 (Attach Additional Pages as Necessary)

Change for each product MHO, VV3, PDS, and PPO.

Commonwealth of Kentucky
Office of Insurance
Frankfort, KY 40602-0517

HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

COMPLETE A SEPARATE PAGE FOR EACH PRODUCT TYPE

Company Name: Antenna Health Plans of Kentucky, Inc
 Market Segment: Individual Product Type: PPO-Farm Bureau
 Class of Business: Regular: All Other: _____

Plan Identification	(a) Monthly Premium In Force	(b) Proposed Change in New Business Rate	(c) (a) * (b)
1 Steps Standard High	\$132,848	3.0%	\$3,985.44
2 Steps Standard Low	\$63,283	3.0%	\$1,898.49
3 Steps Budget High	\$14,005	3.0%	\$420.16
4 Steps Economy High	\$0	3.0%	\$0.00
5 Steps Economy Low	\$0	3.0%	\$0.00
6 High Option PPO Econ Low	\$0	3.0%	\$0.00
7 Blue Mod \$300 Ded Plan	\$12,547	3.0%	\$376.41
8 Blue Mod \$500 Ded Plan	\$15,792	3.0%	\$473.76
9 Blue Mod \$1000 Ded Plan	\$26,845	3.0%	\$805.36
10 Blue Mod \$2500 Ded Plan	\$30,063	3.0%	\$901.89
11 Blue Mod \$300 Ded w/Ext NM	\$0	3.0%	\$0.00
12 Blue Mod \$500 Ded w/Ext NM	\$0	3.0%	\$0.00
13 Blue Mod \$1000 Ded w/Ext NM	\$0	3.0%	\$0.00
14 Blue Mod \$2500 Ded w/Ext NM	\$0	3.0%	\$0.00
15 Blue Mod Catastrophic \$1000	\$2,317	3.0%	\$69.52
16 Blue Mod Catastrophic \$2500	\$4,903	3.0%	\$147.09
17 Blue Mod Catastrophic \$5000	\$1,791	3.0%	\$53.73
18 Blue Mod Catastrophic \$10000	\$384	3.0%	\$11.51
19 Blue Mod Catastrophic \$1000 Ext NM	\$0	3.0%	\$0.00
20			
Total	\$304,778		\$9,143.35

Average increase in base new business rates = Total (c) / Total (a) = 3.00%
 (Attach Additional Pages as Necessary)

Change for each product HMO, FFS, POS, and PPO.

Commonwealth of Kentucky
Office of Insurance
Frankfort, KY 40602-0517

HEALTH BENEFIT PLAN RATE FILING
INFORMATION FORM

COMPLETE A SEPARATE PAGE FOR EACH PRODUCT TYPE

Company Name: Amgen Health Plans of Kentucky, Inc
dba Amgen Blue Cross Blue Shield

Market Segment: Individual Product Type: FPS

Class of Business: Regular All Other: _____

Plan Identification	(a) Monthly Premium In Force	(b) Proposed Change in New Business Rate	(c) (a)*(b)
1 Steps Standard High	553,404	3.0%	\$1,660.13
2 Steps Standard Low	511,032	3.0%	\$153.31
3			
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18			
19			
20			
Total	\$54,436		\$1,933.07

Average increase in base new business rates = Total (c) / Total (a) = 3.60%
(Attach Additional Pages as Necessary)


Charge for each product HMO, FFS, POS, and PPO.

COMMONWEALTH OF KENTUCKY
OFFICE OF INSURANCE
Frankfort, KY 40602-0517

ATTACHMENT A
CERTIFICATION

I, Frederick S. Busch, FSA, MAAA
(qualified actuary who prepares and signs the actuarial memorandum)

certify that the information in this filing is prepared in accordance with American Academy of Actuaries Actuarial Standard of Practice No. 26, Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans, applicable to individual as well as small employer business and that all the proposed rates are in compliance with KRS 304.17A-0952 and 304.17A-0954


Signature on file
with
original document
(Signature)

May 18, 2009
(Date)

ACTUARIAL MEMORANDUM
Anthem Health Plans of Kentucky, Inc.
Individual PPO Rating Formula

This memorandum presents the development of rates effective October 1, 2009 for the Individual PPO products offered by Anthem Health Plans of Kentucky, Inc. (Anthem).

The purpose of this rate filing is to obtain the approval of the Office of Insurance for the proposed material change. The filing is not intended to be used for any other purpose.

This filing pertains to all plans offered by Anthem, excluding Blue Saver, Economy, Value, CDHP, Premier, and SmartSense products which are filed under the GLR guidelines. In this filing, we will be presenting development of an overall rate increase as well as development of the component parts of the increase. The requested increase for this filing is 4.0%. The base rate will be increased by 3% and age/gender increases along with benefit factor reductions will contribute another 1%. This base rate increase is over the April 2009 rate that was not filed. The base rate is an increase of approximately 6.1% over the previously filed October 2008 filing, DOI # 2008-002296-R. In addition, details regarding area factors, age/gender factors, 10% spouse discount, and benefit factors are found in the corresponding exhibits. Please note that this block of business consists of products that are no longer actively marketed with the exception of Blue Basic.

(a) Qualification of the Actuary Signing the Memorandum

I, Frederick S. Busch, am the Regional Vice President of Central Zone Individual Pricing for Anthem Insurance, Inc. I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries.

(b) When the Company Will Begin Using the Proposed Rates

October 1, 2009

(c) Detailed Explanation of Rate Development

1. The Effects of the Mandated Benefits

This is reflected in the trend.

2. Claims Cost Development

a. Methodology

Exhibit I shows the calculations used to determine the rate for our Blue Reference Plan (BRP), Individual Blue Access Plan 2, \$1,000 deductible. Claims experience for the period January 2008 through December 2008 was normalized for age/gender, risk, area, and benefit using the BRP as the index. The resulting amount is trended at 13.5% for 21 months. Capitations charges are then added to the reference claim cost and adjustments are made. Finally, the total is loaded for administrative costs, commissions, GAP assessment and profit.

b. Assumptions as Follows:

(i). Trend

Normalized trends for Anthem's Individual PPO business are included in Exhibit I. These trends combine medical and prescription drug experience. The previous combined trend assumption of 11.0% will be increased to 13.5%. We are using the underlying 11% trend that has been used in past filings with the addition of 2.5% to account for additional anti-selection due to the closing of this block of business. We intend to monitor experience during the rating period and adjust rates as needed, not to exceed 13.5% annually.

(ii). Benefit Changes

Exhibit H gives a brief benefit description of the current products being offered. The benefit factors relative to the BRP for all products are shown in Exhibit G.

(iii). Utilization and Cost per Service Changes

This is reflected in the trend. It is assumed that the rate of change of these parameters will remain constant.

(iv). Demographic Changes

It is assumed that there will be no substantial change in demographics during the interval between the experience period and the rating period.

(v). Changes in Medical Management

This is reflected in the trend. It is assumed that future managed care initiatives will have the same impact that they have had historically.

(vi). Changes in Provider Contracts

Changes to provider contracts are expected but these changes are anticipated and therefore built into trend rates. No substantial changes are expected that are not already reflected in current medical trend rates.

(vii). Any Other Assumptions Used

Based on assumptions of \$4.57 of Rx rebate per prescription and 1 Prescription PMPM, the current monthly estimate of Rx rebates per member for this filing is \$4.57 or 2.1% of earned premium.

c. Experience including earned premium, paid claims, incurred claims and incurred loss ratios for the last three years

Exhibit K shows experience through December 2008 with three months runoff.

3. Development and printout of the Base Premium Rates, Index Rates, and GAP Premium Rates for the Standard Plan option by Product and by Class of Business

The "base", "index", and "highest" premium rates for the Standard Plans by age/gender factor for the lowest and highest area combinations are shown in Exhibit C. The "index" rates for the Standard plans are derived from the BRP via a benefit relativity factor.

4. All Age, Gender, Industry or Occupation and Geographic Region factors summarized separately from the maximum to the minimum factor and any Healthy Lifestyle Discount factor with an explanation of the determination of the factor and where it is applicable

A policy's age/gender factor is calculated as the sum of the age/gender factor for each member covered by the policy. If a policy includes more than three children, only the factors for the three oldest children will be included. An example of this method is included in Exhibit F. Current age/gender factors are listed in Exhibit E. Current area factors are listed in Exhibit D.

Anthem does not currently use an industry factor or offer a Healthy Lifestyle Discount.

5. The anticipated pricing loss ratio and the percentages allocated for Administrative Expenses, Commissions, Taxes, Investment Income, Profit & Contingency, and other expenses including a detailed and justified explanation of how costs are allocated among plans

The anticipated pricing loss ratio is 79.2%, which is adjusted to 79.1% in anticipation of a GAP refund.

a. Administrative Expense

The 2009 administrative expense for Individual <65 business is \$26.51 PMPM. This amount includes commissions paid to Anthem employees but not broker commissions. We have assumed a trend of 3.5% to calculate the appropriate administrative amount for 2010. Exhibit J blends the 2009 and 2010 numbers to develop the amount appropriate for this filing's rating period, October 2009 through September 2010. This blended amount is normalized for benefit, age/gender, risk, and area to arrive at the amount used in the BRP rate development.

b. Commissions

The 2008 commission expense paid to Non-Anthem employees is calculated as 4% of premium, $292.82 \times 0.04 = 11.37$. We have assumed a trend of 3.5% to calculate the appropriate commission amount for 2009 and 2010. Exhibit J blends the 2009 and 2010 numbers to develop the amount appropriate for this filing's rating period, October 2009 through September 2010.

c. Taxes

Anthem does not load rates explicitly for federal income taxes. All other types of taxes were included in the administrative expense load outlined above. Instead of loading rates for federal income taxes, it was assumed that they would be partially offset by investment income.

d. Investment Income

Investment income has been used historically to offset federal income tax and to support reserve requirements. We have estimated investment income and demonstrated the offset against federal income tax below.

The portion of the premium that might reasonably be expected to earn interest during the rating period is an amount equal to IBNR, unearned premium and claims adjustment expense. For this product that translates to 50.4% of premium; 79.2% anticipated loss ratio multiplied by 63.6% (IBNR at 1.44 months of claims, increased 13.6% for unearned premium and claims adjustment expense). Assuming that those funds would earn 5.0% interest, this yields 2.5% of premium ($0.504 \times 0.05 = 0.01$).

The offset to federal income tax is demonstrated as follows:

	Pre-tax profit and contingency margin loaded into rates	5.0%
plus	Investment income allocated to the product	2.5%
equals	Total pre-tax income generated by the product	7.5%
times	(1-federal income tax rate 35%)	65%
equals	Total after-tax income generated by the product	4.9%

As can be seen from this example, federal income taxes are substantially greater than expected investment income for the product.

e. Profit & Contingency

Anthem's 5% margin is unchanged from the previously filed level. Profit is necessary for the company to maintain sufficient reserves in relation to its claim levels and to remain solvent. It is also necessary for investment in equipment to expand electronic claims filing and to otherwise become more efficient, remain competitive and provide services at the lowest possible cost. It is needed to develop new and innovative relationships with health care providers to encourage them to provide low cost, efficient care without compromising quality.

As demonstrated above, the 5% margin loaded into the rates actually translates to a margin of 3.9% on an after tax basis when investment income and federal income taxes are taken into account.

f. Percentage Allocated for Any Other Factor

Anthem may charge the following fees:

Paper Billing Fee: customers who choose monthly paper billing will be charged an additional \$5.00 per month to cover the cost of this administrative service. This amount will be clearly listed as a separate line item on the customer's bill.

Paper Application Fee: customers applying by paper applications will be charged an additional \$25.

Insufficient Funds/Return Payment Charge: this may be charged to customers who have insufficient funds to cover a written check or have an electronic payment returned. The fee will be no greater than \$25 per occurrence.

Late Charge: This may be charged to all due and unpaid premiums past 15 days. The charge will not exceed 18% annual.

Reinstatement Fee: This may be charged to groups whose coverage lapses for non-payment and they seek reinstatement of their policy. This charge covers reasonable costs associated with reinstatement that we do not want to pass on to other on-time paying customers. This fee will be no greater than \$200 per occurrence.

(d) Detailed explanation, with example, of how an individual composite rate is determined, including the group size eligible for a composite rate calculation

Composite rates are not applicable for Individual business.

(e) Each benefit plan description and the applicable benefit factor adjustment and the two Individual GAP benefit plans, (other than the standard benefit plan) if applicable

The benefit plan descriptions and factors are shown in Exhibits G and H.

(f) Detailed discussion of how the projected GAP amount net assessments and refunds were used in establishing the proposed rates

A maximum GAP refund would return the GAP class of business to a loss ratio of 100%. To the extent funds are available we receive reimbursement for losses over and above premium received on GAP premium. Admin is included in the calculation. Settlements for 2008 are not yet final. Therefore assumptions are necessary regarding the anticipated refund amount. We will continue our assumption from the previous filing of receiving 90-95% of the maximum amount.

Rates are being loaded at 0.5% to cover GAP assessments.

(g) Justification of fees paid to providers in relation to the rate requested and the average discounts paid to physician, hospital, lab, pharmacy, mental health and other providers

All data presented in this filing is NET of provider discounts. Exhibit B contains the provider discounts reflected in the proposed rates. This is CONFIDENTIAL information, and we ask that it be removed from any public viewing.

(h) If a trend rate is used, include the time period to which the trend applies and the applicable trend rate

Rates for future effective dates will be adjusted as often as quarterly, by a trend amount not to exceed 13.5% annually.

(i) Explanation of the anticipated effect of the requested rates on the policyholders, subscribers, enrollees

There is a 3% base rate increase proposed at this time along with age/gender and benefit factor changes that contribute another 1% for a 4% total increase. Off of the base, each individual subscriber's actual increase will vary based on their unique age/gender, area, benefit, and risk changes.

(j) Identify all classes of business, justify the reason for separate classes, and demonstrate that all index rates for the class of business with highest index rates are within 10% of the corresponding index rates from the class of business with lowest index rates

Kentucky Farm Bureau and GAP are the only additional classes of business applicable to the Individual products. No distinct rates for different classes of business will be applied.

(k) Prospective Certification

Please see the attached form HIPMC R-34.

Actuary's Statement

To the best of my knowledge, the proper use of this rating formula will calculate premiums which are in compliance with the laws and regulations of the Commonwealth of Kentucky, and the corresponding relationships of benefits to premiums are reasonable.

Signature on file with
original document

Fredrick S. Busch, FSA, MAAA
RVP Central Zone, Individual Pricing

INCOME & EXPENSE WORKSHEET

Company:

Antihem Health Plans of Kentucky, Inc.

Period:

From: Jan-08

To: Dec-08

Product:

ANTHEM INDIVIDUAL Total of All Plans

	Kentucky Total	%	Individual Total	%	Individual Total PPO	%	Individual Total FFS	%
INCOME								
Risk Adjustment Revenue	0	0.0%		0.0%				
Premium	\$1,688,644,197	100.0%	\$287,782,425	100.0%	288,820,898	100.0%	881,727	100.0%
Investment	-\$18,938,282	-1.2%	-\$3,377,917	-1.2%	-\$3,367,802	-1.2%	-\$10,115	-1.2%
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
TOTAL INCOME	\$1,678,705,915	98.8%	\$284,404,509	98.8%	\$283,552,896	98.8%	\$851,612	98.8%
CLAIMS EXPENSES								
Physician Payments	\$549,317,480	32.3%	\$91,451,988	31.8%	\$91,067,519	31.7%	\$384,469	44.8%
Hospital Payments (Inc. Lab.)	\$558,310,825	32.9%	\$92,949,242	32.3%	\$92,558,478	32.3%	\$390,764	45.3%
Outpatient Referral	\$100,403	0.0%	\$16,715	0.0%	\$16,645	0.0%	\$70	0.0%
Pharmacy	\$224,188,231	13.2%	\$37,323,513	13.0%	\$37,166,605	13.0%	\$156,910	18.2%
Mental Health	\$11,418,351	0.7%	\$1,900,961	0.7%	\$1,892,969	0.7%	\$7,992	0.8%
Total Medical & Hospital	\$1,343,335,389	79.1%	\$223,642,420	77.7%	\$222,702,216	77.0%	\$940,205	109.1%
Increase in Reserves	102,000	0.0%	\$16,981	0.0%	\$16,910	0.0%	\$71	0.0%
TOTAL CLAIMS EXPENSE	\$1,343,437,389	79.1%	\$223,659,402	77.7%	222,719,126	77.6%	940,276	109.1%
OVERHEAD EXPENSES								
Risk Adjustment Payment	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Salaries	\$88,288,803	4.0%	\$11,564,358	4.0%	\$11,529,730	4.0%	\$34,628	4.0%
Managed Care	\$3,399,881	0.2%	\$576,001	0.2%	\$574,276	0.2%	\$1,725	0.2%
Wellness Programs (Inc. In Cust. Ed.)	\$8,373,820	0.4%	\$1,079,846	0.4%	\$1,076,612	0.4%	\$3,233	0.4%
Customer Education	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Commissions	\$86,978,484	3.9%	\$11,511,297	4.0%	\$11,476,828	4.0%	\$34,469	4.0%
Payroll Taxes	\$5,891,108	0.4%	\$1,015,007	0.4%	\$1,011,968	0.4%	\$3,039	0.4%
Employee Benefits	\$17,801,941	1.0%	\$2,982,101	1.0%	\$2,973,172	1.0%	\$8,930	1.0%
Retirement Benefits (Inc. In EE Ben.)	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Attorney Fees	\$158,097	0.0%	\$26,446	0.0%	\$26,367	0.0%	\$79	0.0%
Accounting Fees	\$355,580	0.0%	\$60,242	0.0%	\$60,062	0.0%	\$180	0.0%
Actuarial Fees	\$28,481	0.0%	\$4,314	0.0%	\$4,301	0.0%	\$13	0.0%
Independent Contractors	\$14,483,079	0.9%	\$2,453,707	0.9%	\$2,446,360	0.9%	\$7,347	0.9%
Advertising - Personnel Recruitment	\$22,206	0.0%	\$3,762	0.0%	\$3,751	0.0%	\$11	0.0%
Advertising - Other	\$7,044,137	0.5%	\$1,345,887	0.5%	\$1,341,857	0.5%	\$4,030	0.5%
Lobbying (Inc. In Dues)	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Charitable Contributions	\$89,260	0.0%	\$15,122	0.0%	\$15,077	0.0%	\$45	0.0%
Travel Expenses	\$1,867,387	0.1%	\$331,613	0.1%	\$330,620	0.1%	\$993	0.1%
Dues or Membership fees	\$887,385	0.0%	\$116,456	0.0%	\$116,107	0.0%	\$349	0.0%
Rent	\$8,486,718	0.4%	\$1,098,973	0.4%	\$1,095,682	0.4%	\$3,291	0.4%
Utilities (Except for Tel, Inc. In Rent)	\$109,088	0.0%	\$18,482	0.0%	\$18,426	0.0%	\$55	0.0%
Office Supplies	\$1,309,376	0.1%	\$221,833	0.1%	\$221,169	0.1%	\$664	0.1%
Office - Other	\$8,791,484	0.5%	\$1,489,440	0.5%	\$1,484,980	0.5%	\$4,460	0.5%
Taxes (non payroll)	\$13,208,272	0.8%	\$2,237,731	0.8%	\$2,231,030	0.8%	\$6,701	0.8%
Other	-\$38,101,842	-2.2%	-\$6,455,172	-2.2%	-\$6,435,843	-2.2%	-\$19,329	-2.2%
Loss Adjustment Expense	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
TOTAL OVERHEAD EXPENSES	\$185,127,796	10.9%	\$31,361,147	10.9%	\$31,270,231	10.9%	\$93,916	10.9%

* NOTE: "Other" Overhead Expense category equals Overhead Expenses NOT elsewhere classified less Cost Plus retentions. The Cost Plus retention is a necessary balancing item for the Annual Statement.

Antihem Health Plans of Kentucky, Inc.

PPG (Elmer Fay & Fann Records)

Age	New-Entrant/Filter Factors				No-Entrant/Filter Factors				No-Entrant/Filter Factors				No-Entrant/Filter Factors				No-Entrant/Filter Factors			
	Single Male	Single Female	Child Male	Child Female	Single Male	Single Female	Child Male	Child Female	Single Male	Single Female	Child Male	Child Female	Single Male	Single Female	Child Male	Child Female	Single Male	Single Female	Child Male	Child Female
42	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
43	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
44	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
45	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
46	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
47	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
48	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
49	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
50	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
51	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
52	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
53	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
54	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577

Anthem Health Plans of Kentucky, Inc.

Kentucky Area Rating Factors

AREA	Member Current Factor
Area 1	1.0828
Area 2	0.9686
Area 3	0.9907
Area 4	0.9836
Area 5	0.9617
Area 6	1.0564
Area 7	1.0595
Area 8	1.0434

Anthem Health Plans of Kentucky, Inc.

Case Characteristics Rate Factor Exhibit

The following Age Gender Factors apply to Association Health, High Deductible Health Plans, Plan Transfer, Standard Plan, Closed HCR Plans, Traditional and Blue Modified products included in this filing.

Age	Single Male	Non-Maternity Female	Maternity Female	Child Male	Child Female	Age	Single Male	Non-Maternity Female	Maternity Female	Child Male	Child Female
<12	0.577	0.577	0.577	0.577	0.577	39	0.801	1.213	1.518	0.577	0.698
13	0.577	0.500	1.402	0.577	0.600	40	0.842	1.243	1.503	0.577	0.698
14	0.577	0.600	1.454	0.577	0.600	41	0.884	1.288	1.503	0.577	0.698
15	0.577	0.600	1.509	0.577	0.600	42	0.928	1.328	1.503	0.577	0.698
16	0.577	0.600	1.566	0.577	0.600	43	0.983	1.374	1.503	0.577	0.698
17	0.577	0.600	1.625	0.577	0.600	44	1.038	1.408	1.503	0.577	0.698
18	0.577	0.652	1.688	0.577	0.652	45	1.088	1.446	1.503	0.577	0.698
19	0.577	0.652	1.688	0.577	0.652	46	1.154	1.507	1.527	0.577	0.698
20	0.577	0.652	1.688	0.577	0.652	47	1.198	1.538	1.557	0.577	0.698
21	0.577	0.694	1.688	0.577	0.694	48	1.257	1.581	1.572	0.577	0.698
22	0.577	0.684	1.688	0.577	0.684	49	1.341	1.697	1.619	0.577	0.698
23	0.577	0.678	1.688	0.577	0.678	50	1.388	1.637	1.637	0.577	0.698
24	0.577	0.698	1.688	0.577	0.698	51	1.485	1.701	1.701	0.577	0.698
25	0.577	0.714	1.688	0.577	0.698	52	1.583	1.764	1.704	0.577	0.698
26	0.577	0.731	1.688	0.577	0.698	53	1.669	1.819	1.819	0.577	0.698
27	0.577	0.749	1.688	0.577	0.698	54	1.788	1.807	1.807	0.577	0.698
28	0.577	0.777	1.688	0.577	0.698	55	1.893	1.981	1.981	0.577	0.698
29	0.577	0.808	1.688	0.577	0.698	56	1.977	2.008	2.008	0.577	0.698
30	0.577	0.843	1.631	0.577	0.698	57	2.069	2.055	2.055	0.577	0.698
31	0.577	0.872	1.631	0.577	0.698	58	2.139	2.107	2.107	0.577	0.698
32	0.577	0.902	1.631	0.577	0.698	59	2.220	2.188	2.188	0.577	0.698
33	0.591	0.843	1.014	0.577	0.698	60	2.314	2.211	2.211	0.577	0.698
34	0.619	0.883	1.598	0.577	0.698	61	2.304	2.283	2.283	0.577	0.698
35	0.642	1.024	1.682	0.577	0.698	62	2.478	2.314	2.314	0.577	0.698
36	0.675	1.055	1.668	0.577	0.698	63	2.581	2.388	2.388	0.577	0.698
37	0.704	1.105	1.660	0.577	0.698	64	2.692	2.422	2.422	0.577	0.698
38	0.744	1.148	1.534	0.577	0.698						

Case Characteristics Summary

	Minimum	Maximum	Range
Age/Gender (Single)	0.577	2.682	4.441
Area	0.8617	1.0328	1.128
Industry	1.000	1.000	1.000
Product	0.555	2.774	6.000

Anthom Health Plans of Kentucky, Inc.

Case Characteristics Rate Factor Exhibit

The following Age Gender Factors apply to Blue Access and Blue TAA products included in this filing.
A 10% Spouse Discount is applied to a Spouse's Age Factor

Age	\$250 Deductible					\$500 Deductible				
	Single Male	Non-Mat Female	Maternity Female	Child Male	Child Female	Single Male	Non-Mat Female	Maternity Female	Child Male	Child Female
0	0.800	0.800	0.800	0.800	0.800	0.830	0.830	0.830	0.830	0.830
1	0.800	0.800	0.800	0.800	0.800	0.712	0.712	0.712	0.712	0.712
2	0.830	0.830	0.830	0.830	0.830	0.850	0.850	0.850	0.850	0.850
3	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877
4	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877
5	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877
6	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877
7	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877
8	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877
9	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877
10	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877
11	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877
12	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877	0.877
13	0.877	0.890	1.370	0.877	0.890	0.877	0.890	1.370	0.877	0.890
14	0.877	0.890	1.454	0.877	0.890	0.877	0.890	1.454	0.877	0.890
15	0.877	0.890	1.538	0.877	0.890	0.877	0.890	1.538	0.877	0.890
16	0.877	0.890	1.622	0.877	0.890	0.877	0.890	1.622	0.877	0.890
17	0.877	0.890	1.706	0.877	0.890	0.877	0.890	1.706	0.877	0.890
18	0.877	0.890	1.790	0.877	0.890	0.877	0.890	1.790	0.877	0.890
19	0.877	0.890	1.874	0.877	0.890	0.877	0.890	1.874	0.877	0.890
20	0.877	0.890	1.958	0.877	0.890	0.877	0.890	1.958	0.877	0.890
21	0.877	0.890	2.042	0.877	0.890	0.877	0.890	2.042	0.877	0.890
22	0.877	0.890	2.126	0.877	0.890	0.877	0.890	2.126	0.877	0.890
23	0.877	0.890	2.210	0.877	0.890	0.877	0.890	2.210	0.877	0.890
24	0.877	0.890	2.294	0.877	0.890	0.877	0.890	2.294	0.877	0.890
25	0.877	0.890	2.378	0.877	0.890	0.877	0.890	2.378	0.877	0.890
26	0.877	0.890	2.462	0.877	0.890	0.877	0.890	2.462	0.877	0.890
27	0.877	0.890	2.546	0.877	0.890	0.877	0.890	2.546	0.877	0.890
28	0.877	0.890	2.630	0.877	0.890	0.877	0.890	2.630	0.877	0.890
29	0.877	0.890	2.714	0.877	0.890	0.877	0.890	2.714	0.877	0.890
30	0.877	0.890	2.798	0.877	0.890	0.877	0.890	2.798	0.877	0.890
31	0.877	0.890	2.882	0.877	0.890	0.877	0.890	2.882	0.877	0.890
32	0.877	0.890	2.966	0.877	0.890	0.877	0.890	2.966	0.877	0.890
33	0.877	0.890	3.050	0.877	0.890	0.877	0.890	3.050	0.877	0.890
34	0.877	0.890	3.134	0.877	0.890	0.877	0.890	3.134	0.877	0.890
35	0.877	0.890	3.218	0.877	0.890	0.877	0.890	3.218	0.877	0.890
36	0.877	0.890	3.302	0.877	0.890	0.877	0.890	3.302	0.877	0.890
37	0.877	0.890	3.386	0.877	0.890	0.877	0.890	3.386	0.877	0.890
38	0.877	0.890	3.470	0.877	0.890	0.877	0.890	3.470	0.877	0.890
39	0.877	0.890	3.554	0.877	0.890	0.877	0.890	3.554	0.877	0.890
40	0.877	0.890	3.638	0.877	0.890	0.877	0.890	3.638	0.877	0.890
41	0.877	0.890	3.722	0.877	0.890	0.877	0.890	3.722	0.877	0.890
42	0.877	0.890	3.806	0.877	0.890	0.877	0.890	3.806	0.877	0.890
43	0.877	0.890	3.890	0.877	0.890	0.877	0.890	3.890	0.877	0.890
44	0.877	0.890	3.974	0.877	0.890	0.877	0.890	3.974	0.877	0.890
45	0.877	0.890	4.058	0.877	0.890	0.877	0.890	4.058	0.877	0.890
46	0.877	0.890	4.142	0.877	0.890	0.877	0.890	4.142	0.877	0.890
47	0.877	0.890	4.226	0.877	0.890	0.877	0.890	4.226	0.877	0.890
48	0.877	0.890	4.310	0.877	0.890	0.877	0.890	4.310	0.877	0.890
49	0.877	0.890	4.394	0.877	0.890	0.877	0.890	4.394	0.877	0.890
50	0.877	0.890	4.478	0.877	0.890	0.877	0.890	4.478	0.877	0.890
51	0.877	0.890	4.562	0.877	0.890	0.877	0.890	4.562	0.877	0.890
52	0.877	0.890	4.646	0.877	0.890	0.877	0.890	4.646	0.877	0.890
53	0.877	0.890	4.730	0.877	0.890	0.877	0.890	4.730	0.877	0.890
54	0.877	0.890	4.814	0.877	0.890	0.877	0.890	4.814	0.877	0.890
55	0.877	0.890	4.898	0.877	0.890	0.877	0.890	4.898	0.877	0.890
56	0.877	0.890	4.982	0.877	0.890	0.877	0.890	4.982	0.877	0.890
57	0.877	0.890	5.066	0.877	0.890	0.877	0.890	5.066	0.877	0.890
58	0.877	0.890	5.150	0.877	0.890	0.877	0.890	5.150	0.877	0.890
59	0.877	0.890	5.234	0.877	0.890	0.877	0.890	5.234	0.877	0.890
60	0.877	0.890	5.318	0.877	0.890	0.877	0.890	5.318	0.877	0.890
61	0.877	0.890	5.402	0.877	0.890	0.877	0.890	5.402	0.877	0.890
62	0.877	0.890	5.486	0.877	0.890	0.877	0.890	5.486	0.877	0.890
63	0.877	0.890	5.570	0.877	0.890	0.877	0.890	5.570	0.877	0.890
64	0.877	0.890	5.654	0.877	0.890	0.877	0.890	5.654	0.877	0.890

Anthem Health Plans of Kentucky, Inc.

Case Characteristics Rate Factor Exhibit

Age	\$1000 Deductible					\$1500 Deductible				
	Single Male	Non-Mat Female	Maternity Female	Child Male	Child Female	Single Male	Non-Mat Female	Maternity Female	Child Male	Child Female
0	0.635	0.635	0.635	0.635	0.635	0.637	0.637	0.637	0.637	0.637
1	0.713	0.713	0.713	0.713	0.713	0.715	0.715	0.715	0.715	0.715
2	0.650	0.650	0.650	0.650	0.650	0.650	0.650	0.650	0.650	0.650
3	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
4	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
5	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
6	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
7	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
8	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
9	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
10	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
11	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
12	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
13	0.577	0.590	1.379	0.577	0.590	0.577	0.590	1.379	0.577	0.590
14	0.577	0.600	1.464	0.577	0.600	0.577	0.600	1.454	0.577	0.600
15	0.577	0.650	1.935	0.577	0.650	0.577	0.650	1.635	0.577	0.650
16	0.577	0.660	1.723	0.577	0.660	0.577	0.660	1.723	0.577	0.660
17	0.577	0.685	1.801	0.577	0.685	0.577	0.685	1.801	0.577	0.685
18	0.577	0.690	1.784	0.577	0.690	0.577	0.690	1.784	0.577	0.690
19	0.577	0.690	1.784	0.577	0.690	0.577	0.690	1.784	0.577	0.690
20	0.577	0.690	1.784	0.577	0.690	0.577	0.690	1.784	0.577	0.690
21	0.577	0.695	1.785	0.577	0.695	0.577	0.695	1.785	0.577	0.695
22	0.577	0.695	1.785	0.577	0.695	0.577	0.695	1.785	0.577	0.695
23	0.577	0.700	1.741	0.577	0.700	0.577	0.700	1.741	0.577	0.700
24	0.577	0.720	1.744	0.577	0.720	0.577	0.720	1.744	0.577	0.720
25	0.585	0.740	1.747	0.577	0.720	0.585	0.740	1.747	0.577	0.720
26	0.585	0.760	1.763	0.577	0.720	0.585	0.760	1.763	0.577	0.720
27	0.600	0.760	1.756	0.577	0.720	0.600	0.760	1.768	0.577	0.720
28	0.605	0.818	1.768	0.577	0.720	0.605	0.818	1.768	0.577	0.720
29	0.610	0.855	1.788	0.577	0.720	0.610	0.855	1.791	0.577	0.720
30	0.630	0.910	1.761	0.577	0.720	0.630	0.911	1.763	0.577	0.720
31	0.640	0.969	1.812	0.577	0.720	0.640	0.971	1.818	0.577	0.720
32	0.653	1.008	1.819	0.577	0.720	0.653	1.008	1.823	0.577	0.720
33	0.680	1.063	1.802	0.577	0.720	0.680	1.064	1.804	0.577	0.720
34	0.705	1.090	1.787	0.577	0.720	0.705	1.100	1.783	0.577	0.720
35	0.720	1.120	1.740	0.577	0.720	0.720	1.120	1.744	0.577	0.720
36	0.735	1.138	1.670	0.577	0.720	0.735	1.137	1.672	0.577	0.720
37	0.768	1.182	1.630	0.577	0.720	0.768	1.185	1.634	0.577	0.720
38	0.817	1.189	1.689	0.577	0.720	0.817	1.190	1.690	0.577	0.720
39	0.885	1.263	1.668	0.577	0.720	0.885	1.280	1.677	0.577	0.720
40	0.914	1.300	1.572	0.577	0.720	0.910	1.306	1.678	0.577	0.720
41	0.963	1.325	1.649	0.577	0.720	0.965	1.330	1.654	0.577	0.720
42	0.991	1.355	1.534	0.577	0.720	0.993	1.380	1.539	0.577	0.720
43	1.005	1.380	1.521	0.577	0.720	1.003	1.400	1.531	0.577	0.720
44	1.060	1.415	1.813	0.577	0.720	1.063	1.430	1.529	0.577	0.720
45	1.079	1.468	1.524	0.577	0.720	1.082	1.450	1.539	0.577	0.720
46	1.130	1.460	1.510	0.577	0.720	1.138	1.520	1.540	0.577	0.720
47	1.170	1.620	1.541	0.577	0.720	1.170	1.540	1.581	0.577	0.720
48	1.239	1.635	1.558	0.577	0.720	1.262	1.650	1.671	0.577	0.720
49	1.313	1.680	1.602	0.577	0.720	1.332	1.690	1.812	0.577	0.720
50	1.357	1.695	1.585	0.577	0.720	1.377	1.632	1.632	0.577	0.720
51	1.434	1.850	1.650	0.577	0.720	1.465	1.691	1.691	0.577	0.720
52	1.612	1.700	1.700	0.577	0.720	1.545	1.760	1.760	0.577	0.720
53	1.691	1.742	1.742	0.577	0.720	1.621	1.800	1.800	0.577	0.720
54	1.695	1.810	1.810	0.577	0.720	1.720	1.880	1.880	0.577	0.720
55	1.749	1.868	1.888	0.577	0.720	1.818	1.945	1.949	0.577	0.720
56	1.815	1.813	1.813	0.577	0.720	1.893	1.993	1.993	0.577	0.720
57	1.890	1.962	1.992	0.577	0.720	1.937	2.068	2.068	0.577	0.720
58	1.996	1.998	1.998	0.577	0.720	2.100	2.098	2.098	0.577	0.720
59	2.070	2.047	2.047	0.577	0.720	2.106	2.165	2.163	0.577	0.720
60	2.180	2.095	2.095	0.577	0.720	2.320	2.215	2.215	0.577	0.720
61	2.260	2.180	2.180	0.577	0.720	2.410	2.291	2.291	0.577	0.720
62	2.325	2.193	2.193	0.577	0.720	2.509	2.340	2.340	0.577	0.720
63	2.395	2.265	2.265	0.577	0.720	2.562	2.430	2.430	0.577	0.720
64	2.462	2.370	2.370	0.577	0.720	2.682	2.538	2.538	0.577	0.720

Anthem Health Plans of Kentucky, Inc.

Case Characteristics Rate Factor Exhibit

Age	\$2500 Deductible					\$5000 Deductible				
	Single Male	Non-Mat Female	Maternity Female	Child Male	Child Female	Single Male	Non-Mat Female	Maternity Female	Child Male	Child Female
0	0.882	0.882	0.882	0.882	0.882	0.880	0.880	0.880	0.880	0.880
1	0.720	0.720	0.720	0.720	0.720	0.728	0.728	0.728	0.728	0.728
2	0.650	0.650	0.650	0.650	0.650	0.658	0.658	0.658	0.658	0.658
3	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
4	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
5	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
6	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
7	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
8	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
9	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
10	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
11	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
12	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577	0.577
13	0.577	0.590	1.378	0.577	0.590	0.577	0.590	1.378	0.577	0.590
14	0.577	0.600	1.454	0.577	0.600	0.577	0.600	1.454	0.577	0.600
15	0.577	0.650	1.835	0.577	0.650	0.577	0.650	1.835	0.577	0.650
16	0.577	0.680	1.723	0.577	0.680	0.577	0.680	1.723	0.577	0.680
17	0.577	0.685	1.601	0.577	0.685	0.577	0.685	1.601	0.577	0.685
18	0.577	0.690	1.784	0.577	0.690	0.577	0.690	1.784	0.577	0.690
19	0.577	0.690	1.784	0.577	0.690	0.577	0.690	1.784	0.577	0.690
20	0.577	0.690	1.784	0.577	0.690	0.577	0.690	1.784	0.577	0.690
21	0.577	0.695	1.785	0.577	0.695	0.577	0.695	1.785	0.577	0.695
22	0.577	0.695	1.785	0.577	0.695	0.577	0.695	1.785	0.577	0.695
23	0.577	0.701	1.743	0.577	0.701	0.577	0.703	1.748	0.577	0.703
24	0.577	0.721	1.747	0.577	0.721	0.577	0.724	1.764	0.577	0.724
25	0.585	0.741	1.750	0.577	0.721	0.585	0.742	1.762	0.577	0.724
26	0.595	0.790	1.753	0.577	0.721	0.595	0.783	1.760	0.577	0.724
27	0.600	0.782	1.760	0.577	0.721	0.600	0.785	1.787	0.577	0.724
28	0.605	0.816	1.771	0.577	0.721	0.605	0.818	1.775	0.577	0.724
29	0.610	0.858	1.785	0.577	0.721	0.610	0.862	1.803	0.577	0.724
30	0.630	0.913	1.768	0.577	0.721	0.630	0.915	1.770	0.577	0.724
31	0.640	0.975	1.824	0.577	0.721	0.640	0.975	1.824	0.577	0.724
32	0.653	1.011	1.828	0.577	0.721	0.653	1.014	1.834	0.577	0.724
33	0.680	1.058	1.811	0.577	0.721	0.680	1.060	1.814	0.577	0.724
34	0.705	1.104	1.785	0.577	0.721	0.705	1.107	1.800	0.577	0.724
35	0.720	1.133	1.780	0.577	0.721	0.720	1.135	1.783	0.577	0.724
36	0.735	1.145	1.684	0.577	0.721	0.735	1.148	1.688	0.577	0.724
37	0.768	1.170	1.641	0.577	0.721	0.768	1.173	1.645	0.577	0.724
38	0.817	1.200	1.603	0.577	0.721	0.817	1.203	1.607	0.577	0.724
39	0.868	1.268	1.687	0.577	0.721	0.868	1.272	1.692	0.577	0.724
40	0.918	1.316	1.690	0.577	0.721	0.920	1.318	1.694	0.577	0.724
41	0.967	1.340	1.660	0.577	0.721	0.975	1.343	1.670	0.577	0.724
42	0.995	1.370	1.561	0.577	0.721	1.008	1.372	1.553	0.577	0.724
43	1.010	1.420	1.653	0.577	0.721	1.020	1.423	1.557	0.577	0.724
44	1.057	1.450	1.650	0.577	0.721	1.038	1.453	1.553	0.577	0.724
45	1.088	1.490	1.650	0.577	0.721	1.095	1.493	1.553	0.577	0.724
46	1.141	1.525	1.545	0.577	0.721	1.150	1.528	1.548	0.577	0.724
47	1.182	1.550	1.571	0.577	0.721	1.191	1.553	1.574	0.577	0.724
48	1.285	1.690	1.581	0.577	0.721	1.285	1.583	1.584	0.577	0.724
49	1.335	1.600	1.822	0.577	0.721	1.350	1.605	1.627	0.577	0.724
50	1.380	1.835	1.935	0.577	0.721	1.400	1.848	1.846	0.577	0.724
51	1.470	1.895	1.695	0.577	0.721	1.480	1.705	1.705	0.577	0.724
52	1.650	1.785	1.755	0.577	0.721	1.660	1.785	1.785	0.577	0.724
53	1.625	1.805	1.805	0.577	0.721	1.635	1.816	1.816	0.577	0.724
54	1.735	1.835	1.885	0.577	0.721	1.760	1.900	1.900	0.577	0.724
55	1.830	1.950	1.950	0.577	0.721	1.850	1.985	1.985	0.577	0.724
56	1.910	2.000	2.000	0.577	0.721	1.930	2.048	2.048	0.577	0.724
57	2.005	2.065	2.065	0.577	0.721	2.015	2.093	2.093	0.577	0.724
58	2.104	2.106	2.105	0.577	0.721	2.150	2.125	2.128	0.577	0.724
59	2.200	2.180	2.180	0.577	0.721	2.250	2.180	2.180	0.577	0.724
60	2.330	2.220	2.220	0.577	0.721	2.350	2.240	2.240	0.577	0.724
61	2.430	2.295	2.295	0.577	0.721	2.440	2.330	2.330	0.577	0.724
62	2.530	2.340	2.348	0.577	0.721	2.556	2.380	2.380	0.577	0.724
63	2.562	2.450	2.450	0.577	0.721	2.562	2.480	2.480	0.577	0.724
64	2.562	2.562	2.562	0.577	0.721	2.562	2.562	2.562	0.577	0.724

Anthem Health Plans of Kentucky, Inc.

Case Characteristics Rate Factor Exhibit

Age	\$10000 Deductible				
	Single Male	Non-Mat Female	Maternity Female	Child Male	Child Female
0	0.911	0.911	0.911	0.911	0.911
1	0.738	0.738	0.738	0.738	0.738
2	0.660	0.660	0.660	0.660	0.660
3	0.577	0.577	0.577	0.577	0.577
4	0.577	0.577	0.577	0.577	0.577
5	0.577	0.577	0.577	0.577	0.577
6	0.577	0.577	0.577	0.577	0.577
7	0.577	0.577	0.577	0.577	0.577
8	0.577	0.577	0.577	0.577	0.577
9	0.577	0.577	0.577	0.577	0.577
10	0.577	0.577	0.577	0.577	0.577
11	0.577	0.577	0.577	0.577	0.577
12	0.577	0.577	0.577	0.577	0.577
13	0.577	0.590	1.379	0.577	0.590
14	0.577	0.600	1.454	0.577	0.600
15	0.577	0.650	1.835	0.577	0.650
16	0.577	0.680	1.723	0.577	0.680
17	0.577	0.685	1.801	0.577	0.685
18	0.577	0.690	1.784	0.577	0.690
19	0.577	0.690	1.784	0.577	0.690
20	0.577	0.690	1.784	0.577	0.690
21	0.577	0.695	1.785	0.577	0.695
22	0.577	0.695	1.785	0.577	0.695
23	0.577	0.705	1.793	0.577	0.705
24	0.577	0.725	1.766	0.577	0.725
25	0.685	0.744	1.757	0.577	0.725
26	0.695	0.785	1.784	0.577	0.725
27	0.690	0.787	1.772	0.577	0.725
28	0.695	0.820	1.770	0.577	0.725
29	0.810	0.883	1.805	0.577	0.725
30	0.630	0.917	1.774	0.577	0.725
31	0.610	0.875	1.824	0.577	0.725
32	0.653	1.105	1.998	0.577	0.725
33	0.690	1.092	1.818	0.577	0.725
34	0.705	1.110	1.804	0.577	0.725
35	0.720	1.138	1.758	0.577	0.725
36	0.735	1.150	1.691	0.577	0.725
37	0.768	1.175	1.648	0.577	0.725
38	0.817	1.205	1.610	0.577	0.725
39	0.887	1.275	1.698	0.577	0.725
40	0.932	1.320	1.698	0.577	0.725
41	0.982	1.345	1.672	0.577	0.725
42	1.010	1.375	1.658	0.577	0.725
43	1.025	1.425	1.659	0.577	0.725
44	1.070	1.455	1.655	0.577	0.725
45	1.100	1.495	1.655	0.577	0.725
46	1.155	1.530	1.650	0.577	0.725
47	1.197	1.555	1.578	0.577	0.725
48	1.272	1.668	1.587	0.577	0.725
49	1.380	1.810	1.632	0.577	0.725
50	1.410	1.858	1.658	0.577	0.725
51	1.493	1.715	1.715	0.577	0.725
52	1.570	1.778	1.778	0.577	0.725
53	1.644	1.834	1.834	0.577	0.725
54	1.770	1.920	1.920	0.577	0.725
55	1.860	2.006	2.006	0.577	0.725
56	1.940	2.068	2.068	0.577	0.725
57	2.020	2.118	2.118	0.577	0.725
58	2.160	2.140	2.140	0.577	0.725
59	2.260	2.200	2.200	0.577	0.725
60	2.360	2.280	2.280	0.577	0.725
61	2.480	2.360	2.360	0.577	0.725
62	2.562	2.410	2.410	0.577	0.725
63	2.582	2.510	2.510	0.577	0.725
64	2.592	2.562	2.562	0.577	0.725

Anthem Health Plans of Kentucky, Inc.

Example of Age/Gender Factor Calculation

Plan Transfer Policy

Example 1:	Gender	Age	Factor
Subscriber	M	35	0.647
Dependent	F	13	0.600
Total Age Factor for Policy			<u>1.247</u>

Example 2:	Gender	Age	Factor
Subscriber	F	42	1.503
Dependent	M	40	0.842
Dependent	F	20	0.652
Dependent	M	17	0.577
Dependent	F	14	0.600
Dependent *	M	7	0
Dependent *	F	3	0
Total Age Factor for Policy			<u>4.174</u>

* Note: Only 3 oldest children used in calculation.

Blue Access Plan 2, \$1000 Deductible

Example 1:	Gender	Age	Factor
Subscriber	M	35	0.72
Dependent	F	13	0.590
Total Age Factor for Policy			<u>1.310</u>

Example 2:	Gender	Age	Factor
Subscriber	F	42	1.534
Dependent/Spouse	M	40	0.823
Dependent	F	20	0.69
Dependent	M	17	0.577
Dependent	F	14	0.600
Dependent *	M	7	0
Dependent *	F	3	0
Total Age Factor for Policy			<u>4.224</u>

***Calculated as 0.914*0.90

* Note: Only 3 oldest children used in calculation.

Anthem Health Plans of Kentucky, Inc.

Exhibit G

**Individual Blue Access
Benefit Factors**

Factors in Bold have been reduced from previous filing: Plan 1 \$5,000 Deductible - 10% decrease

Plan 1 \$5,000 Deductible - 10% decrease

Plan 3 \$5,000 & \$10,000 Deductible - 5% decrease

Base Plans							
Plans	\$250	\$500	\$1,000	\$1,500	\$2,500	\$5,000	\$10,000
Plan 1	N/A	1.0200	0.8362	N/A	0.5475	0.3837	N/A
Plan 2	1.3941	1.2019	1.0000	N/A	0.7268	N/A	N/A
Plan 2 No RX	1.2048	1.0387	0.8642	N/A	0.6280	N/A	N/A
Plan 3	N/A	N/A	N/A	N/A	0.7881	0.5895	0.5207
Plan 3 No RX	N/A	N/A	N/A	N/A	0.6821	0.4952	0.4374

Extended Nervous & Mental Riders							
Plans	\$250	\$500	\$1,000	\$1,500	\$2,500	\$5,000	\$10,000
Plan 1	N/A	1.0710	0.8770	N/A	0.5748	0.4028	N/A
Plan 2	1.4638	1.2620	1.0500	N/A	0.7631	N/A	N/A
Plan 2 No RX	1.2650	1.0906	0.9074	N/A	0.6595	N/A	N/A
Plan 3	N/A	N/A	N/A	N/A	0.8275	0.6190	0.5467
Plan 3 No RX	N/A	N/A	N/A	N/A	0.6951	0.5200	0.4592

Other Blue Access Plans					
Plans	Ded	Benefits With	Benefits	Ext N/M	Ext N/M
		RX	No RX	With RX	No RX
Association Health Plan	\$1,000	0.9034	0.7841	0.9485	0.8233
High Ded Health Plan (80/20)	\$2,400	0.6566	0.6305	0.6895	0.6621
High Ded Health Plan (70/30)	\$2,400	0.6468	0.6210	0.6791	0.6621
Blue Plan Transfer	\$2,500	0.7231	0.8249	0.7692	0.6562
TAA Plan	\$500	0.9936	N/A	1.0433	N/A
TAA Plan	\$1,000	0.8300	N/A	0.8720	N/A
TAA Plan	\$2,500	0.5444	N/A	0.5710	N/A
TAA Plan	\$5,000	0.4233	N/A	0.4453	N/A

Additional Cost for Optional TAA Maternity Benefits	\$333.62
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Standard High Plan	
	\$400 Ded
Base	1.6384
Mental Illness Rider	0.0766
\$15 Drug Rider	0.0956

Anthem Health Plans of Kentucky, Inc.

Existing Plans Benefit Factors

PPO Plans-Blue Modified

Maternity Covered for NON-Single Females				
Deductible	\$300	\$500	\$1,000	\$2,500
Base Benefit Factor	1.5627	1.3096	1.1008	0.8419
Base + Extended N/M Rider	1.6754	1.4040	1.1799	0.9026

PPO Plans-Blue Modified Catastrophic

No Maternity or Drug Coverage				
Deductible	\$1,000	\$2,500	\$5,000	\$10,000
Base Benefit Factor	0.9297	0.8416	0.6392	0.4533
Base + Extended N/M Rider	1.0093	0.6964	0.6864	0.4921

PPO Maternity Plans				
Plans	Budget High	Economy Low	Economy High	Low Option
				Plan
Base Plan Benefits	0.7940	0.9536	1.1463	1.2363
Mental Illness Rider	0.0929	0.0537	0.0638	0.0688
Substance Abuse Rider	0.0149	NA	NA	NA
\$15 Drug Rider	0.2163	0.1893	0.1659	0.1510

PPO High Option Plans (formerly Advantage POS under SB343)-Maternity Plans				
Plans	High Option	High Option	High Option	
	Plan 1	Plan 3	Plan 4	
Former Title	POS Economy Low			POS Standard High
Base Plan Benefits	1.8054	1.793	1.8641	
Mental Illness Rider	0.0664	0.0745	0.0819	
Substance Abuse Rider	NA	NA	NA	
\$15 Drug Rider	NA	NA	NA	

Traditional Maternity Plans		
Plans	Standard Plan	Low Option
		Plan
Base Plan Benefits	1.8349	1.5062
Mental Illness Rider	0.0932	0.0837
\$15 Drug Rider	0.0820	0.1837
Dental	0.0000	NA

Anthem Health Plans of Kentucky, Inc.

Summary of HCR Benefit Plans

Plan	Benefits		Deduct	Out of Pocket	Coins	Office Visit Copay	Mental Health/SA		Prescription Drugs
	In Net	Out of Net					Inpat	Outpat	
Standard	In Net	Out of Net	\$400/\$800	\$1500/\$3000	85/15	\$10	20% Coins	20% Coins	20% Coins
High	In Net	Out of Net	\$700/\$1400	\$2500/\$5000	65/35	\$15	21 Days/Yr	20 Visits/Yr	20% Coins
Standard	In Net	Out of Net	\$750/\$1000	\$2500/\$5000	80/20	\$15	20% Coins	20% Coins	20% Coins
Low	In Net	Out of Net	\$1200/\$2400	\$3500/\$7000	60/40	\$15	21 Days/Yr	20 Visits/Yr	20% Coins
Economy	In Net	Out of Net	\$750/\$1000	\$2500/\$5000	70/30	\$15	30% Coins	30% Coins	30% Coins
High	In Net	Out of Net	\$1200/\$2400	\$3500/\$7000	50/50	\$20	10 Days/Yr	20 Visits/Yr	20% Coins
Economy	In Net	Out of Net	\$1000/\$2000	\$4000/\$8000	60/40	\$20	40% Coins	40% Coins	40% Coins
Low	In Net	Out of Net	\$1500/\$3000	\$5000/\$10000	40/60	\$25	10 Days/Yr	20 Visits/Yr	20% Coins
Budget	In Net	Out of Net	\$2500/\$5000	\$5000/\$10000	80/20	\$25	20% Coins	20% Coins	20% Coins
High	In Net	Out of Net	\$3000/\$6000	\$6000/\$12000	60/40	\$25	5 Days/Yr	10 Visits/Yr	10 Visits/Yr

Plan	Benefits		Deduct	Out of Pocket	Hosp Copay Per Admit	ER Copay Per Visit	Office Visit Copay	Mental Health/SA		Prescription Drugs
	In Net	Out of Net						Inpat	Outpat	
High Option: Plan 4	In Net	Out of Net	None	\$1500/\$3000	\$150	\$50	\$10	\$150 Copay	\$20 Copay	\$10 Copay
High Option: Plan 3	In Net	Out of Net	None	\$2500/\$5000	\$300	\$75	\$15	21 Days/Yr	20 Visits/Yr	Month Supply
High Option: Plan 1	In Net	Out of Net	None	\$3500/\$7000	\$700	\$100	\$20	\$300 Copay	\$30 Copay	Month Supply
	In Net	Out of Net	None	\$4000/\$8000	\$700	\$100	\$20	21 Days/Yr	20 Visits/Yr	Month Supply
	In Net	Out of Net	None	\$5000/\$10000	\$700	\$100	\$20	\$700 Copay	\$40 Copay	\$15 Copay
	In Net	Out of Net	None	\$5000/\$10000	\$700	\$100	\$20	10 Days/Yr	20 Visits/Yr	Month Supply

Anthem Health Plans of Kentucky, Inc.

Blue Access Benefits Overview										
Plan	Deductible	Contract Maximum	Family Deductible Multiplier	Coins In-Net	Coins Out-Of-Net	Maternity	Out-Of-Pocket Maximum	Copays	Prescription Drug Coverage	
Blue Access Plan 1	\$800	\$7,000,000	2X	80/20	50/50	None	\$2,000 + Ded	None	\$15 Generic	
Blue Access Plan 1	\$1,000	\$7,000,000	2X	80/20	50/50	None	\$2,000 + Ded	None	\$15 Generic	
Blue Access Plan 1	\$2,500	\$7,000,000	2X	80/20	50/50	None	\$2,000 + Ded	None	\$15 Generic	
Blue Access Plan 1	\$5,000	\$7,000,000	2X	80/20	50/50	None	\$2,000 + Ded	None	\$15 Generic	
Blue Access Plan 2	\$250	\$7,000,000	2X	80/20	50/50	Same as Any Illness Per Non-Single Contractors	\$2,000 + Ded	Office Visit \$25 Urgent Care \$50	3 Tier Copay \$15/\$30/\$45	
Blue Access Plan 2	\$500	\$7,000,000	2X	80/20	50/50	Same as Any Illness Per Non-Single Contractors	\$2,000 + Ded			
Blue Access Plan 2	\$1,000	\$7,000,000	2X	80/20	50/50	Same as Any Illness Per Non-Single Contractors	\$2,000 + Ded			
Blue Access Plan 2	\$2,500	\$7,000,000	2X	80/20	50/50	Same as Any Illness Per Non-Single Contractors	\$2,000 + Ded			
Blue Access Plan 3	\$2,500	\$7,000,000	2X	80/20	50/50	None	IN = Ded OON = \$7,000 + Ded	None	3 Tier Copay	
Blue Access Plan 3	\$5,000	\$7,000,000	2X	80/20	50/50	None	IN = Ded OON = \$8,000 + Ded	None	Copay	
Blue Access Plan 3	\$10,000	\$7,000,000	2X	80/20	50/50	None	IN = Ded OON = \$14,000 + Ded	None	\$15/\$30/\$45	
Association Health Plan	\$1,000	\$7,000,000	2X	70/30	50/50	Same As Any Illness Per Non-Single Contractors	\$2,000 + Ded	None	3 Tier Copay \$15/\$30/\$45	
High Deductible Health Plan	\$2,400	\$7,000,000	2X	80/20	50/50	Same As Any Illness Per Non-Single Contractors	\$3,025	None	3 Tier Copay \$15/\$30/\$45	
High Deductible Health Plan	\$2,400	\$7,000,000	2X	70/30	40/80	Same As Any Illness Per Non-Single Contractors	\$3,025	None	\$15/\$30/\$45	
Plan Transfer	\$2,500	\$1,000,000	2X	80/20	50/50	Covered for All Contractors	\$2,000 + Ded	Office Visit \$25 Urgent Care \$50	3 Tier Copay \$15/\$30/\$45	
TAA Plan	\$500	\$1,000,000	2X	80/20	50/50	None	\$2,000 + Ded	None	\$15 Generic	
TAA Plan	\$1,000	\$1,000,000	2X	80/20	50/50	None	\$2,000 + Ded	None	\$15 Generic	
TAA Plan	\$2,500	\$1,000,000	2X	80/20	50/50	None	\$2,000 + Ded	None	\$15 Generic	
TAA Plan	\$5,000	\$1,000,000	2X	80/20	50/50	None	\$2,000 + Ded	None	\$15 Generic	
Optional TAA Maternity Benefits	N/A	N/A	N/A	N/A	N/A	Separate \$1,500 Ded, 80/20 Coins In, 50/50 Coins OON	N/A	N/A	N/A	

(1) Medical & Rx deductible, co-insurance, and out of pocket are co-tinged for network and non-network. Network and non-network are separate and do not accumulate towards each other.

Non-network 2x network amounts

(2) Non-Network OOP max = \$4,000 + deductible for single policies = \$8,000 + deductible for family policies

(3) For the third and subsequent office visits, member pays 100% of allowable amount.

Anthem Health Plans of Kentucky, Inc.

Development for 12/31/2008
Runout through 3/31/2009

DATA	HCR	CLOSED HCR	Non-HCR/ Non-GAP	GAP	TOTAL
Enrollment, 12 Months Ending 12/31/2008	74,881	64,695	1,201,026	851	1,332,152
Medical Claims, 12 Months Ending 12/31/2008	\$ 17,683,937	\$ 13,191,677	\$ 138,717,892	\$ 740,183	\$ 170,333,468
Drug Claims, 12 Months Ending 12/31/2008	\$ 5,931,771	\$ 6,808,316	\$ 39,827,560	\$ 760,297	\$ 53,326,943
Premium, 12 Months Ending 12/31/2008	\$ 26,605,236	\$ 23,139,424	\$ 237,839,937	\$ 497,826	\$ 287,782,426
Medical Claims PMPM	\$ 236.79	\$ 241.18	\$ 116.41	\$ 870.01	\$ 127.88
Drug Claims PMPM	\$ 79.43	\$ 124.44	\$ 33.14	\$ 893.69	\$ 40.03
Total Claims PMPM	\$ 316.22	\$ 365.63	\$ 148.55	\$ 1,763.70	\$ 167.89
Premium PMPM	\$ 354.91	\$ 423.06	\$ 197.72	\$ 585.17	\$ 216.03
CLAIMS NORMALIZATION					
Average Benefit Factor	1.7277	1.3013	0.9118	1.5447	0.9747
Average Demographic Factor	0.9702	1.3981	1.1185	1.4856	1.1300
Projected Average Risk Factor	0.7908	0.8909	0.7653	1.0360	0.7738
Average Area Factor	0.9958	0.9978	0.9993	1.0022	0.9988
Normalized Total Claims PMPM	\$ 239.84	\$ 224.14	\$ 192.99	\$ 748.92	\$ 197.24
TREND					
Annualized Total Trend	1.135	1.135	1.135	1.135	1.135
Total Trend Factor for 21 Months	1.2481	1.2481	1.2481	1.2481	1.2481
Trended Total Claims PMPM	\$ 299.09	\$ 279.75	\$ 240.88	\$ 934.71	\$ 248.17
CAPITATIONS & POOLING CHARGES					
RX Rebates (80% Rx Rebates + 20% Admin Fee)	\$ (7.89)	\$ (12.28)	\$ (4.01)	\$ (4.11)	\$ (4.67)
Care Continuum (Formerly Spectracare)	\$ 0.14	\$ 0.11	\$ 0.23	\$ 0.08	\$ 0.22
TRENDED TOTAL CLAIMS + CAPITATIONS, PMPM	\$ 281.23	\$ 267.58	\$ 237.09	\$ 930.68	\$ 241.82
EXPENSES					
Administrative Expense PMPM	\$ 20.61	\$ 18.88	\$ 35.34	\$ 11.55	\$ 31.96
Commission Expense PMPM (4% of Premium)	\$ 14.50	\$ 13.22	\$ 12.87	\$ -	\$ 12.79
Total Expenses	\$ 35.12	\$ 32.10	\$ 48.21	\$ 11.55	\$ 44.75
PROJECTED CLAIMS PLUS EXPENSES	\$ 326.35	\$ 297.47	\$ 285.10	\$ 942.23	\$ 286.56
MARGIN @ 5.0%	\$ 17.27	\$ 16.74	\$ 16.08	\$ 52.17	\$ 15.28
GAP ASSESSMENT @ 0.5%	\$ 1.73	\$ 1.87	\$ 1.51	\$ 5.22	\$ 1.53
SUBTOTAL	\$ 18.99	\$ 17.31	\$ 16.59	\$ 57.39	\$ 16.78
CURRENT BASE PREMIUM					
NEEDED REVENUE INCREASE	17.9%	7.5%	3.0%	268.3%	4.2%
NEEDED PREMIUM	\$ 345.35	\$ 314.79	\$ 301.60	\$ 1,043.44	\$ 305.16
Sources of Revenue Increase					
Benefit Factor Reduction	0.00%	0.00%	-0.23%	0.00%	-0.21%
Age Gender Changes	0.00%	0.00%	1.31%	0.00%	1.18%
Base Rate Increase	3.00%	3.00%	3.00%	3.00%	3.00%
Proposed Total Increase	3.00%	3.00%	4.11%	3.00%	4.00%
New Base BASE PREMIUM	\$ 301.60	\$ 301.80	\$ 301.60	\$ 301.60	\$ 301.60
ANTICIPATED LOSS RATIO BEFORE GAP REBATE					
ANTICIPATED GAP REBATES PMPM	\$ 95.4%	\$ 87.7%	\$ 77.7%	\$ 303.0%	\$ 78.2%
ANTICIPATED LOSS RATIO AFTER GAP REFUND	95.4%	87.7%	77.7%	(786.65) 47.2%	(0.60) 79.1%

Anthem Health Plans of Kentucky, Inc

Administrative Expense

2009 Estimated Administrative Expense		\$ 26.51
	<u>2009</u>	<u>2010</u>
Months of Expense:	3	9
Trended Administrative Expense	\$ 26.51	\$ 27.43
* Administrative Expense Trend 3.5%, Commission Trend 3.6%		
Administrative Expense for the Rating Period		\$ 27.20
Administrative Expense for the Rating Period		\$ 27.20
Normalizing Factor From Exhibit I		x 1.175
Total Normalized Administrative Expense		<u>\$ 31.96</u>

Arthem Health Plans of Kentucky, Inc.
Experience Exhibit
Total

Injured Date	Members	Paid & Incurred Claims	Completion Factors	Estimated Incurred Claims	PMPM Chrges	Adjusted Incurred Claims	Premium Earned	Incurred Loss Ratio	Incurred Claims / Member	Premium Earned / Member
200001	122,227	\$18,681,432	1.0000	\$18,681,432	\$ 716,741	\$ 17,277,173	\$24,855,821	70.1%	\$ 141.38	\$ 201.72
200002	122,452	\$18,827,474	1.0000	\$18,827,474	\$ 717,087	\$ 18,244,532	\$24,882,629	69.3%	\$ 133.48	\$ 201.41
200003	122,552	\$18,768,842	1.0000	\$18,768,842	\$ 717,842	\$ 18,478,284	\$24,738,832	70.7%	\$ 169.02	\$ 201.89
200004	122,878	\$18,782,088	1.0000	\$18,782,088	\$ 718,552	\$ 17,602,818	\$24,748,233	70.7%	\$ 142.44	\$ 201.40
200005	122,874	\$18,782,818	1.0000	\$18,782,818	\$ 718,528	\$ 19,472,342	\$24,763,818	78.6%	\$ 153.47	\$ 201.50
200006	122,786	\$18,630,843	1.0000	\$18,630,843	\$ 718,087	\$ 19,349,710	\$24,898,227	78.4%	\$ 157.88	\$ 201.12
200007	122,728	\$17,283,683	1.0000	\$17,283,683	\$ 718,873	\$ 18,002,238	\$24,895,760	72.0%	\$ 148.88	\$ 201.22
200008	123,871	\$19,892,621	1.0000	\$19,892,792	\$ 718,668	\$ 20,812,300	\$24,893,774	83.6%	\$ 187.78	\$ 200.89
200009	123,019	\$18,168,823	1.0000	\$18,158,823	\$ 720,380	\$ 18,877,203	\$24,722,718	78.4%	\$ 163.45	\$ 200.67
200010	122,381	\$18,811,441	1.0000	\$18,811,441	\$ 718,641	\$ 20,627,883	\$24,778,321	82.9%	\$ 187.78	\$ 202.48
200011	121,741	\$18,450,850	1.0000	\$18,450,850	\$ 712,855	\$ 20,163,844	\$24,788,858	81.3%	\$ 185.83	\$ 203.82
200012	120,982	\$20,485,978	1.0000	\$20,485,978	\$ 708,332	\$ 21,204,308	\$24,923,913	85.1%	\$ 178.30	\$ 203.06
200011	118,816	\$17,138,202	1.0000	\$17,138,202	\$ 737,569	\$ 17,873,771	\$24,763,853	72.2%	\$ 149.05	\$ 208.51
200012	118,733	\$17,188,095	1.0000	\$17,188,095	\$ 738,440	\$ 17,824,635	\$24,597,268	72.9%	\$ 149.70	\$ 208.43
200013	118,493	\$17,737,627	1.0000	\$17,737,627	\$ 734,468	\$ 18,472,035	\$24,877,338	74.8%	\$ 164.70	\$ 208.07
200014	118,311	\$18,541,783	1.0000	\$18,541,788	-	\$ 18,541,788	\$24,532,478	76.8%	\$ 153.37	\$ 205.57
200015	118,067	\$18,357,178	1.0000	\$18,357,178	-	\$ 18,357,178	\$24,554,487	78.6%	\$ 162.69	\$ 208.24
200016	118,728	\$18,683,832	1.0000	\$18,683,832	-	\$ 18,683,832	\$24,507,470	77.6%	\$ 180.82	\$ 208.42
200017	118,497	\$18,770,178	1.0000	\$18,770,178	-	\$ 18,770,178	\$24,583,883	80.5%	\$ 168.97	\$ 207.45
200018	118,104	\$20,041,820	1.0000	\$20,041,820	-	\$ 20,041,820	\$24,545,700	88.3%	\$ 177.18	\$ 207.87
200019	117,618	\$18,331,834	0.8990	\$18,332,650	-	\$ 18,332,650	\$24,457,133	78.0%	\$ 165.80	\$ 208.08
2000110	116,633	\$20,696,526	1.0000	\$20,698,363	-	\$ 20,698,363	\$24,497,410	88.1%	\$ 177.60	\$ 201.03
2000111	116,644	\$18,958,212	1.0000	\$18,958,212	-	\$ 18,958,212	\$24,393,928	82.1%	\$ 172.14	\$ 208.84
2000112	114,707	\$18,697,101	1.0000	\$18,697,108	-	\$ 18,697,108	\$24,389,184	82.1%	\$ 174.19	\$ 212.23
2000113	113,833	\$18,947,728	0.9988	\$18,861,753	-	\$ 18,861,753	\$24,268,810	68.0%	\$ 148.85	\$ 213.01
2000114	113,578	\$17,382,483	0.8998	\$17,383,721	-	\$ 17,383,721	\$24,182,408	71.0%	\$ 152.02	\$ 212.74
2000115	113,117	\$17,700,431	0.8995	\$17,703,838	-	\$ 17,703,838	\$24,124,603	73.4%	\$ 158.65	\$ 213.27
2000116	112,714	\$18,388,168	0.8995	\$18,397,082	-	\$ 18,397,082	\$24,031,737	78.4%	\$ 183.23	\$ 213.88
2000117	112,109	\$17,980,148	0.8993	\$18,002,637	-	\$ 18,002,637	\$24,054,804	74.8%	\$ 160.58	\$ 214.67
2000118	111,800	\$17,878,733	0.8990	\$17,888,175	-	\$ 17,888,175	\$24,013,004	73.7%	\$ 163.67	\$ 215.17
2000119	110,892	\$18,448,845	0.8984	\$18,476,881	-	\$ 18,476,881	\$23,971,827	77.1%	\$ 166.48	\$ 215.63
2000120	110,698	\$18,117,281	0.8970	\$18,174,483	-	\$ 18,174,483	\$23,947,648	80.1%	\$ 173.37	\$ 218.63
2000121	109,840	\$18,889,070	0.8919	\$18,619,811	-	\$ 18,619,811	\$23,858,609	77.8%	\$ 168.81	\$ 217.21
2000122	108,828	\$18,918,928	0.8839	\$18,827,469	-	\$ 18,827,469	\$23,801,147	82.5%	\$ 169.19	\$ 218.61
2000123	108,054	\$18,848,777	0.8702	\$18,222,713	-	\$ 18,222,713	\$23,740,418	80.9%	\$ 177.80	\$ 219.69
2000124	108,740	\$21,269,428	0.8448	\$22,512,435	-	\$ 22,512,435	\$23,747,603	94.8%	\$ 210.81	\$ 222.48
01/09-12/08	1,332,162	221,230,360	0.8691	223,859,402	-	223,859,402	287,782,425	0.7772	\$ 187.89	\$ 218.03

Injured Date	Incurred Loss Ratio	3 Month		Incurred Loss Ratio	6 Month Incurred Claims / Member	Premium Earned / Member	12 Month		
		Incurred Claims / Member	Premium Earned / Member				Incurred Loss Ratio	Premium Earned / Member	
200001									
200002									
200003	71.7%	\$ 144.59	\$ 201.88						
200004	71.9%	\$ 144.95	\$ 201.88						
200005	70.0%	\$ 153.27	\$ 201.59						
200006	73.8%	\$ 162.83	\$ 201.34	73.6%	\$ 148.72	\$ 201.50			
200007	74.6%	\$ 154.26	\$ 201.28	74.3%	\$ 149.80	\$ 201.42			
200008	78.2%	\$ 157.34	\$ 201.11	77.1%	\$ 155.31	\$ 201.35			
200009	77.6%	\$ 155.87	\$ 201.00	78.7%	\$ 154.40	\$ 201.20			
200010	80.9%	\$ 162.88	\$ 201.48	78.6%	\$ 158.81	\$ 201.38			
200011	80.2%	\$ 162.28	\$ 202.35	78.2%	\$ 159.80	\$ 201.73			
200012	83.1%	\$ 169.53	\$ 204.04	80.3%	\$ 162.72	\$ 202.54	77.1%	\$ 165.71	\$ 202.02
200011	79.6%	\$ 183.37	\$ 205.39	80.2%	\$ 163.17	\$ 203.42	77.2%	\$ 158.38	\$ 202.41
200012	78.7%	\$ 158.07	\$ 205.00	78.5%	\$ 160.18	\$ 204.16	77.8%	\$ 167.73	\$ 202.78
200013	73.3%	\$ 151.15	\$ 205.21	78.2%	\$ 180.42	\$ 205.12	77.5%	\$ 167.38	\$ 203.14
200014	74.4%	\$ 153.28	\$ 205.89	77.0%	\$ 169.31	\$ 203.84	77.9%	\$ 168.48	\$ 203.49
200015	78.4%	\$ 157.85	\$ 208.18	78.8%	\$ 157.81	\$ 208.08	77.8%	\$ 168.82	\$ 203.88
200016	77.4%	\$ 159.69	\$ 208.07	75.4%	\$ 153.38	\$ 208.14	77.9%	\$ 169.08	\$ 204.32
200017	79.1%	\$ 163.48	\$ 208.70	78.8%	\$ 158.34	\$ 208.30	78.5%	\$ 160.78	\$ 204.84
200018	81.2%	\$ 168.31	\$ 207.18	78.8%	\$ 182.91	\$ 209.67	78.5%	\$ 161.53	\$ 205.40
200019	80.3%	\$ 168.72	\$ 207.73	78.9%	\$ 163.14	\$ 208.00	78.5%	\$ 161.77	\$ 209.00
2000110	82.7%	\$ 170.24	\$ 205.80	80.8%	\$ 188.83	\$ 208.28	78.6%	\$ 162.55	\$ 205.94
2000111	81.8%	\$ 168.62	\$ 208.45	81.4%	\$ 188.42	\$ 208.82	79.0%	\$ 163.07	\$ 206.44
2000112	84.0%	\$ 174.85	\$ 207.83	82.1%	\$ 178.88	\$ 207.78	78.7%	\$ 162.92	\$ 206.85
2000113	78.0%	\$ 185.13	\$ 211.84	80.4%	\$ 187.71	\$ 208.89	78.5%	\$ 162.97	\$ 207.49
2000114	74.6%	\$ 158.70	\$ 212.88	78.1%	\$ 183.87	\$ 209.53	78.5%	\$ 183.28	\$ 203.08
2000115	71.7%	\$ 152.77	\$ 213.01	77.8%	\$ 183.82	\$ 210.38	78.4%	\$ 183.47	\$ 208.82
2000116	73.9%	\$ 167.65	\$ 213.22	78.0%	\$ 181.37	\$ 212.42	78.4%	\$ 184.15	\$ 208.28
2000117	74.9%	\$ 180.12	\$ 213.83	74.8%	\$ 169.41	\$ 213.25	78.1%	\$ 183.89	\$ 209.97
2000118	76.0%	\$ 180.80	\$ 214.48	73.3%	\$ 168.78	\$ 213.73	77.8%	\$ 183.83	\$ 213.70
2000119	78.2%	\$ 181.88	\$ 213.24	74.6%	\$ 159.69	\$ 214.22	77.5%	\$ 183.77	\$ 211.41
2000120	78.8%	\$ 186.11	\$ 213.89	75.0%	\$ 183.09	\$ 214.85	77.0%	\$ 183.38	\$ 212.16
2000121	78.3%	\$ 189.48	\$ 218.57	76.6%	\$ 185.11	\$ 215.51	77.2%	\$ 184.45	\$ 212.91
2000122	80.1%	\$ 174.04	\$ 217.41	77.6%	\$ 187.60	\$ 218.31	78.6%	\$ 184.59	\$ 214.34
2000123	80.3%	\$ 175.84	\$ 218.53	78.8%	\$ 178.78	\$ 217.20	78.7%	\$ 185.01	\$ 216.19
2000124	83.1%	\$ 189.55	\$ 229.28	82.1%	\$ 178.40	\$ 218.40	77.7%	\$ 187.89	\$ 218.03

Anthem Health Plans of Kentucky, Inc.
 Normalized Trend Exhibit
 Total Claims (Medical & Drug Combined)

Date	Membership	Total Claims Costs FY/FM	Current Composite Rating Factor	Current Normalized 1 Month Claim Cost	Current Normalized Averages			Current Normalized Trends		
					3 Month	6 Month	Annual	3 Month	6 Month	Annual
200001	122,227	\$ 135.60	1.0000	\$ 135.60						
200002	122,462	\$ 127.62	0.6840	\$ 128.40						
200003	122,652	\$ 183.07	0.6887	\$ 164.62	\$ 139.83					
200004	122,878	\$ 138.53	0.6850	\$ 138.95	\$ 140.72					
200006	122,874	\$ 162.62	0.6767	\$ 155.94	\$ 149.00					
200000	122,703	\$ 181.72	0.6745	\$ 155.68	\$ 160.18	\$ 144.80				
200007	122,720	\$ 140.83	0.0716	\$ 144.97	\$ 162.20	\$ 148.48				
200008	122,571	\$ 161.90	0.6828	\$ 107.60	\$ 168.09	\$ 162.08				
200000	123,019	\$ 147.80	0.6824	\$ 161.38	\$ 166.28	\$ 162.73				
200010	122,384	\$ 101.61	0.6690	\$ 103.83	\$ 103.22	\$ 167.71				
200011	121,741	\$ 103.77	0.6638	\$ 107.18	\$ 103.03	\$ 169.57				
200012	120,682	\$ 169.44	0.6610	\$ 178.05	\$ 171.33	\$ 163.27	\$ 164.07			
200701	119,916	\$ 142.60	0.6443	\$ 151.28	\$ 155.63	\$ 164.37	\$ 155.33			
200702	119,733	\$ 143.55	0.6330	\$ 162.80	\$ 160.78	\$ 161.05	\$ 167.43			
200703	119,403	\$ 143.85	0.6382	\$ 158.68	\$ 154.20	\$ 162.87	\$ 157.70	10.6%		
200704	118,341	\$ 156.37	0.6334	\$ 164.45	\$ 158.33	\$ 162.45	\$ 160.65	13.2%		
200705	119,057	\$ 162.59	0.6359	\$ 174.68	\$ 169.69	\$ 163.69	\$ 161.60	11.1%		
200708	118,728	\$ 160.62	0.6287	\$ 173.16	\$ 171.43	\$ 162.62	\$ 163.05	14.1%	12.4%	
200707	118,407	\$ 163.97	0.6269	\$ 160.18	\$ 176.99	\$ 167.63	\$ 165.68	16.6%	14.6%	
200708	118,194	\$ 177.19	0.6243	\$ 161.68	\$ 181.63	\$ 174.10	\$ 167.68	18.4%	13.8%	
200709	117,648	\$ 153.88	0.6220	\$ 169.19	\$ 180.35	\$ 175.87	\$ 169.31	18.1%	13.1%	
200710	116,638	\$ 177.60	0.6205	\$ 162.04	\$ 184.68	\$ 180.26	\$ 171.28	13.1%	14.3%	
200711	116,944	\$ 172.14	0.6180	\$ 167.61	\$ 183.18	\$ 182.40	\$ 172.95	12.3%	14.3%	
200712	114,797	\$ 174.10	0.6181	\$ 100.45	\$ 190.21	\$ 185.23	\$ 173.81	11.0%	13.6%	12.0%
200801	113,893	\$ 143.63	0.6003	\$ 163.60	\$ 180.49	\$ 182.59	\$ 176.00	8.0%	11.1%	12.6%
200802	113,678	\$ 162.02	0.6064	\$ 168.00	\$ 174.27	\$ 178.76	\$ 178.39	8.4%	10.4%	12.0%
200803	113,117	\$ 154.63	0.6022	\$ 173.63	\$ 168.67	\$ 179.64	\$ 177.07	9.3%	10.2%	12.6%
200804	112,714	\$ 183.23	0.6050	\$ 181.67	\$ 174.65	\$ 177.50	\$ 178.96	9.8%	9.3%	11.6%
200805	112,109	\$ 190.63	0.6010	\$ 179.03	\$ 178.03	\$ 178.14	\$ 170.32	8.6%	7.6%	11.0%
200806	111,600	\$ 158.87	0.5950	\$ 177.19	\$ 170.27	\$ 173.93	\$ 170.68	4.5%	0.6%	10.2%
200807	110,602	\$ 169.46	0.5920	\$ 169.62	\$ 180.93	\$ 177.77	\$ 180.20	2.8%	6.0%	8.6%
200808	110,606	\$ 173.37	0.6031	\$ 194.09	\$ 181.24	\$ 182.11	\$ 180.41	2.6%	4.0%	7.4%
200809	109,640	\$ 163.61	0.5959	\$ 190.12	\$ 180.68	\$ 184.68	\$ 182.17	6.7%	5.1%	7.0%
200810	108,820	\$ 183.10	0.5850	\$ 203.46	\$ 186.17	\$ 183.49	\$ 182.00	8.3%	4.6%	8.6%
200811	108,654	\$ 177.60	0.6340	\$ 201.04	\$ 188.18	\$ 182.16	\$ 184.02	8.2%	5.3%	8.4%
200812	108,740	\$ 219.81	0.6544	\$ 238.48	\$ 214.20	\$ 202.25	\$ 187.68	12.5%	9.2%	0.0%

Anthem Health Plans of Kentucky, Inc.
 Normalized Trend Exhibit
 Total Medical Claims

Date	Membership	Total Claims Costs FYPM	Current Composite Rating Factor	Current Normalized 1 Month Claim Cost	Current Normalized Averages			Current Normalized Trends			
					3 Month	6 Month	Annual	3 Month	6 Month	Annual	
200001	122,227	\$ 101.69	1.0000	\$ 101.69							
200002	122,452	\$ 94.57	0.9340	\$ 96.14							
200003	122,552	\$ 114.31	0.9387	\$ 116.02	\$ 104.22						
200004	122,878	\$ 102.69	0.9830	\$ 104.68	\$ 106.16						
200006	122,874	\$ 116.76	0.9787	\$ 118.27	\$ 112.63						
200008	122,785	\$ 116.27	0.9748	\$ 110.31	\$ 114.08	\$ 108.18					
200007	122,728	\$ 100.78	0.9718	\$ 100.00	\$ 118.53	\$ 110.49					
200008	122,871	\$ 124.07	0.9668	\$ 128.38	\$ 118.10	\$ 118.02					
200009	123,010	\$ 111.40	0.9524	\$ 110.78	\$ 113.00	\$ 113.04					
200010	122,304	\$ 124.32	0.9589	\$ 129.64	\$ 124.67	\$ 120.23					
200011	121,741	\$ 121.70	0.9568	\$ 127.33	\$ 124.22	\$ 121.70					
200012	120,602	\$ 131.80	0.9518	\$ 138.29	\$ 131.74	\$ 124.84	\$ 118.09				
200101	119,918	\$ 104.89	0.9448	\$ 111.13	\$ 120.83	\$ 128.10	\$ 117.77				
200102	119,759	\$ 108.58	0.9390	\$ 116.59	\$ 121.05	\$ 122.65	\$ 119.40				
200103	119,409	\$ 110.13	0.9322	\$ 117.63	\$ 117.71	\$ 123.50	\$ 119.84	10.1%			
200104	119,341	\$ 118.37	0.9334	\$ 123.62	\$ 118.84	\$ 122.60	\$ 121.49	14.1%			
200106	118,057	\$ 123.64	0.9308	\$ 132.72	\$ 125.72	\$ 123.68	\$ 122.69	11.4%			
200108	118,228	\$ 124.63	0.9297	\$ 134.09	\$ 131.20	\$ 122.04	\$ 123.60	16.0%	12.6%		
200107	118,407	\$ 128.88	0.9288	\$ 130.82	\$ 135.67	\$ 127.73	\$ 128.40	17.0%	18.8%		
200109	118,194	\$ 137.14	0.9243	\$ 148.37	\$ 140.78	\$ 133.22	\$ 123.03	18.1%	14.8%		
200109	117,648	\$ 119.64	0.9220	\$ 128.80	\$ 138.33	\$ 135.28	\$ 123.22	18.1%	16.6%		
200110	116,856	\$ 137.89	0.9206	\$ 149.91	\$ 142.64	\$ 138.08	\$ 130.87	14.6%	16.7%		
200111	116,044	\$ 132.89	0.9189	\$ 144.70	\$ 141.40	\$ 141.09	\$ 132.30	13.8%	16.6%		
200112	114,787	\$ 135.35	0.9161	\$ 147.76	\$ 147.48	\$ 143.37	\$ 133.04	11.9%	14.8%	13.7%	
200201	113,888	\$ 110.02	0.9093	\$ 120.83	\$ 137.83	\$ 140.28	\$ 133.63	0.6%	12.1%	13.7%	
200202	113,678	\$ 113.60	0.9064	\$ 126.47	\$ 131.43	\$ 138.47	\$ 134.82	8.0%	11.0%	12.6%	
200203	113,117	\$ 116.23	0.9022	\$ 128.84	\$ 128.07	\$ 130.33	\$ 133.61	0.0%	10.6%	13.5%	
200204	112,714	\$ 124.44	0.9000	\$ 138.43	\$ 130.69	\$ 134.41	\$ 138.79	9.1%	8.5%	12.8%	
200205	112,109	\$ 120.83	0.8970	\$ 134.43	\$ 133.89	\$ 132.65	\$ 138.05	8.6%	7.3%	11.6%	
200206	111,600	\$ 119.88	0.8950	\$ 133.91	\$ 135.60	\$ 130.30	\$ 138.05	3.3%	0.0%	10.5%	
200207	110,892	\$ 127.08	0.8920	\$ 142.43	\$ 138.91	\$ 133.88	\$ 137.14	1.0%	4.6%	8.6%	
200208	110,593	\$ 134.30	0.8911	\$ 161.66	\$ 142.44	\$ 135.14	\$ 137.29	1.2%	3.7%	7.2%	
200209	109,840	\$ 128.72	0.8889	\$ 145.14	\$ 148.21	\$ 140.00	\$ 138.69	4.0%	4.1%	7.3%	
200210	109,620	\$ 138.85	0.8858	\$ 168.54	\$ 151.03	\$ 143.91	\$ 133.69	5.9%	3.5%	6.3%	
200211	109,064	\$ 138.42	0.8849	\$ 168.43	\$ 152.60	\$ 147.87	\$ 140.60	8.1%	4.8%	6.8%	
200212	108,740	\$ 165.31	0.8844	\$ 188.61	\$ 168.68	\$ 158.31	\$ 143.63	13.0%	0.0%	7.6%	

Anthem Health Plans of Kentucky, Inc.
 Normalized Trend Exhibit
 Total Drug Claims

Data	Membership	Rx Claims Costs PAFM	Current Composite Refrig Factor	Current Normalized 1 Month Claim Cost	Current Normalized Averages			Current Normalized Trends			
					3 Month	6 Month	Annual	3 Month	6 Month	Annual	
200601	122,277	\$ 33.01	1.0000	\$ 33.01							
200602	122,452	\$ 33.03	0.9949	\$ 33.28							
200603	122,552	\$ 33.78	0.9897	\$ 30.20	\$ 25.36						
200604	122,878	\$ 33.63	0.8833	\$ 34.27	\$ 35.68						
200605	122,874	\$ 36.87	0.9787	\$ 37.47	\$ 37.05						
200606	122,705	\$ 35.45	0.9745	\$ 38.38	\$ 38.11	\$ 35.73					
200607	122,728	\$ 34.07	0.9715	\$ 35.07	\$ 33.37	\$ 35.97					
200608	122,871	\$ 37.84	0.6653	\$ 38.14	\$ 30.00	\$ 33.65					
200609	123,010	\$ 38.20	0.6324	\$ 37.61	\$ 37.27	\$ 38.80					
200610	122,354	\$ 37.68	0.6389	\$ 38.18	\$ 38.05	\$ 37.61					
200611	121,741	\$ 33.07	0.6699	\$ 38.83	\$ 38.87	\$ 37.87					
200612	120,852	\$ 37.84	0.6618	\$ 38.78	\$ 38.80	\$ 33.43	\$ 37.09				
200701	118,918	\$ 37.81	0.9468	\$ 40.13	\$ 39.00	\$ 39.27	\$ 37.62				
200702	118,733	\$ 38.20	0.6397	\$ 37.49	\$ 38.13	\$ 39.00	\$ 37.97				
200703	118,403	\$ 38.43	0.6302	\$ 41.05	\$ 39.65	\$ 39.67	\$ 38.12	11.9%			
200704	118,341	\$ 37.00	0.6334	\$ 39.84	\$ 39.39	\$ 39.65	\$ 38.67	10.7%			
200705	118,057	\$ 39.05	0.6308	\$ 41.65	\$ 40.65	\$ 40.00	\$ 38.92	10.3%			
200706	118,728	\$ 38.28	0.6287	\$ 39.07	\$ 40.22	\$ 39.69	\$ 39.16	11.4%	11.6%		
200707	118,407	\$ 37.28	0.6268	\$ 40.23	\$ 40.42	\$ 39.80	\$ 39.69	11.1%	10.6%		
200708	118,191	\$ 40.03	0.6243	\$ 43.31	\$ 43.87	\$ 40.87	\$ 39.63	10.9%	13.6%		
200709	117,648	\$ 38.42	0.6223	\$ 38.51	\$ 41.02	\$ 40.02	\$ 40.09	10.6%	10.7%		
200710	118,633	\$ 39.81	0.6209	\$ 43.03	\$ 41.85	\$ 41.13	\$ 40.41	8.6%	9.6%		
200711	116,944	\$ 39.25	0.9180	\$ 42.75	\$ 41.75	\$ 41.31	\$ 40.65	7.4%	9.1%		
200712	114,707	\$ 38.85	0.9181	\$ 42.40	\$ 42.73	\$ 41.87	\$ 40.87	7.6%	8.0%	10.2%	
200801	113,833	\$ 38.83	0.9298	\$ 42.63	\$ 42.81	\$ 42.28	\$ 41.07	8.6%	7.7%	9.2%	
200802	113,678	\$ 39.33	0.6054	\$ 43.43	\$ 42.84	\$ 42.29	\$ 41.87	9.6%	8.4%	9.6%	
200803	113,117	\$ 40.32	0.9022	\$ 44.89	\$ 43.80	\$ 43.18	\$ 41.87	10.2%	9.1%	9.6%	
200804	112,714	\$ 38.78	0.6320	\$ 43.14	\$ 43.70	\$ 43.18	\$ 42.10	11.7%	8.9%	9.3%	
200805	112,109	\$ 40.00	0.6970	\$ 44.83	\$ 44.14	\$ 43.49	\$ 42.38	8.0%	8.7%	8.6%	
200806	111,000	\$ 35.72	0.6950	\$ 43.28	\$ 43.87	\$ 43.83	\$ 42.73	8.6%	9.4%	9.2%	
200807	110,682	\$ 39.42	0.6920	\$ 44.19	\$ 44.02	\$ 43.83	\$ 43.07	8.0%	10.0%	8.8%	
200808	110,688	\$ 39.07	0.6891	\$ 43.91	\$ 43.80	\$ 43.87	\$ 43.12	7.2%	7.6%	8.0%	
200809	109,840	\$ 39.89	0.8880	\$ 44.83	\$ 44.37	\$ 44.02	\$ 43.65	8.2%	8.4%	8.7%	
200810	109,823	\$ 41.21	0.8868	\$ 44.84	\$ 45.14	\$ 44.68	\$ 43.87	7.5%	8.3%	8.6%	
200811	109,064	\$ 39.48	0.8849	\$ 44.81	\$ 45.33	\$ 44.68	\$ 44.02	8.7%	7.9%	8.3%	
200812	109,740	\$ 46.60	0.8894	\$ 61.83	\$ 47.65	\$ 48.94	\$ 44.77	11.3%	9.7%	9.6%	

To the Kentucky Office of Insurance
Rate Filing Documentation
5/18/09
Via Overnight Delivery

Enclosed is:

\$100 Filing Fee
Annual Report
Self-addressed, stamped return envelope

And two copies of:
Rate Filing

Thank you! Wanda Watson, Administrative Assistant,
Anthem Blue Cross and Blue Shield, 502/889-2530,
FAX: 502/889-2783

REC.—HEALTH DIV.

MAY 21 2009

RECEIVED

MAY 19 2009

ADMINISTRATIVE SERVICES
OFFICE OF INSURANCE

STEVEN L. BESHEAR
GOVERNOR



ROBERT D. VANCE
SECRETARY

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF INSURANCE
DIVISION OF HEALTH INSURANCE POLICY AND MANAGED CARE
P.O. Box 517
FRANKFORT, KENTUCKY 40602
(502) 564-6088
[HTTP://DOI.PPR.KY.GOV](http://DOI.PPR.KY.GOV)

Health Benefit Plan Rate Filing
Date of Filing Notice

DATE: 5/26/2009

TO: Dennis Howard
Attorney General's Office
Office of Rate Intervention

FAX#: (502) 573-8315

TO: Wanda Watson
Anthem Health Plans of Kentucky, Inc.

RE: **Date of Filing:** 5/26/2009
DOI File No: 2009-002815-R
Company: Anthem Health Plans of Kentucky, Inc.
Market Segment: Individual
Product: PPO
FFS
Co File No: AHP 1285

In accordance with KRS 304.17A-095 (2)(a) and 806 KAR 17:150, a rate filing shall be approved or disapproved by the Commissioner within sixty days after the "Date of Filing".

Department of Insurance
P.O. Box 517, 215 W. Main Street
Frankfort, Kentucky 40602
Phone: 502-564-6088
Fax: 502-564-2728

Raley, Angela M (PPC)

From: Raley, Angela M (PPC)
Sent: Tuesday, May 26, 2009 4:04 PM
To: Kash, Heather (KYOAG); 'wanda.watson@anthem.com'
Cc: Raley, Angela M (PPC)
Subject: 2009-002815-R:Date Of Filing Notice
Attachments: DateOfFilingNotice.doc

*Office of Insurance
Health Insurance Policy and Managed Care Division*

5/26/2009

Raley, Angela M (PPC)

From: Kash, Heather (KYOAG) [Heather.Kash@ag.ky.gov]
Sent: Tuesday, May 26, 2009 4:05 PM
Subject: Read: 2009-002815-R:Date Of Filing Notice

Your message

To: Kash, Heather (KYOAG); wanda.watson@anthem.com
Cc: Raley, Angela M (PPC)
Subject: 2009-002815-R:Date Of Filing Notice
Sent: 5/26/2009 4:04 PM

was read on 5/26/2009 4:05 PM.

Raley, Angela M (PPC)

From: System Administrator
To: Kash, Heather (KYOAG)
Sent: Tuesday, May 26, 2009 4:18 PM
Subject: Delivered: 2009-002815-R:Date Of Filing Notice

Your message

To: Kash, Heather (KYOAG); wanda.watson@anthem.com
Cc: Raley, Angela M (PPC)
Subject: 2009-002815-R:Date Of Filing Notice
Sent: 5/26/2009 4:04 PM

was delivered to the following recipient(s):

Kash, Heather (KYOAG) on 5/26/2009 4:04 PM

Raley, Angela M (PPC)

From: Mail Delivery System [MAILER-DAEMON@smtp.wellpoint.com]
Sent: Tuesday, May 26, 2009 4:04 PM
To: Raley, Angela M (PPC)
Subject: Successful Mail Delivery Report

Attachments: Delivery report; Message Headers



Delivery report.txt
(477 B)



Message
Headers.txt (1 KB)

This is the mail system at host vap1pmr007.wellpoint.com.

Your message was successfully delivered to the destination(s) listed below. If the message was delivered to mailbox you will receive no further notifications. Otherwise you may still receive notifications of mail delivery errors from other systems.

The mail system

<wanda.watson@anthem.com>: delivery via 127.0.0.1[127.0.0.1]:10025: 250 OK,
sent: 4A1C4B23_17549_863_4 7ABF79500BA

Raley, Angela M (PPC)

From: Watson, Wanda (KY) [Wanda.Watson@anthem.com]
To: Raley, Angela M (PPC)
Sent: Tuesday, May 26, 2009 4:26 PM
Subject: Read: 2009-002815-R:Date Of Filing Notice

Your message

To: Wanda.Watson@anthem.com
Subject:

was read on 5/26/2009 4:26 PM.

STEVEN L. BESHEAR
GOVERNOR



ROBERT D. VANCE
SECRETARY

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF INSURANCE
DIVISION OF HEALTH INSURANCE POLICY AND MANAGED CARE
P.O. BOX 517
FRANKFORT, KENTUCKY 40602
(502) 564-6088
[HTTP://DOI.PPR.KY.GOV](http://DOI.PPR.KY.GOV)

Health Benefit Plan Rate Filing
Filing Received Notice

DATE: 5/26/2009

TO: Dennis Howard
Attorney General's Office
Office of Rate Intervention

FAX#: (502) 573-8315

RE: Received: 5/22/2009
DOI File No: 2009-002815-R
Company: Anthem Health Plans of Kentucky, Inc.
Contact Person: Wanda Watson
Market Segment: Individual
Product: PPO
FFS
Co File No: AHP 1285

In accordance with KRS 304.17A-095 (2)(a) and 806 KAR 17:150, once the appropriate filing fee and all required information for the filing referenced above have been received by the Department, this filing will be assigned a "Date of Filing". A rate filing shall be approved or disapproved by the Commissioner within sixty days after the "Date of Filing".

Department of Insurance
P.O. Box 517, 215 W. Main Street
Frankfort, Kentucky 40602
Phone: 502-564-6088
Fax: 502-564-2728

Raley, Angela M (PPC)

From: Raley, Angela M (PPC)
Sent: Tuesday, May 26, 2009 11:42 AM
To: Kash, Heather (KYOAG)
Cc: Raley, Angela M (PPC)
Subject: 2009-002815-R:Filing Received Notice
Attachments: FilingRecdNotice.doc

*Office of Insurance
Health Insurance Policy and Managed Care Division*

5/26/2009

Raley, Angela M (PPC)

From: System Administrator
To: Kash, Heather (KYOAG)
Sent: Tuesday, May 26, 2009 11:43 AM
Subject: Delivered: 2009-002815-R:Filing Received Notice

Your message

To: Kash, Heather (KYOAG)
Cc: Raley, Angela M (PPC)
Subject: 2009-002815-R:Filing Received Notice
Sent: 5/26/2009 11:42 AM

was delivered to the following recipient(s):

Kash, Heather (KYOAG) on 5/26/2009 11:43 AM

Raley, Angela M (PPC)

From: Kash, Heather (KYOAG) [Heather.Kash@ag.ky.gov]
Sent: Tuesday, May 26, 2009 12:04 PM
Subject: Read: 2009-002815-R:Filing Received Notice

Your message

To: Kash, Heather (KYOAG)
Cc: Raley, Angela M (PPC)
Subject: 2009-002815-R:Filing Received Notice
Sent: 5/26/2009 11:42 AM

was read on 5/26/2009 12:04 PM.

EXHIBIT 8

Rate Filing Work Flow Chart

Kentucky Rate Review Process

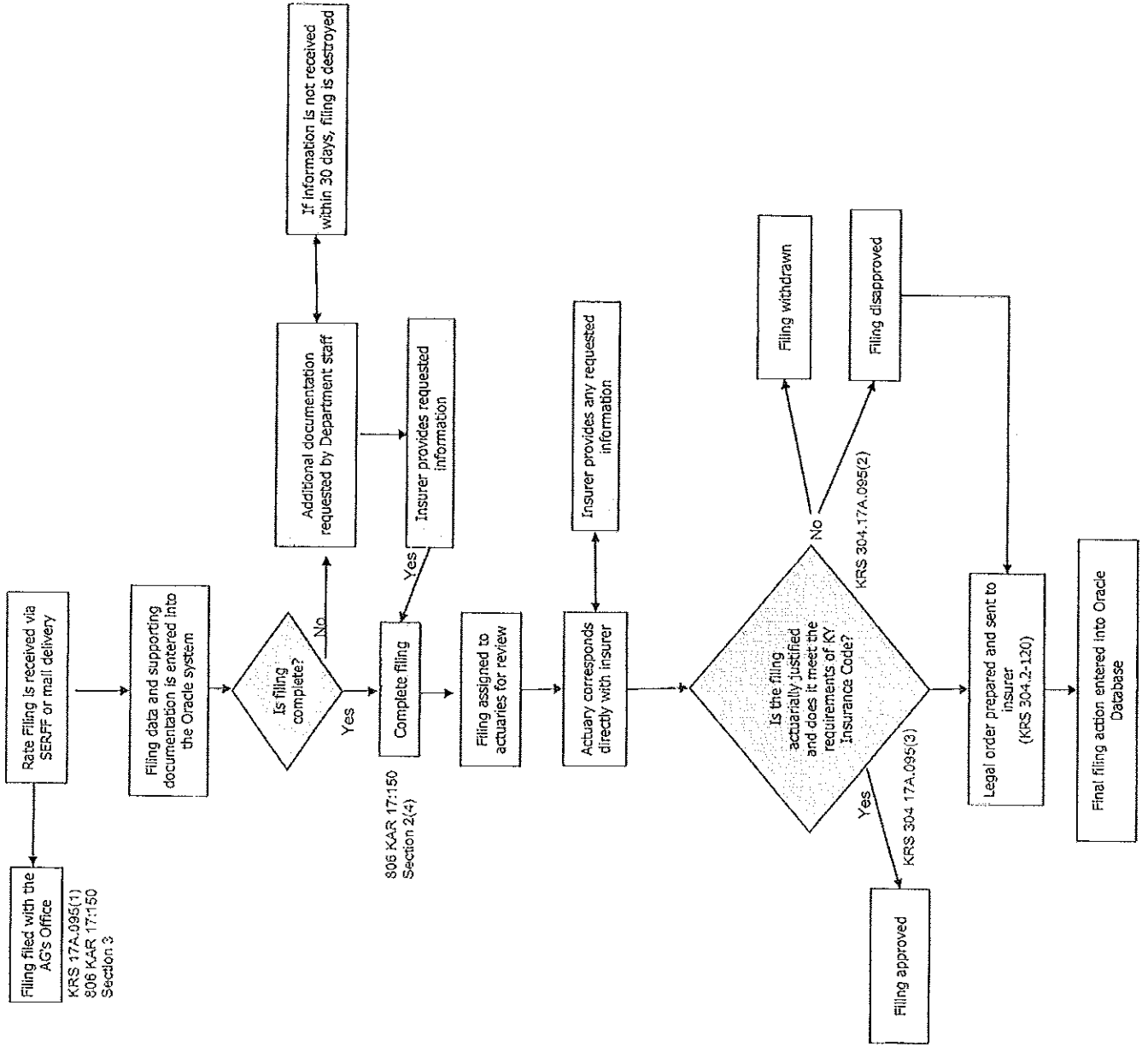


EXHIBIT 9

Depiction of Rate Filing Information
Captured by Department's Database

Scanned Documents

HBP/Product Info/Compliant Info

Correspondence

General Information

Contact / Address

Contacts associated with the company

Select Contact Type []

Contact Type	Name	Address1	Address2	Address3
1				
2				

General information

NOTE: (*) indicates required field

RF DOI File No []

SERFF No []

NAIC Number []

FEIN []

Company []

Dom State [] Status/Reason []

Company / Fees

Co Filing No []

Filing Desc []

Assigned To []

Filing Fee []

Contacts associated with the filing

Contact Type	Name	Address1	Address2	Address3
1				
2				

Payment Information

Payment Date []

Payment Nbr []

Amendment []

Payment Type []

Amount Rec'd []

Balance Due []

Pymt Date	Pymt Type	Pymt No	Amt Rcvd	Payment For	Last Dtd

Contact Type []

Name []

Address 1 []

Address 2 []

Address 3 []

City []

Zip Code []

State []

Country []

Phone []

Fax []

Email []

Address Edit []

Clear []

General Information Correspondence Pending Reasons HBP/Product Info/Complaint Info Scanned Documents

General Status
 DT of Filing [06/18/2010]
 HIPMC343 Err [06/18/2010]
 Suspension Pull/Deemer Status
 By: HIPMC343 [05/18/2010]
 50 Day Deemer [05/18/2010]
 60 Day Deemer [05/18/2010]

Write Back
 *Corr Type []
 *Contact []
 Contact Name []
 Address []

Phone []
 Fax []
 Email []
 Amend Desc []
 Corr Mode []
 *Corr Date [05/18/2010]
 Due Date []
 Resp Date [05/18/2010]
 # Of Copies [1]
 Letter Content []
 Save Edit Delete

History	Corr Type	Corr Date	Corr Mode	Response Of	Contact	Address	Phone	Phone Ext	Fax	Fax Ext	Email

HBP Information

DOI/FF File No: [] Req Eff Dt: [06/19/2010] Filing Status: []
 Guaranteed Loss Ratio: [] Hearing: []
 Did prev filing also utilize MGLR: []

Market Segment

Small Group
 Large Group
 Individual

HSTC: [] HSA: []
 BHBP: [] ICARE: []
 Health Care Reform 2010: []

Product Information

Product Type: [] Rate Change: [] Inc/Dec: [] Prev RF DOI File No: [] Prev RF Eff Dt: [06/19/2010]
 Prod Mkt Net Name: [] Form No: [] EDA Association: []

Product Detail	Product Type	Rate Change	Inc/Dec	Prev RF DOI File No	Prev RF Eff Dt	Form No	Prod Mkt Net	Last Upd By	Last Upd Dt

Complaint Information

Case No: [] Recvd Dt: [06/19/2010]
 Recvd From: [] Disposition Dt: [06/19/2010]
 Disposition Type: []

Comments

[]

Product Info / Covered Person Fidelity/Mand Benefits/GLR Claim / Factors Amendments

Filing Reason Type

Material Change Required to previously approved rate filing

New Product Rates

Change in existing product rates

Geographical Region (Adding or Deleting a Service Area)

Other change requiring a change in rates

Covered Persons Information

Plan Category: [] Plan Name: []

Region1: [] Region2: [] Region3: [] Region4: []

Region5: [] Region6: [] Region7: [] Region8: []

Add/Edit Clear Delete

Class Of Business

Class Of Business: []

COB Description: []

Add/Edit Clear Delete

Plan Category	Plan Name	Region1	Region2	Region3	Region4	Region5	Region6
1	2nd Highest Blue Access	1624	2216	6338	2836	4592	1309
2	Highest Prem Blue Access	2537	3632	10111	5099	6875	2574
3	All Plans	7547	10520	28618	14067	20735	6790

Total Statewide Covered Patrons [96405] SP Monthly Premium [0] Total Monthly Premium [21688570] Avg Chg in BNER [3]

Monthly Premium Prop Chg [636957.33]

Guaranteed Loss Ratio

Month1	Month2	Month3	Month4	Month5	Month6
Month7	Month8	Month9	Month10	Month11	Month12
Year1	Year2	Year3	Year4	Year5	Year6
Year7+	Avg Annual Premium/Person		Avg Annual Premium/Comb		
Avg Annual Premium/Family					

- Riders**
- Home Health Mandated Rider and Rates with Std plan
 - Accident
 - Allergy
 - Basic Vision
 - Basic Home Health
 - Chiropractic Ser
 - Dental
 - DME
 - Drug

APLR / Expenses

Anticipated Pricing LR	79.2	Administrative Expense		Commissions	
Profit/Contingency	5	Investment Income		Taxes	
Renewal/Commissions		Interest On Reserves		KY Access Assessment	5
Projected Gap Assessment		Total Admin Expenses	5.5	Total Admin Expenses + APLR	84.7

* Please verify the totals

Mandated Benefits

Mandated Benefit Type		# Policy Holders	
Percent		Amount	

Add/Edit Clear Delete

Provider Discounts

Provider Disc Type		Disc %		Capitated	
Provider Discount Type		Discount Percent	Capitated		

Add/Edit Clear Delete

Mand Benefit Type	Impact Percent	Impact Amount	Impact Policy Holders
-------------------	----------------	---------------	-----------------------

Claim Details

Claim Year: [] Premium Amt: [] Loss Ratio: []

Add/Edit: [] Clear: [] Delete: []

Claim Year	Premium Amount	Loss Ratio
[]	[]	[]

Rates Sender/Resp/Age

FL25	FL25	FL40	FL40	FL60	FL60
ML25	ML25	ML40	ML40	ML60	ML60
FH25	FH25	FH40	FH40	FH60	FH60
MH25	MH25	MH40	MH40	MH60	MH60

Geographical Region Factors

GR1	1.0828	GR2	.9686	GR3	.9907	GR4	.9635	GR5	.3961	GR6	1.0564
GR7	1.0595	GR8	1.0434								

Factors

Min Age/Gdr	577	Max Age/Gdr	2562
Min Area	9617	Max Area	1.0828
Min Industry	1	Max Industry	1
F40 AG		M 40 AG	
Age/Gdr < 25 F		Age/Gdr < 25 M	
Age/Gdr < 30 F		Age/Gdr < 30 M	

Total Case Characteristics: [5]

Actuary's Comments

Historic Loss Ratio: [] Approved Premium Change: []

Group Size Eligible: []

Prior Trends

Annual: [] Medical: [] Rx: []

Final Trends

Annual: [] Medical: [] Rx: []

Applied Type: []

Check List

- Rating Experience
- Rating Methodology
- Rating Assumption
- Industry Factor List
- Rate Factor Justification
- Benefits to Premiums
- Trend Factor Justifications
- Effect on Policy Holders

Amendments

Product Info / Covered Person

Riders/Mand Benefits/GLF

Claim / Factors

Amendments

Prev Filing Appr Date: 05/18/2010 Proposed Eff Date: 05/18/2010

Amend Rcvd Date: 06/16/2010 Description:

Effect On Policy Holder:

Effect On Insurer:

Confirmation Date: 06/10/2010 Due Date: 06/16/2010

Action Type: Action Date: 05/18/2010

Amendment ID

Add/Edit Clear Delete

Amendment ID	Prev Filing Appr Dt	Proposed Eff Dt	Amend Rcvd Dt	Description	Effect On Policy Holder	Effect On Policy Holder
1	7/27/2009	7/7/2010	4/7/2010	265	change in fac	
2	7/27/2009	4/7/2010	1/5/2010	258	increase in al	
3	7/27/2009	1/7/2010	10/7/2008	234	rev neutral ch	

EXHIBIT 10

Sample Approval/Disapproval Orders

NOTICE

TO: Angie Redden
1776 American Heritage Life Drive
Jacksonville, FL 32224
American Heritage Life Insurance Company

RE: 2009-002920-R

Enclosed is the Kentucky Department Of Insurance's order notifying you of the disposition of American Heritage Life Insurance Company's health insurance rate filing.

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE

IN RE:

American Heritage Life Insurance Company
1776 American Heritage Life Drive
Jacksonville, FL 32224
Group
2009-002920-R

DISAPPROVAL ORDER

WHEREAS, the above named filing was submitted to the Kentucky Department of Insurance pursuant to KRS 304.14-120 and KRS 304.38-050 and assigned a Date of Filing on August 25, 2009; and

WHEREAS, KRS 304.14-120(2) provides that all such filings shall be approved or disapproved within 60 days of the date the form was filed except that the Commissioner may extend for one additional 30 day period; and

WHEREAS, American Heritage Life Insurance Company has not complied with all requirements for rate approval, specifically:

KRS 304.14-130 (d) requires disapproval for a group health insurance policy if the benefits provided therein are unreasonable in relation to the premium charged.

This Department has determined it is unreasonable for a group policy to have an anticipated lifetime loss ratio less than the minimum requirement for a similar individual policy contained in 806 KAR 17:070.

This filed form is similar to an individual guaranteed renewable cancer policy which has a minimum lifetime anticipated loss ratio of 55%. This filed form has a lifetime anticipated loss ratio of 52%.

NOW, THEREFORE, pursuant to KRS 304.14-120, KRS 304.14-130, KRS 304.17-380, KRS 304.17-383, 806 KAR 17:070, 806 KAR 14:007, filing 2009-002920-R is hereby disapproved.

NOTICE OF APPEAL RIGHTS: Pursuant to KRS 304.2-310(b), any person aggrieved by any Order of the Commissioner must, within 60 days after knowledge of the Order, file written application for a hearing with the Office.

Done and effective this 23rd day of November, 2009.

Signature on file with
original document

Sharon P. Clark
Commissioner
Kentucky Department of Insurance

Certificate Of Service

This is to certify that the Order Disapproving Rate Filing Application, OOI File No: 2009-002920-R , was served by mailing a true copy of same by prepaid certified mail, return receipt requested, to:

Company: American Heritage Life Insurance Company

Attn: Angie Redden
1776 American Heritage Life Drive
Jacksonville, FL 32224

This 23rd day of November, 2009.

Signature on file with
original document

Kimberly H. Whitley, Counsel
Office of Legal Services
Insurance Division
215 West Main Street
Frankfort, Kentucky 40602
(502) 564-6032

NOTICE

TO: Chris Sipes
209 North Main St, Suite G
Versailles, KY 40383
Bluegrass Family Health Inc.

RE: Health Benefit Plan Rate Filing: 2009-003146-R

Enclosed is the Kentucky Department Of Insurance's order notifying you of the disposition of Bluegrass Family Health Inc.'s health insurance rate filing.

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE

IN RE:

Bluegrass Family Health Inc.
209 North Main St, Suite G
Versailles, KY 40383
Employer Organized Association, HMO-BBB of Central & Eastern Kentucky
PPO-BBB of Central & Eastern Kentucky
2009-003146-R

HEALTH RATE FILING APPROVAL ORDER

WHEREAS, the above named filing was submitted to the Kentucky Department of Insurance pursuant to KRS 304.17A-095 and KRS 304.38-050(1) and assigned a Date of Filing on December 29, 2009;

WHEREAS, the Commissioner has reviewed and considered the filing pursuant to KRS 304.17A-095(3) and 806 KAR 17:150 and has taken into consideration the Actuarial Report; and

WHEREAS, the Commissioner has found the filing to be in compliance with KRS 304.17A-095 and 806 KAR 17:150;

THEREFORE, pursuant to KRS 304.2-120, and all other applicable law, the above named filing is hereby APPROVED.

Done and effective this 15th day of February, 2010.

Signature on file with
original document

Sharon P. Clark
Commissioner
Kentucky Department of Insurance

Certificate of Service

I hereby certify that the foregoing Order was by mailing a true copy of same by prepaid certified mail, return receipt requested, to:

Company: Bluegrass Family Health Inc.
Attn: Chris Sipes
209 North Main St, Suite G
Versailles, KY 40383

and by messenger mail to:

Hon. Dennis Howard
Counsel
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, Kentucky 40601

This 17th day of February, 2010.

Signature on file with
original document

Kimberly H. Whitely, Counsel
Office of Legal Services
Insurance Division
215 West Main Street
Frankfort, Kentucky 40602
(502) 564-6032

EXHIBIT 11

Depiction of Rate Filing Information
Captured by SERFF



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Filing Company Golden Rule Insurance Company
TOI: H16G Group Health - Major Medical
Sub-TOI: H16G.002C Large Group Only - Other
Filing Type: Rate
Assigned To: Angi Raley (primary), Tera Cobb, Ron Burkhart
Date Submitted: 05/20/2010
State Filing Description:

SERFF Tr Num: AMMS-126593259
SERFF Status: Asslgned
State Tr Num: 2010-003408-R
State Status: Under Actuarial review
Co Tr Num:
Disposition Date:

General Information	Form Schedule	Rate/Rule Schedule	Supporting Documentation	Companies and Contact	Filing Fees	Filing Correspondence
-------------------------------------	-------------------------------	------------------------------------	--	---------------------------------------	-----------------------------	---------------------------------------

PPACA: Pre-PPACA Submission
[What is PPACA?](#)

Product Name: Generation 21 **Deemer Date:**

Project Name: **Project Number:**

Implementation Date Requested:

Status of Filing in Domicile: Not Filed **Date Approved in Domicile:**

Domicile Status Comments:

Filing Status Changed: 05/21/2010 **State Status Changed:** 06/18/2010

Requested Filing Mode: File & Use

Submission Type: New Submission

Overall Rate Impact: 12.000 %

Market Type: Group **Group Market Type:** Association

Group Market Size: Small

Explanation For Other Group Market Type:

Authors: Patricia Lofton , Timothy Martin **Submitted By:** Patricia Lofton

Created By: Patricia Lofton

Corresponding Filing Tracking Number:

Filing Description: See cover letter.

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Sub-TOI: H16G.002C Large Group Only - Other
Filing Type: Rate
Assigned To: Angi Raley (primary), Tera Cobb, Ron Burkhart
Date Submitted: 05/20/2010
State Filing Description:

SERFF Tr Num: AMMS-126593259
SERFF Status: Assigned
State Tr Num: 2010-003408-R
State Status: Under Actuarial review
Co Tr Num:
Disposition Date:

[General Information](#) | [Form Schedule](#) | [Rate/Rule Schedule](#) | [Supporting Documentation](#) | [Companies and Contact](#) | [Filing Fees](#) | [Filing Correspondence](#)

Form Count: 0

Lead Form Number:

Schedule Item Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability Score	Attachments	Submitted
----------------------	-------------	-----------	-----------	--------	----------------------	-------------------	-------------	-----------

Form Type Legend:

- ADV** = Advertising
- CER** = Certificate
- DDP** = Data/Declaration Pages
- MTX** = Matrix
- OTH** = Other
- PJK** = Policy Jacket
- POLA** = Policy/Contract/Fraternal Certificate: Amendment, Insert Page, Endorsement or Rider
- SCH** = Schedule Pages
- AEF** = Application/Enrollment Form
- CERA** = Certificate Amendment, Insert Page, Endorsement or Rider
- FND** = Funding Agreement (Annuity, Individual and Group)
- NOC** = Notice of Coverage
- OUT** = Outline of Coverage
- POL** = Policy/Contract/Fraternal Certificate

Icon Legend: - Draft Schedule Item - Open Objection

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 State Filing Description:

SERFF Tr Num: AMMS-126593259
 SERFF Status: Assigned
 State Tr Num: 2010-003408-R
 State Status: Under Actuarial review
 Co Tr Num:
 Disposition Date:

- [General Information](#) | [Form Schedule](#) | [Rate/Rule Schedule](#) | [Supporting Documentation](#) | [Companies and Contact](#) | [Filing Fees](#) | [Filing Correspondence](#)

Filing Method: SERFF
Rate Change Type:
Overall Percentage of Last Rate Revision: 13.000 %
Effective Date of Last Rate Revision: 12/01/2009
Filing Method of Last Filing: Paper

Company Rate Information							
Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program :	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Golden Rule Insurance Company	12.000 %	12.000 %	\$ 225257	514	\$ 1877138	12.000 %	12.000 %

Schedule Item Status	Document Name:	Affected Form Numbers: (Separate by commas)	Rate Action:	Rate Action Information:	Attach Document:	Submitted:
	Gen 21	C-006,4-16	Revised	Previous State Filing Number: Percent Rate Change Request: 12 %	<input checked="" type="checkbox"/> KY Generation 21 Blk 1 20101201 Filing.pdf <input checked="" type="checkbox"/> KY Generation 21 Blk 2 20101201 Filing.pdf <input checked="" type="checkbox"/> KY Generation 21 Blk 3 20101201 Filing.pdf	Date Submitted: 05/20/2010 By: Patricia Lofton

Icon Legend: - Draft Schedule Item - Open Objection

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Filing Company Golden Rule Insurance Company
TOI: H16G Group Health - Major Medical
Sub-TOI: H16G.002C Large Group Only - Other
Filing Type: Rate
Assigned To: Angi Raley (primary), Tera Cobb, Ron Burkhart
Date Submitted: 05/20/2010
State Filing Description:

SERFF Tr Num: AMMS-126593259
SERFF Status: Assigned
State Tr Num: 2010-003408-R
State Status: Under Actuarial review
Co Tr Num:
Disposition Date:

General Information	Form Schedule	Rate/Rule Schedule	Supporting Documentation	Companies and Contact	Filing Fees	Filing Correspondence
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[Expand All](#) [Collapse All](#)

Schedule Item Status:

- Name: Cover Letter H
- Name: HIPMC-F1 Face Sheet and Verification Form H
- Name: HIPMC-R32 H
- Name: HIPMC-R33 H
- Name: HIPMC-R34 H
- Name: HIPMC-RF25 H
- Name: Income and Expense Worksheet H
- Name: Actuarial Memorandum H
- Name: Annual Financial Stmt H
- Name: Loss Ratio Guarantee

Legend: - - No Action Taken ⊗ - Satisfied
 ⊘ - Bypassed ⊕ - User Added
 ⊙ - Draft Schedule Item ⊖ - Open Objection

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Assigned To: Angi Raley (primary), Tera Cobb, Ron Burkhart
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State Filing Description:

SERFF Tr Num: AMMS-126593259
SERFF Status: Assigned
State Tr Num: 2010-003408-R
State Status: Under Actuarial review
Co Tr Num:
Disposition Date:

General Information	Form Schedule	Rate/Rule Schedule	Supporting Documentation	Companies and Contact	Filing Fees	Filing Correspondence
Filing Contact Information:						
Timothy Martin, Health Actuary		timothy_martin@goldenrule.com				
7440 Woodland Drive Indianapolis, IN 46278-1719		(317)715-7946 ext. [Phone] (317)297-0908 [FAX]				
Filing Company Information:						
Golden Rule Insurance Company 7440 Woodland Drive Indianapolis, IN 46278 (800)926-7602 ext. [Phone]		CoCode: 62286 Group Code: 707 Group Name: FEIN: 37-6028756 Number: State of Domicile: Indiana Company Type: Life and Health				

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- [Assign Reviewers](#) | [Update](#) | [Set Public Access](#) | [Create Objection](#) | [Create Reminder](#) | [Move to Workfolder](#) | [PDF Pipeline](#)

Kentucky
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 Filing Type: Rate
 Assigned To: Angi Raley (primary), Tera Cobb, Ron Burkhart
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 State Filing Description:

SERFF Tr Num: AMMS-126593259
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 State Tr Num: 2010-003408-R
 State Status: Under Actuarial review
 Co Tr Num:
 Disposition Date:

- [General Information](#) | [Form Schedule](#) | [Rate/Rule Schedule](#) | [Supporting Documentation](#) | [Companies and Contact](#) | [Filing Fees](#) | [Filing Correspondence](#)

<p>Overall</p> <p>Fee Required? Yes</p> <p>Fee Amount: \$100.00</p> <p>Retaliatory? No</p> <p>Fee Calculation Explanation :</p>	<p>Checks</p> <p>There is no check information entered on this filing.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4">EFT</th> </tr> <tr> <th style="text-align: left;">Company</th> <th style="text-align: left;">Amount</th> <th style="text-align: left;">Date Processed</th> <th style="text-align: left;">Transaction #</th> </tr> </thead> <tbody> <tr> <td>Golden Rule Insurance Company</td> <td>\$100.00</td> <td>05/20/2010 08:56 AM</td> <td>36683747</td> </tr> <tr> <td>EFT Total</td> <td>\$100.00</td> <td></td> <td></td> </tr> </tbody> </table>	EFT				Company	Amount	Date Processed	Transaction #	Golden Rule Insurance Company	\$100.00	05/20/2010 08:56 AM	36683747	EFT Total	\$100.00		
EFT																	
Company	Amount	Date Processed	Transaction #														
Golden Rule Insurance Company	\$100.00	05/20/2010 08:56 AM	36683747														
EFT Total	\$100.00																

- [Assign Reviewers](#) | [Update](#) | [Set Public Access](#) | [Create Objection](#) | [Create Reminder](#) | [Move to Workfolder](#) | [PDF Pipeline](#)



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Help | Logoff
Tracking Number:

Filings	Settings	Filing Rules	Reports
My Workfolder	My Open Filings	Take Filings	Messages
Assign Reviewers	Update	Set Public Access	Create Objection
Create Reminder	Move to Workfolder	PDF Pipeline	

Kentucky
[View Filing Log](#)

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Filing Type: Rate
Assigned To: Angi Raley (primary), Tera Cobb, Ron Burkhart
Date Submitted: 05/20/2010
State Filing Description:

SERFF Tr Num: AMMS-126593259
SERFF Status: Assigned
State Tr Num: 2010-003408-R
State Status: Under Actuarial review
Co Tr Num:
Disposition Date:

General Information	Form Schedule	Rate/Rule Schedule	Supporting Documentation	Companies and Contact	Filing Fees	Filing Correspondence
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<p>No Pending Objections</p> <p>No Objection Letters Create Objection Letter</p> <p>No Amendments</p> <p>No Post-Submission Updates</p> <p>No Dispositions Create Disposition</p> <p>No Filing Notes Create Reviewer Note Create Note to Filer</p> <p>No Reminders</p>
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[Assign Reviewers](#) | [Update](#) | [Set Public Access](#) | [Create Objection](#) | [Create Reminder](#) | [Move to Workfolder](#) | [PDF Pipeline](#)

EXHIBIT 12

Position Description for
Internal Policy Analyst II

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD03
08:35:55

CABINET	DEPARTMENT	DIVISION	BRANCH	SECTION	UNIT	EMPLOYEE
58	676	09	06	00	00	002

Request: UPDATE

Employment: Full-time

Current Title Code: 9428 INTERNAL POLICY ANALYST II

Proposed Title Code: 9428 INTERNAL POLICY ANALYST II

If filled, name of incumbent: ANGELA RALEY

The main function of the job.

CONDUCTS STUDIES OF PROPOSED LEGISLATION TO IDENTIFY PROPOSED IMPACT ON FINANCIAL
BRANCH PROGRAMS AND OPERATIONS. PERFORMS OTHER DUTIES AS REQUIRED

APPROVED

ENTR=NEXT PF1=UPD PF2=DEL PF3=LIST PF5=PD MENU PF6=APP PF10=MENU CLR=END

06/23/2010
08:36:00

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD) - INQUIRY

PEPCSD04
PAGE: 1
* MORE

Listed are the primary tasks and duties performed by the position.
Beginning with the most important duty.

	Avg % of Time
1 DEVELOP & REVIEW REGS., STATUTES, OR PROPOSED LEGISLATION TO I.D. IMPACT ON HEALTH CARE FINANCING BRANCH PROGRAMS & OPERATIONS. ADVISE MANAGER ON PROGRAM & FINANCIAL ISSUES.	30
2 ANALYZES HEALTH RATE FILINGS, PROGRAM FILES, AUDITS, & PROCEDURAL ISSUES FOR COMPLIANCE WITH STATE LAWS. COLLECTS & COMPILES INSURER PREMIUM DATA USED FOR ASSESSING	
3 INSURER FUNDS FOR GAP LOSSES AND KY ACCESS. COORDINATES & ASSISTS IN AUDITS OF INSURER REPORTED GAP LOSSES.	20
4 UTILIZES RATE FILING INFO. TO DEVELOP COMPREHENSIVE VIEW OF FINANCING BRANCH RESPONSIBILITIES. CORRESPONDS WITH EXTERNAL AGENCIES, INDUSTRY, AND COMPLIANCE OFFICIALS.	15

ENTER=NEXT SCRN PF1=UPDATE PF2=DELETE PF3=PREV SCRN PF5=PD MENU
PF6=APPROVE PF8=DUTY 5-7 PF10=MENU CLEAR=END

06/23/2010
08:36:21

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD) - INQUIRY

PEPCSD04
PAGE: 2

Listed are the primary tasks and duties performed by the position.
Beginning with the most important duty.

	Avg % of Time
5 PREPARE DATA QUERIES, PROCESS HEALTH FILING REC. REQUESTS & MAINTAIN FINANCIAL RATE FILING FILES. ENTER & MAINTAIN INSURER INFO & ANALYSIS DATA. LIAISON FOR INFO SYS ISSUES	10
6 REVIEW & MAINTAIN ASSN. FILINGS, FINANCIAL RPTS, & CORRESPONDENCE FOR STATUTORY COMPLIANCE. PREPARE APPROVAL & DISAPPROVAL ORDERS, & REQUESTS ADD'L. ACTUARIAL INFO.	15
7 ASSIST IN FORMULATION OF HEALTH CARE FINANCING BRANCH POLICIES & INVESTIGATING CONSUMER RATE COMPLAINTS. PERFORMS OTHER DUTIES AND PROJECTS AS ASSIGNED.	10

ENTER=NEXT SCRN
PF6=APPROVE

PF1=UPDATE
PF7=DUTY 1-4

PF2=DELETE

PF10=MENU

PF5=PD MENU
CLEAR=END

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD05
08:36:24

The incumbent of this position does not conduct performance appraisals on subordinate employees.

Listed below are the class title(s) and position number(s) of the employees, or title and number of contractual employee(s).

ENTER=NEXT SCR
PF5=PD MENU

PF1=UPDATE
PF6=APPROVE

PF2=DELETE
PF10=MENU

PF3=PREV SCR
CLEAR=END

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD06
08:36:26

The essential functions of this position require an incumbent to:

- (A) Drive a licensed vehicle?
 - (B) Use a firearm?
 - (C) Lift heavy objects or work in uncomfortable positions for extended periods of time?
 - (D) Be exposed to hazardous working conditions?
 - YES (E) Frequently communicate in person or by telephone?
 - YES (F) Spend a major portion of time using a keyboard?
 - (G) Be exposed to any hazards such as traffic or persons with contagious diseases?
 - YES (H) Visually inspect documents and/or activities and make decisions from those inspections?
- Other:

ENTR=NEXT PF1=UPD PF2=DEL PF3=PREV PF5=PD MENU PF6=APP PF10=MENU CLR=END

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD07
08:36:27

SUPERVISOR - I certify that the information listed is, to the best of my knowledge, complete and accurate, and if the position is filled the employee has reviewed the information contained herein.

Name of Supervisor: JILL MITCHELL

Date: 11/01/2005

Title of Supervisor: ADMINISTRATIVE BRANCH MANAGER

NOTE:If submitted electronically, typed name serves as signature. If position is filled, do not submit the PD form until it has been reviewed by the employee.

The Commonwealth of Kentucky does not discriminate on the basis of race, color, national origin, sex, religion, age, disability, sexual orientation, gender identity, ancestry, veteran status or political affiliation in the admission or access to, or participation or employment in, its programs or services.

PF1=UPD PF2=DEL PF3=PREV PF5=PD MENU PF6=APP PF10=MENU CLEAR=END

EXHIBIT 13

Position Description for
Administrative Branch Manager

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD03
08:35:20

CABINET	DEPARTMENT	DIVISION	BRANCH	SECTION	UNIT	EMPLOYEE
58	676	09	06	00	00	001

Request: UPDATE

Employment: Full-time

Current Title Code: 9618 ADMINISTRATIVE BRANCH MANAGER

Proposed Title Code: 9618 ADMINISTRATIVE BRANCH MANAGER

If filled, name of incumbent: JILL MITCHELL

The main function of the job.

PROVIDES OVERALL MANAGEMENT FOR THE RATE AND FORM FILING BRANCH.

APPROVED

ENTR=NEXT PF1=UPD PF2=DEL PF3=LIST PF5=PD MENU PF6=APP PF10=MENU CLR=END

06/23/2010
08:35:24

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD) - INQUIRY

PEPCSD04
PAGE: 1
* MORE

Listed are the primary tasks and duties performed by the position.
Beginning with the most important duty.

	Avg % of Time
1 MANAGE AND SUPERVISE THE EMPLOYEES RESPONSIBLE FOR INS. RATE AND FORM FILING ISSUES.	50
2 ADVISE DIRECTOR OF INSURANCE OF RATE AND FROM FILING ISSUES. INTERPRET STATE AND FEDERAL LAWS AND REGS.	25
3 COORDINATE HEALTH INSURANCE ACTIVITIES WITH OTHER BRANCHES IN THE DIVISION.	15
4 CONSUMER OUTREACH AND TRAINING. OTHER DUTIES AS ASSIGNED.	10

ENTER=NEXT SCRIN	PF1=UPDATE	PF2=DELETE	PF3=PREV SCRIN	PF5=PD MENU
PF6=APPROVE		PF8=DUTY 5-7	PF10=MENU	CLEAR=END

06/23/2010
08:35:27

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD) - INQUIRY

PEPCSD04
PAGE: 2

Listed are the primary tasks and duties performed by the position.
Beginning with the most important duty.

Avg % of Time

5

6

7

ENTER=NEXT SCRIN
PF6=APPROVE

PF1=UPDATE
PF7=DUTY 1-4

PF2=DELETE

PF10=MENU

PF5=PD MENU
CLEAR=END

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD05
08:35:31

The incumbent of this position does conduct performance appraisals on subordinate employees.

Listed below are the class title(s) and position number(s) of the employees, or title and number of contractual employee(s).

INSURANCE POLICY SPECIALIST II	58-676-09-06-00-00-011
HEALTH POLICY SPECIALIST II	58-676-09-06-00-00-009
HEALTH POLICY SPECIALIST II	58-676-09-06-00-00-010
INTERNAL POLICY ANALYST II	58-676-09-06-00-00-002
HEALTH POLICY SPECIALIST II	58-676-09-06-00-00-003
PROGRAM COORDINATOR	58-676-09-06-00-00-012
HEALTH POLICY SPECIALIST II	58-676-09-06-00-00-005

ENTER=NEXT SCR
PF5=PD MENU

PF1=UPDATE
PF6=APPROVE

PF2=DELETE
PF10=MENU

PF3=PREV SCR
CLEAR=END

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD06
08:35:33

The essential functions of this position require an incumbent to:

- (A) Drive a licensed vehicle?
- (B) Use a firearm?
- (C) Lift heavy objects or work in uncomfortable positions for extended periods of time?
- (D) Be exposed to hazardous working conditions?
- YES (E) Frequently communicate in person or by telephone?
- YES (F) Spend a major portion of time using a keyboard?
- (G) Be exposed to any hazards such as traffic or persons with contagious diseases?
- YES (H) Visually inspect documents and/or activities and make decisions from those inspections?

Other:

ENTR=NEXT PF1=UPD PF2=DEL PF3=PREV PF5=PD MENU PF6=APP PF10=MENU CLR=END

TP60
06/23/2010

KENTUCKY PERSONNEL CABINET
POSITION DESCRIPTION (PD)
INQUIRY

PEPCSD07
08:35:35

SUPERVISOR - I certify that the information listed is, to the best of my knowledge, complete and accurate, and if the position is filled the employee has reviewed the information contained herein.

Name of Supervisor: WILLIAM J NOLD

Date: 01/28/2010

Title of Supervisor: DIVISION DIRECTOR II

NOTE: If submitted electronically, typed name serves as signature. If position is filled, do not submit the PD form until it has been reviewed by the employee.

The Commonwealth of Kentucky does not discriminate on the basis of race, color, national origin, sex, religion, age, disability, sexual orientation, gender identity, ancestry, veteran status or political affiliation in the admission or access to, or participation or employment in, its programs or services.

PF1=UPD PF2=DEL PF3=PREV PF5=PD MENU PF6=APP PF10=MENU CLEAR=END

EXHIBIT 14

Personal Services Contract with
Ingenix Consulting



Commonwealth of Kentucky

CONTRACT

IMPORTANT
 Show Doc ID number on all packages, invoices and correspondence.

Doc Description: Actuarial Svcs. for Health Insurance Policy & Managed Care	
Doc ID No: PON2 676 100002972 1	Procurement Folder: 1738005
Procurement Type: Personal Service Contract	
Administered By: Jennifer Spencer	Cited Authority: FAP111-43-00-STD
Telephone: 502-564-6154	Issued By: Jennifer Spencer

C O N T R A C T O R	Ingenix Consulting
	SDS 12 2547 P O BOX 86
	MINNEAPOLIS MN 55486-2547
	US

Line	CL Description	Qty	Unit Price	Contract Amt	Total Price
1	Actuarial Svcs. for Health Insurance Policy & Managed Care	0.00	0.00000	480,000.00	480,000.00

Extended Description

The Vendor shall:

- a. Provide actuarial review of health insurance rate filings for compliance with Kentucky Revised Statutes, Kentucky Administrative Regulations, Departmental Policies, and recognized actuarial standards and guidelines and make recommendations to the Division Director for approval/disapproval.
- b. Provide consulting services on actuarial issues.
- c. Determine financial impact on the health insurance market for proposed legislation to include analysis and impact of mandated benefits under the direction of the DOI.
- d. Examine and actuarially analyze loss reserves, premium collection plans, retrospective adjustments, and all other aspects affecting the financial condition of health insurers doing business in Kentucky.
- e. Provide actuarial services in conjunction with financial and market conduct examinations.
- f. Establish rates and reserves for Kentucky Access.
- g. Testify before the legislature on actuarial issues.
- h. Perform follow-up work and prepare written reports as necessary or requested relating to health insurance rate filings.
- i. Be available, upon request, for DOI hearings.
- j. Be available to perform required services at the DOI located at 215 West Main Street, Frankfort, KY 40601 or at any other location to which the DOI may be relocated

For FY2011 the expenses under this section shall not exceed a sum of \$480,000

B I L L I N G	DEPARTMENT OF INSURANCE - PO BOX 517	S H I P T O	DEPARTMENT OF INSURANCE - WEST MAIN
	PO BOX 517		215 WEST MAIN
	FRANKFORT KY 40602-0517		FRANKFORT KY 40601
	US		US

Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
2	Actuarial Svcs. for Health Insurance Policy & Managed Care		0.00		0.00000	480,000.00	480,000.00

Extended Description

The Vendor shall:

- a. Provide actuarial review of health insurance rate filings for compliance with Kentucky Revised Statutes, Kentucky Administrative Regulations, Departmental Policies, and recognized actuarial standards and guidelines and make recommendations to the Division Director for approval/disapproval.
- b. Provide consulting services on actuarial issues.
- c. Determine financial impact on the health insurance market for proposed legislation to include analysis and impact of mandated benefits under the direction of the DOI.
- d. Examine and actuarially analyze loss reserves, premium collection plans, retrospective adjustments, and all other aspects affecting the financial condition of health insurers doing business in Kentucky.
- e. Provide actuarial services in conjunction with financial and market conduct examinations.
- f. Establish rates and reserves for Kentucky Access.
- g. Testify before the legislature on actuarial issues.
- h. Perform follow-up work and prepare written reports as necessary or requested relating to health insurance rate filings.
- i. Be available, upon request, for DOI hearings.
- j. Be available to perform required services at the DOI located at 215 West Main Street, Frankfort, KY 40601 or at any other location to which the DOI may be relocated

For FY2012 the expenses under this section shall not exceed a sum of \$480,000

B I L L T O	DEPARTMENT OF INSURANCE - PO BOX 517 PO BOX 517 FRANKFORT KY 40602-0517 US	S H I P T O	DEPARTMENT OF INSURANCE - WEST MAIN 215 WEST MAIN FRANKFORT KY 40601 US
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Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
3	Travel		0.00		0.00000	68,100.00	68,100.00

Extended Description

The Vendor shall not be paid travel expenses unless and except as specifically authorized as follows:

DOI may require the Vendor to work at job sites other than the DOI's main office, or attend training, seminars, and trade group or regulator meetings. In those cases, DOI will reimburse the Vendor for airfare at coach or tourist class, and other related transportation costs as allowable such as lodging, meals, and taxi fares, etc. All allowed travel expenses, including mileage allowances, shall be paid in accordance with 200 KAR 2:006.

When the assignment requires the Vendor to work in the DOI main office, coach airfare and lodging are allowable at actual cost. Lodging and meals will only be reimbursed when overnight travel is required, and approved in advance by DOI.

Allowable travel expenses include the following:

- a. Airfare coach class at actual cost (receipt required)
- b. Lodging at actual cost (receipt required)
- c. Meals and mileage at the rate allowed per 200 KAR 2:006 state travel regulations.
- d. Taxi fares/rental cars

For FY2011 the expenses under this section shall not exceed a sum of \$68,100

Extended Description

B I L L T O	DEPARTMENT OF INSURANCE - PO BOX 517 PO BOX 517 FRANKFORT KY 40602-0517 US	S H I P T O	DEPARTMENT OF INSURANCE - WEST MAIN 215 WEST MAIN FRANKFORT KY 40601 US
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Line	CL Description	Qty	Unit Issue	Unit Price	Contract Amt	Total Price
4	Travel	0.00		0.00000	68,100.00	68,100.00

Extended Description

The Vendor shall not be paid travel expenses unless and except as specifically authorized as follows:
 DOI may require the Vendor to work at job sites other than the DOIÆs main office, or attend training, seminars, and trade group or regulator meetings. In those cases, DOI will reimburse the Vendor for airfare at coach or tourist class, and other related transportation costs as allowable such as lodging, meals, and taxi fares, etc. All allowed travel expenses, including mileage allowances, shall be paid in accordance with 200 KAR 2:006.
 When the assignment requires the Vendor to work in the DOI main office, coach airfare and lodging are allowable at actual cost. Lodging and meals will only be reimbursed when overnight travel is required, and approved in advance by DOI.
 Allowable travel expenses include the following:
 a. Airfare coach class at actual cost (receipt required)
 b. Lodging at actual cost (receipt required)
 c. Meals and mileage at the rate allowed per 200 KAR 2:006 state travel regulations.
 d. Taxi fares/rental cars
 For FY2012 the expenses under this section shall not exceed a sum of \$68,100

B I L L T O	DEPARTMENT OF INSURANCE - PO BOX 517 PO BOX 517 FRANKFORT KY 40602-0517 US	S H I P T O	DEPARTMENT OF INSURANCE - WEST MAIN 215 WEST MAIN FRANKFORT KY 40601 US
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Total Order Amount:	1,096,200.00
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1000002972	Document Phase Final	Document Description Actuarial Svcs. for Health Insurance Policy & Managed Care	Page 4 of 22
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Personal Service Contract

Kentucky Department of Insurance

Health Actuary: Health Benefit Plans and General Actuarial Consulting

RELATIONSHIP

This contract is between the Kentucky Department of Insurance (DOI) and Ingenix Consulting to provide the services of actuarial services. The Actuary shall be an independent contractor. The responsibilities of the parties to this contract shall be performed in accordance with the terms and conditions set forth in this contract and any appendices hereto. The Actuary may be referred to herein as "Vendor."

The Vendor understands the Vendor is a contractor and no employee rights are conferred upon the Vendor. Nothing contained in this agreement shall be construed to indicate a relationship of employer and employee between the DOI and the Vendor.

INTENT OF PARTIES

It is declared to be the intent of the parties hereto that this contract is made in conformity with, and under the terms of, Chapter 304 of the Kentucky Revised Statutes, as that Chapter relates to the regulation and examination of persons or entities regulated by the DOI.

SERVICES TO BE PERFORMED

The Vendor shall:

- a. Provide actuarial review of health insurance rate filings for compliance with Kentucky Revised Statutes, Kentucky Administrative Regulations, Departmental Policies, and recognized actuarial standards and guidelines and make recommendations to the Division Director for approval/disapproval.
- b. Provide consulting services on actuarial issues.
- c. Determine financial impact on the health insurance market for proposed legislation to include analysis and impact of mandated benefits under the direction of the DOI.
- d. Examine and actuarially analyze loss reserves, premium collection plans, retrospective adjustments, and all other aspects affecting the financial condition of health insurers doing business in Kentucky.
- e. Provide actuarial services in conjunction with financial and market conduct examinations.
- f. Establish rates and reserves for Kentucky Access.
- g. Testify before the legislature on actuarial issues.
- h. Perform follow-up work and prepare written reports as necessary or requested relating to health insurance rate filings.
- i. Be available, upon request, for DOI hearings.

1000002972	Document Phase Final	Document Description Actuarial Svcs. for Health Insurance Policy & Managed Care	Page 5 of 22
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j. Be available to perform required services at the DOI located at 215 West Main Street, Frankfort, KY 40601 or at any other location to which the DOI may be relocated

RIGHT OF OWNERSHIP TO WORK PRODUCTS

The Vendor shall submit to the DOI any and all records, reports, documents, exhibits, data and other material related to the services for which the DOI has contracted and which have been obtained or prepared by the Vendor in connection with the performance of the services for which the DOI has contracted. The DOI shall own any records, reports, documents, exhibits, data, source code, object code, work papers, novel work process or methodology, test data, pleadings, and other documentation generated as a result of performance by the Vendor of the services for which the DOI has contracted, unless the Vendor demonstrates, in writing, that the work was done prior to the effective date of the Vendor's contract with the DOI or is otherwise excluded, and the DOI agrees to the exclusion in writing. The Vendor shall submit, at the completion of any assigned project or examination, any and all records, reports, documents, exhibits, data, and other material obtained or prepared by the Vendor in connection with the performance of the services governed by this contract.

Upon termination, the Vendor recognizes that the DOI reserves the right to limit the use of any work product, knowledge, information, documents, and materials developed, created, or that can be recreated by the Vendor as a result of performance by the Vendor of the services for which the DOI has contracted.

ARCHIVAL COPY

Notwithstanding the requirements under "Right of Ownership to Work Products," and "Term of Contract" provisions of this contract, the Vendor may retain one copy of whatever materials that the Vendor, in its professional judgment, deems necessary to document the work product in accordance with actuarial and/or professional standards of practice.

CONTRACT COMPONENTS

The DOI's acceptance of the Vendor's offer in response to the Solicitation shall create a valid contract between the parties consisting of the following:

- a. any Written Agreement between the Parties;
- b. any Addenda to the Solicitation;
- c. the Solicitation and all attachments thereto;
- d. general conditions contained in 200 KAR 5:021;
- e. any Best and Final Offer;
- f. any clarifications concerning the Vendor's proposal in response to the solicitation; and
- g. the Vendor's proposal in response to the RFP.

In the event of any conflict between or among the provisions contained in the contract, the order of precedence shall be as enumerated above.

FINAL AGREEMENT AND FUNDING OUT PROVISION

1000002972	Document Phase Final	Document Description Actuarial Svcs. for Health Insurance Policy & Managed Care	Page 6 of 22
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The personal service contract will be executed pursuant to and shall become effective upon review and approval of the Secretary of the Finance and Administration Cabinet, or his designee, and the Legislative Research Commission's Government Contract Review Committee (KRS 45A.695).

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the contractor thirty (30) calendar days written notice of termination of the contract.

CONTRACT PROVISIONS

If any provision of the contract (including items incorporated by reference) is declared or found to be illegal, unenforceable, or void, then both the DOI and the Vendor shall be relieved of all obligations arising under such a provision. If the remainder of the contract is capable of performance, it shall not be affected by such declaration or finding and shall be fully performed.

TYPE OF CONTRACT

This contract is issued as a personal service contract regulated pursuant to KRS Chapter 45A.

TERM OF CONTRACT

This contract shall be in effect from July 1, 2010 through June 30, 2012.

TURNOVER

In those circumstances where the parties choose not to renew the contract at the natural expiration of the contract's term, or the contract is terminated, the Vendor, at the DOI's option, shall cooperate and provide reasonable and appropriate assistance to the DOI and its designees regarding transfer of duties.

CHANGES AND MODIFICATIONS TO THE CONTRACT

Pursuant to KRS 45A.210(1) and 200 KAR 5:311, no modification or change of any provision in the contract shall be made, or construed to have been made, unless such modification is mutually agreed upon in writing by the Vendor and the DOI, and incorporated as a written amendment to the contract and processed through the Division of Material and Procurement Services and approved by the Finance and Administration Cabinet prior to the effective date of such modification or change. Memorandum of understanding, written clarification, and/or correspondence shall not be construed as amendments to the contract.

ASSIGNMENT

The Vendor shall not assign the responsibilities or duties required by this contract in whole or in part or any payment arising therefrom without the prior written consent of the DOI. Any purported assignment is void.

If the contractor is a corporation, proprietorship, or an entity other than individual, only the principal of the entity shall perform the services governed by this contract, unless the Commissioner authorizes the performance of those services by a person other than the principal. If the Commissioner authorizes the performance of the services governed by this contract by a person other than the principal contractor, all

1000002972	Document Phase Final	Document Description Actuarial Svcs. for Health Insurance Policy & Managed Care	Page 7 of 22
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terms of this contract shall apply and the principal shall remain responsible for compliance with the terms and conditions of the contract.

NOTICES

After the award of contract, all programmatic communications are to be made to:

Jill Mitchell, Rate and Form Filing Branch Manager

Health and Life Division

Kentucky Department of Insurance

215 W. Main Street

P.O. Box 517

Frankfort, KY 40602

(502) 564-6088

Jill.Mitchell@ky.gov

EVALUATIONS/AUDITS

The Vendor, at the discretion of the DOI, may be subject to performance evaluations or audits in a format and at a frequency prescribed by the DOI.

Any audit review under this agreement, except to the extent that such provisions are contrary to rights specifically granted under HIPAA, will be conducted at mutually convenient times and locations and in a manner that does not disrupt the Vendor's business operations. DOI agrees to keep information disclosed to it in the course of the audit review confidential from all third parties, except for any third party participating in the audit review with the Vendor's consent as described below.

The Vendor understands that DOI may wish to engage a third party to assist it in conducting the audit review. No third party may participate in the review unless DOI obtains the Vendor's prior consent and the third party enters into an appropriate confidentiality agreement with it. DOI understands that the Vendor will not consent to the participation of any third party offering services or products that compete with the Vendor's own services.

INVOICES

No payment shall be made on any personal service contract unless the Vendor submits an invoice for payment on a form prescribed by the DOI or the Government Contract Review Committee of the Legislative Research Commission.

Invoices shall be submitted at least every ninety (90) days. Separate invoices shall be submitted for each distinct matter covered by the personal service contract, and shall be signed by the individual responsible for that matter.

Each invoice shall contain the following information:

1000002972	Document Phase Final	Document Description Actuarial Svcs. for Health Insurance Policy & Managed Care	Page 8 of 22
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1. A description of the matter covered by the invoice;
2. The date each service was performed;
3. A full description of each service;
4. The name and title of each individual who worked on the matter, and the time the individual spent on the matter;
5. The subject matter and recipient of any correspondence;
6. A full description of any work product produced, designating the way in which the work product is associated with the matter being invoiced;
7. The hourly rate for each individual working on the matter, and the total charge for that individual for each matter invoiced;
8. An itemized list of all disbursements to be reimbursed by the state for each matter invoiced;
9. A total charge for each matter;
10. The combined total for services and disbursements for the billing period;
11. The tax identification number of the Vendor awarded the personal service contract; and
12. An indication on each invoice of whether or not the invoice is final.

The issuance of an invoice to the Commonwealth constitutes an affirmation by the Vendor awarded the personal service contract that the invoice truly and accurately represents work actually performed, and expenses actually incurred.

PAYMENT

Staff Member	Hourly Billing Rate for FY2011	Hourly Billing Rate for FY2012
James E. Dremen FSA	\$340	\$340
B. Griffith, FSA	\$340	\$340
J. Bourdeau, FSA	\$340	\$340
J. Lloyd, FSA	\$340	\$340
B. Greenwood, ASA	\$230	\$230
J. Bogolin, ASA	\$230	\$230
Non-Certified Actuarial Staff	\$175	\$175
Administrative Staff	\$28	\$28

All services shall be performed by the individuals listed in the submission to the request for proposal. Services provided by any other individual or entity shall require the prior written approval of the DOI.

1000002972	Document Phase Final	Document Description Actuarial Svcs. for Health Insurance Policy & Managed Care	Page 9 of 22
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The DOI and the Vendor shall reach an agreement as to the applicable actuarial fee to any work assignment.

The hourly rate will not be paid for travel time to or from a worksite. Travel time to and from home/office to the DOI main office is not a payable expense. Further, the Vendor shall not be paid for time spent at lunch or on other breaks.

Partial billing of actuarial fees shall be allowed in quarter hour increments.

For FY2011 the expenses under this section shall not exceed a sum of \$480,000

For FY2012 the expenses under this section shall not exceed a sum of \$480,000.

TAXES

The Vendor shall pay all applicable taxes.

TRAINING

The Vendor is responsible for his/her training obligations to ensure that qualifications are maintained and that Vendor continues to meet the eligibility requirements of the position. DOI may require the Vendor to attend training, seminars, and trade group or regulator meetings. In those cases, DOI will reimburse the Vendor in accordance with the travel provisions outlined in this RFP.

TRAVEL

The Vendor shall not be paid travel expenses unless and except as specifically authorized as follows:

DOI may require the Vendor to work at job sites other than the DOI's main office, or attend training, seminars, and trade group or regulator meetings. In those cases, DOI will reimburse the Vendor for airfare at coach or tourist class, and other related transportation costs as allowable such as lodging, meals, and taxi fares, etc. All allowed travel expenses, including mileage allowances, shall be paid in accordance with 200 KAR 2:006.

When the assignment requires the Vendor to work in the DOI main office, coach airfare and lodging are allowable at actual cost. Lodging and meals will only be reimbursed when overnight travel is required, and approved in advance by DOI.

Allowable travel expenses include the following:

- a. Airfare coach class at actual cost (receipt required)
- b. Lodging at actual cost (receipt required)
- c. Meals and mileage at the rate allowed per 200 KAR 2:006 state travel regulations.
- d. Taxi fares/rental cars

For FY2011 the expenses under this section shall not exceed a sum of \$68,100

For FY2012 the expenses under this section shall not exceed a sum of \$68,100.

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SPENDING LIMIT/CHANGE OF PROJECT SCOPE

If at any point after a contract has been executed the Vendor concludes that its fees or travel expenses will exceed the limits herein, the Vendor shall promptly discuss the situation with DOI. Any estimate the Vendor may provide to DOI on a particular project does not include its charges for any significant changes in scope, deliverables, or time requirements.

SUBCONTRACTORS

The Vendor shall make no subcontract with any other party to fulfill the obligations as set out under this contract.

INSURANCE

The Vendor shall maintain such liability or other insurance as is reasonably necessary in Vendor's judgment to provide adequate coverage against losses and liabilities attributable to acts and/or omissions of Vendor in the performance of the Vendor's duties. The Vendor shall determine whether and in what amounts to purchase such insurance using sound judgment considering its financial circumstances, the extent of risk, and the availability of coverage at commercially reasonable rates. Vendor shall provide DOI evidence of any such coverage upon request.

The DOI shall neither provide nor reimburse the Vendor for liability, workers' compensation, or other insurance coverage.

MEDIATION

The parties agree that they will work in good faith to resolve any disputes arising under this agreement. If a dispute cannot be resolved by the parties, the matter will be submitted to non-binding mediation within 60 days of the dispute before the parties pursue any other remedies. The mediation shall be held before a panel of three neutral and independent mediators. One mediator shall be selected by the Vendor, one by the DOI, and the third mediator selected by the first two mediators.

LIMITATION OF LIABILITY

The Vendor shall perform the services outlined in this contract in accordance with accepted professional standards and, in doing so, shall not be liable to the DOI for damages in excess of three times the professional fees paid to the Vendor by the DOI.

CONFIDENTIALITY OF CONTRACT TERMS

The Vendor and the DOI agree that all information communicated between them before the effective date of the contract shall be received in strict confidence and shall not be disclosed by the receiving party, its agents, or employees, without prior written consent of the other party. Such information shall be kept confidential subject to DOI and federal information disclosure laws. Upon signing of the contract by both parties, the terms of the contract become available to the public, pursuant to the provisions of KRS 61.870.

NONDISCLOSURE

To enable Vendor to perform its services, the DOI shall promptly provide the Vendor with such direction,

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materials, information, and access to its representatives as Vendor reasonably requests or, in the case of examinations or other investigations of insurance carriers, support contractor in obtaining such insurance carriers' materials, information, and access to carriers' respective representatives. Vendor does not take responsibility for verifying the accuracy or completeness of information supplied to it by DOI, its representatives, insurance carriers, or their respective representatives. If the Vendor receives inaccurate, incomplete, or improperly formatted information, any additional time and expenses required to correct the information will be billed to DOI as additional services.

Vendor agrees to take reasonable precautions, including the same precautions it takes to protect its own confidential information, to ensure that it does not disclose to any third party any information that DOI identifies as confidential and discloses to Vendor in the course of the engagement with Vendor, about its business operations and employees, unless Vendor first obtains DOI's consent. Similarly, Vendor agrees to take reasonable precautions, including the same precautions it takes to protect its own confidential information, to ensure that it does not disclose to any third party any information that an insurance carrier identifies as confidential and discloses to Vendor in the course of this engagement, about its business operations and employees, unless it first obtains such insurance carrier's consent. Vendor's obligations will not apply to any of the following: (a) information already known to it at the time of disclosure; (b) information in the public domain or available to the public; (c) information available to it from third parties without any nondisclosure obligation to DOI and/or an insurance carrier that is known to Vendor; or (d) information independently developed by Vendor.

If any court or regulatory order or other service of legal process requires the Vendor to disclose information covered by its confidentiality obligation, then Vendor may make any disclosure required by law. The Vendor shall provide DOI with prompt notice of any such order or process and cooperate with it, at its expense, in responding to it.

CONFIDENTIAL INFORMATION

The Vendor shall comply with the provisions of the Privacy Act of 1974 (5 U.S.C. 552) to keep confidential information concerning client data, the business of the DOI, its financial affairs, its relations with its citizens and employees, as well as any other information which may be specifically classified as confidential by the DOI in writing to the Vendor. All federal and state laws and regulations related to confidentiality shall be applicable to the Vendor.

MULTIPLE AWARDS

DOI reserves the right to award contracts to multiple Vendors.

CANCELLATION

Contracts shall be terminated in accordance with the provisions of 200 KAR 5:312. The Commonwealth may terminate a contract for convenience if the purchasing officer has determined that termination will be in the Commonwealth's best interests. The Commonwealth shall provide the contractor thirty (30) calendar days written notice of termination of the contract, unless the secretary of the Finance and Administration Cabinet, or his designee, makes a written determination that a shorter notice of termination for convenience is in the best interest of the commonwealth.

All records, reports, documents, equipment, or other materials delivered or transmitted to the Vendor by the DOI shall remain the property of the DOI and shall be promptly returned to the DOI by the Vendor, at

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the Vendor's own expense, upon termination of this contract.

The Vendor shall be entitled to payment for work performed up to the date of termination, provided that the work assigned to the Vendor has been performed in a manner that is satisfactory to the DOI, all property and/or equipment of the DOI has been returned, and the Vendor has complied with the terms of this contract.

KENTUCKY EEO ACT

Vendors are obligated to comply with the Kentucky EEO Act (Act), KRS 45.560 – 45.640 on state contracts that exceed \$250,000. No contract award shall become effective until all required forms are satisfactorily submitted and the Office of EEO and Contract Compliance has certified compliance.

Failure to comply with the Act may result in non-award, withdrawal of award, cessation of contract payments, etc.

Vendors must submit the following documents in accordance with the requirements of the solicitation—EEO-1: Employer Information Report, Affidavit of Intent to Comply, Employee Data Sheet and Subcontractor Report OR a copy of the Kentucky EEO Approval Letter issued by the Finance and Administration Cabinet, Office of EEO and Contract Compliance.

Vendors may obtain copies of the required EEO documents and instructions for completing the required forms from the Finance and Administration Cabinet's e-Procurement Web page under Vendor Information, Standard Attachments and General Terms at the following address: eProcurement.ky.gov.

Vendors must advise each subcontractor/Vendor—with a subcontract of more than \$250,000—of the subcontractor's obligation to comply with the KY EEO Act. Further, Vendors are responsible for compiling EEO documentation from their subcontractors/Vendors and submitting the documentation to the Finance and Administration Cabinet, Office of EEO and Contract Compliance.

Failure to complete, sign and submit all required documents will delay the award process as incomplete submissions will not be processed.

Pursuant to KRS 45.610 (2), the Finance and Administration Cabinet, Office of EEO and Contract Compliance reserves the right to request additional information and/or documentation and to conduct on-site monitoring reviews of project sites and/or business facilities at any point for the duration of any contract which exceeds \$250,000 to ascertain compliance with the Act and such rules, regulations and orders issued pursuant thereto.

All questions regarding EEO forms or contract compliance issues must be directed to the Finance and Administration Cabinet, Office of EEO and Contract Compliance via e-mail: Finance.ContractCompliance@ky.gov or via telephone: (502) 564-2874.

CERTIFICATIONS INCORPORATED INTO CONTRACT

All attachments signed by the Vendor in response to the Request for Proposal are considered a part of this contract and are incorporated herein.

HIPAA PRIVACY PROVISIONS

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Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, 45 CFR Parts 160 and 164 ("HIPAA Privacy Rule") Provision:

Sections 261 through 264 of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, known as "the Administrative Simplification provisions," direct the Department of Health and Human Services to develop standards to protect the security, confidentiality and integrity of health information; and pursuant to the Administrative Simplification provisions, the Secretary of Health and Human Services has issued regulations modifying 45 CFR Parts 160 and 164 (the "HIPAA Privacy Rule").

This STATE AGENCY is a "Hybrid Covered Entity" (hereafter "CE"). To the extent Contractor is State Agency's Business Associate (hereafter "BA"), this Agreement, in part, is intended to provide satisfactory assurance that Contractor will appropriately safeguard PHI in conformance with applicable provisions of the HIPAA Privacy Rule.

BA may have access to Protected Health Information (as defined below) in fulfilling its responsibilities under this Agreement;

Any and all capitalized terms in this Section shall have the definitions set forth in the HIPAA Privacy Rule.

The term "Protected Health Information" (hereafter "PHI") means individually identifiable health information including, without limitation, all information, data, documentation, and materials, including without limitation, demographic, medical and financial information, that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual. PHI shall include identifiable health information relating to a member of Kentucky Access.

BA acknowledges and agrees that all PHI that is created or received by CE and disclosed or made available in any form, including paper record, oral communication, audio recording, and electronic display by CE or its operating units to BA or is created or received by BA on CE's behalf shall be subject to this Agreement.

I. CONFIDENTIALITY REQUIREMENTS

(A) BA agrees:

- (i) to use or disclose any PHI solely (1) for meeting its obligations as set forth in any agreements between the Parties evidencing their business relationship, or (2) as required by applicable law, rule or regulation, or by accrediting or credentialing organization to whom CE is required to disclose such information or as otherwise is permitted under this Agreement, or the HIPAA Privacy Rule;
- (ii) at termination of this Agreement, (or any similar documentation of the business relationship of the Parties, or upon request of CE, whichever occurs first, if feasible, BA will return or destroy all PHI received from or created or received by BA on behalf of CE that BA still maintains in any form and retain no copies of such information, or if such return or destruction is not feasible, BA will extend the protections of this Agreement to the information and limit further uses and disclosures to those purposes

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that make the return or destruction of the information not feasible; and

(iii) to ensure that its agents, including a subcontractor, to whom it provides PHI received from or created by BA on behalf of CE, agrees to the same restrictions and conditions that apply to BA with respect to such information. In addition, BA agrees to take reasonable steps to ensure that its employees' actions or omissions do not cause BA to breach the terms of this Agreement.

(B) Notwithstanding the prohibitions set forth in this Agreement, BA may use and disclose PHI as follows:

(i) if necessary, for the proper management and administration of BA or to carry out the legal responsibilities of BA, provided that as to any such disclosure, the following requirements are met:

(a) the disclosure is required by law; or

(b) BA obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies BA of any instances of which it is aware in which the confidentiality of the information has been breached:

(ii) for data aggregation services, if to be provided by BA for the health care operations of CE pursuant to any agreements between the Parties evidencing their business relationship. For purposes of this Agreement, data aggregation services means the combining of PHI by BA with the PHI received by BA in its capacity as a BA of another CE, to permit data analyses that relate to the health care operations of the respective covered entities.

(C) BA will implement appropriate safeguards to prevent use or disclosure of PHI other than as permitted in this Agreement. The Secretary of Health and Human Services shall have the right to audit BA's records and practices related to use and disclosure of PHI to ensure CE's compliance with the terms of the HIPAA Privacy Rule. BA shall report to CE any use or disclosure of PHI which is not in compliance with the terms of this Agreement of which it becomes aware.

II. AVAILABILITY OF PHI

BA agrees to make available PHI to the extent and in the manner required by Section 164.524 of the HIPAA Privacy Rule. BA agrees to make PHI available for amendment and incorporate any amendments to PHI in accordance with the requirements of Section 164.526 of the HIPAA Privacy Rule. In addition, BA agrees to make PHI available for purposes of accounting of disclosures, as required by Section 164.528 of the HIPAA Privacy Rule.

IV. TERMINATION

Notwithstanding anything in this Agreement to the contrary, CE shall have the right to terminate this Agreement immediately if CE determines that BA has violated any material term of this Agreement. If CE reasonably believes that BA will violate a material term of this Agreement and, where practicable, CE gives written notice to BA of such belief within a reasonable time after forming such belief, and BA fails to provide adequate written assurances to CE that it will not breach the cited term of this Agreement within a reasonable period of time given the specific circumstances, but in any event, before the threatened breach is to occur, then CE shall have the right to terminate this Agreement immediately.

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V. MISCELLANEOUS

Except as expressly stated herein or the HIPAA Privacy Rule, the Parties to this Agreement do not intend to create any rights in any third parties. The obligations of BA under the Section shall survive the expiration, termination, or cancellation of this Agreement, and/or the business relationship of the Parties, and shall continue to bind BA, its agents, employees, contractors, successors, and assigns as set forth herein.

This Agreement may be amended or modified only in writing signed by the Parties. No Party may assign its respective rights and obligations under this Agreement without the prior written consent of the other Party. None of the provisions of this Agreement are intended to create, nor will they be deemed to create any relationship between the Parties other than that of independent parties contracting with each other solely for the purposes of effecting the provisions of this Agreement and any other agreements between the Parties evidencing their business relationship. This Agreement will be governed by the laws of the Commonwealth of Kentucky. No change, waiver or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any other occasion.

The parties agree that, in the event that any documentation of the arrangement pursuant to which BA provides services to CE contains provisions relating to the use or disclosure of PHI which are more restrictive than the provisions of this Agreement, the provisions of the more restrictive documentation will control. The provisions of this Agreement are intended to establish the minimum requirements regarding BA's use and disclosure of PHI.

In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event a party believes in good faith that any provision of this Agreement fails to comply with the then-current requirements of the HIPAA Privacy Rule, such party shall notify the other party in writing. For a period of up to thirty days, the parties shall address in good faith such concern and amend the terms of this Agreement, if necessary to bring it into compliance. If, after such thirty-day period, the Agreement fails to comply with the HIPAA Privacy Rule, then either party has the right to terminate upon written notice to the other party.

PERSONAL SERVICE CONTRACT CLAUSES

The Vendor shall comply with the following personal service contract clauses:

PSC Standard Terms and Conditions

Whereas, the first party, the state agency, has concluded that either state personnel are not available to perform said function, or it would not be feasible to utilize state personnel to perform said function; and

Whereas, the second party, the contractor, is available and qualified to perform such function; and

Whereas, for the abovementioned reasons, the state agency desires to avail itself of the services of the second party;

NOW THEREFORE, the following terms and conditions are applicable to this contract:

Effective Date:

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This agreement is not effective until the Secretary of the Finance and Administration Cabinet or his authorized designee has approved the contract and until the contract has been submitted to the Legislative Research Commission, Government Contract Review Committee ("LRC").

Payments on personal service contracts and memoranda of agreement shall not be authorized for services rendered after government contract review committee disapproval, unless the decision of the committee is overridden by the Secretary of the Finance and Administration Cabinet or agency head, if the agency has been granted delegation authority by the Secretary.

Renewals:

Upon expiration of the initial term, the contract may be renewed in accordance with the terms and conditions in the original solicitation. Renewal shall be subject to prior approval from the Secretary of the Finance and Administration Cabinet or his authorized designee and the LRC Government Contract Review Committee in accordance with KRS 45A.695 and KRS 45A.705, and contingent upon available funding.

LRC Policies:

Pursuant to KRS 45A.725, LRC has established policies which govern rates payable for certain professional services. These are located on the LRC webpage (<http://www.lrc.ky.gov/Statcomm/Contracts/homepage.htm>) and would impact any contract established under KRS 45A.690 et seq., where applicable.

Choice of Law and Forum:

All questions as to the execution, validity, interpretation, construction and performance of this agreement shall be governed by the laws of the Commonwealth of Kentucky. Furthermore, the parties hereto agree that any legal action which is brought on the basis of this agreement shall be filed in the Franklin County Circuit Court of the Commonwealth of Kentucky.

Cancellation:

The state agency shall have the right to terminate and cancel this agreement at any time not to exceed thirty (30) days' written notice served on the contractor by registered or certified mail.

Funding Out Provision:

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the contractor thirty (30) calendar days written notice of termination of the contract.

Authorized to do Business in Kentucky:

The contractor affirms that it is properly authorized under the laws of the Commonwealth of Kentucky to conduct business in this state and will remain in good standing to do business in the Commonwealth of Kentucky for the duration of any contract awarded.

Invoices for fees:

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The contractor shall maintain supporting documents to substantiate invoices and shall furnish same if required by state government.

Travel expenses, if authorized:

The contractor shall be paid for no travel expenses unless and except as specifically authorized by the specifications of the contract.

Other expenses, if authorized herein:

The contractor shall be reimbursed for no other expenses of any kind, unless and except as specifically authorized within the specifications of the contract.

If the reimbursement of such expenses is authorized, the reimbursement shall be only on an out-of-pocket basis. Request for payment of same shall be processed upon receipt from the contractor of valid, itemized statements submitted periodically for payment at the time any fees are due. The contractor shall maintain supporting documents that substantiate every claim for expenses and shall furnish same if requested by state government.

- Invoicing for fee: the contractor's fee shall be original invoice(s) and shall be documented by the contractor. The invoice(s) must conform to the method described in the specifications of the contract.
- Invoicing for travel expenses: the contractor must follow instructions described in the specifications of the contract. Either original or certified copies of receipts must be submitted for airline tickets, motel bills, restaurant charges, rental car charges, and any other miscellaneous expenses.
- Invoicing for miscellaneous expenses: the contractor must follow instructions prescribed in the specifications of the contract. Expenses submitted shall be documented by original or certified copies.

Purchasing and specifications:

The contractor certifies that he will not attempt in any manner to influence any specifications to be restrictive in any way or respect nor will he attempt in any way to influence any purchasing of services, commodities or equipment by the Commonwealth of Kentucky. For the purpose of this paragraph and the following paragraph that pertains to conflict-of interest laws and principles, "he" is construed to mean "they" if more than one person is involved and if a firm, partnership, corporation, or other organization is involved, then "he" is construed to mean any person with an interest therein.

Conflict-of-interest laws and principles:

The contractor certifies that he is legally entitled to enter into this contract with the Commonwealth of Kentucky, and by holding and performing this contract will not be violating either any conflict of interest statute (KRS 45A.330-45A.340, 45A.990, 164.390), or KRS 11A.040 of the executive branch code of ethics, relating to the employment of former public servants.

Campaign finance:

The contractor certifies that neither he/she nor any member of his/her immediate family having an interest of 10% or more in any business entity involved in the performance of this contract, has contributed more than the amount specified in KRS 121.056(2), to the campaign of the gubernatorial candidate elected at

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the election last preceding the date of this contract. The contractor further swears under the penalty of perjury, as provided by KRS 523.020, that neither he/she nor the company which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth, and that the award of a contract to him/her or the company which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.

Certification:

The state agency certifies that it is in compliance with the provisions of KRS 45A.695. "Access to contractor's books, documents, papers, records, or other evidence directly pertinent to the contract". The contractor, as defined in KRS 45A.030(9), agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Furthermore, any books, documents, papers, records, or other evidence provided to the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, or the Legislative Research Commission which are directly pertinent to the contract shall be subject to public disclosure regardless of the proprietary nature of the information, unless specific information is identified and exempted and agreed to by the Secretary of the Finance and Administration Cabinet as meeting the provisions of KRS 61.878(1)(c) prior to the execution of the contract. The Secretary of the Finance and Administration Cabinet shall not restrict the public release of any information which would otherwise be subject to public release if a state government agency was providing the services.

Protest:

Pursuant to KRS 45A.285, The Secretary of the Finance and Administration Cabinet, or his designee, shall have authority to determine protests and other controversies of actual or prospective Vendors in connection with the solicitation or selection for award of a Master Agreement or Contract.

Any actual or prospective Vendor, who is aggrieved in connection with the solicitation or selection for award of a Master Agreement or Contract, may file protest with the Secretary of the Finance and Administration Cabinet. A protest or notice of other controversy must be filed promptly and in any event within two (2) calendar weeks after such aggrieved person knows or should have known of the facts giving rise thereto. All protests or notices of other controversies must be in writing and shall be addressed to:

Jonathan Miller, Secretary
Commonwealth of Kentucky
Finance and Administration Cabinet
Room 383, New Capitol Annex
702 Capitol Avenue
Frankfort, KY 40601
Phone #: (502) 564-4240

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Fax #: (502) 564-6785

The Secretary of Finance and Administration Cabinet shall promptly issue a decision in writing. A copy of that decision shall be mailed or otherwise furnished to the aggrieved party and shall state the reasons for the action taken.

The decision by the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

Social security: (check one)

_____ the parties are cognizant that the state is not liable for social security contributions pursuant to 42 U.S. Code, section 418, relative to the compensation of the second party for this contract.

_____ the parties are cognizant that the state is liable for social security contributions pursuant to 42 U.S. Code, section 418, relative to the compensation of the second party for this contract.

Violation of tax and employment laws:

KRS 45A.485 requires the contractor to reveal to the Commonwealth, prior to the award of a contract, any final determination of a violation by the contractor within the previous five (5) year period of the provisions of KRS chapters 136, 139, 141, 337, 338, 341, and 342. These statutes relate to the state sales and use tax, corporate and utility tax, income tax, wages and hours laws, occupational safety and health laws, unemployment insurance laws, and workers compensation insurance laws, respectively.

To comply with the provisions of KRS 45A.485, the contractor shall report any such final determination(s) of violation(s) to the Commonwealth by providing the following information regarding the final determination(s): the KRS violated, the date of the final determination, and the state agency which issued the final determination.

KRS 45A.485 also provides that, for the duration of any contract, the contractor shall be in continuous compliance with the provisions of those statutes which apply to the contractor's operations, and that the contractor's failure to reveal a final determination as described above or failure to comply with the above statutes for the duration of the contract, shall be grounds for the Commonwealth's cancellation of the contract and the contractor's disqualification from eligibility for future state contracts for a period of two (2) years.

Contractor must check one:

_____ The contractor has not violated any of the provisions of the above statutes within the previous five (5) year period.

_____ the contractor has violated the provisions of one or more of the above statutes within the previous five (5) year period and has revealed such final determination(s) of violation(s). A list of such determination(s) is attached.

Discrimination:

Discrimination (because of race, religion, color, national origin, sex, age, or disability) prohibited. This section applies only to contracts utilizing federal funds, in whole or in part. During the performance of this contract, the contractor agrees as follows:

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1. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex or age. The contractor further agrees to comply with the provisions of the Americans with Disabilities Act (ADA), Public Law 101-336, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified disabled individuals under any program or activity. The contractor agrees to provide, upon request, needed reasonable accommodations. The contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, age or disability. Such action shall include, but not be limited to the following; employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensations; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

2. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, age or disability.

3. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.

4. The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965 as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

5. The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

6. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in or as otherwise provided by law.

7. The contractor will include the provisions of paragraphs (1) through (7) of section 202 of Executive Order 11246 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor, issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the contractor may request the United

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States to enter into such litigation to protect the interests of the United States.

Contractor must check one:

_____ The contractor has not violated any of the provisions of the above statutes within the previous five (5) year period.

_____ The contractor has violated the provisions of one or more of the above statutes within the previous five (5) year period and has revealed such final determination(s) of violation(s). A list of such determination(s) is attached

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SIGNATURES

James E. Drennan

Ingenix Consulting

Contractor

Sharron Burton

General Counsel

Office of Legal Services Division of Insurance

Sharon Clark

Commissioner

Department of Insurance

Larry R. Bond

Deputy Secretary

Public Protection Cabinet

General Counsel

Office of Legal Services

Public Protection Cabinet

EXHIBIT 15

Personal Services Contract with
Wakely Consulting Group



Commonwealth of Kentucky

CONTRACT

IMPORTANT
 Show Doc ID number on all packages, invoices and correspondence.

Doc Description: Actuarial Svcs. for Health Insurance Policy & Managed Care	
Doc ID No: PON2 676 1000002953 1	Procurement Folder: 1738016
Procurement Type: Personal Service Contract	
Administered By: Jennifer Spencer	Cited Authority: FAP111-43-00-STD
Telephone: 502-564-6154	Issued By: Jennifer Spencer

C O N T R A C T O R	WAKELY CONSULTING GROUP
	19321 US HIGHWAY
	19 N SUITE 515
	CLEARWATER FL 33764-3143
	US

Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
1	Actuarial Svcs. for Health Insurance Policy & Managed Care		0.00		0.00000	320,500.00	320,500.00

Extended Description

The Vendor shall:

- Provide actuarial review of rate filings relating to Medicare supplement policies, long-term care policies, long-term care riders for life insurance policies, limited benefit policies, disability policies, medical expense policies, and other health insurance related policies as needed for compliance with Kentucky Revised Statutes, Kentucky Administrative Regulations, Departmental Policies, and recognized actuarial standards and guidelines and make recommendations to the Division Director for approval/disapproval.
- Perform follow-up work and prepare written reports as necessary or requested relating to rate filings.
- Examine and actuarially analyze loss reserves, premium collection plans, retrospective adjustments, and all other aspects affecting the financial condition of health insurers doing business in Kentucky.
- Provide actuarial services in conjunction with financial and market conduct examinations.
- Determine financial impact on the health insurance market for proposed legislation.
- Testify before the legislature on actuarial issues.
- Be available upon request, for DOI hearings.
- Be available to perform required services at the DOI located at 215 West Main Street, Frankfort, KY 40601 or at any other location to which the DOI may be relocated.

For FY2011 the expenses under this section shall not exceed a sum of \$320,500

B I L L T O	DEPARTMENT OF INSURANCE - PO BOX 517	S H I P T O	DEPARTMENT OF INSURANCE - WEST MAIN
	PO BOX 517		215 WEST MAIN
	FRANKFORT KY 40602-0517		FRANKFORT KY 40601
	US		US

Line	GL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
2	Actuarial Svcs. for Health Insurance Policy & Managed Care		0.00		0.00000	320,500.00	320,500.00

Extended Description

The Vendor shall:

- a. Provide actuarial review of rate filings relating to Medicare supplement policies, long-term care policies, long-term care riders for life insurance policies, limited benefit policies, disability policies, medical expense policies, and other health insurance related policies as needed for compliance with Kentucky Revised Statutes, Kentucky Administrative Regulations, Departmental Policies, and recognized actuarial standards and guidelines and make recommendations to the Division Director for approval/disapproval.
- b. Perform follow-up work and prepare written reports as necessary or requested relating to rate filings.
- c. Examine and actuarially analyze loss reserves, premium collection plans, retrospective adjustments, and all other aspects affecting the financial condition of health insurers doing business in Kentucky.
- d. Provide actuarial services in conjunction with financial and market conduct examinations.
- e. Determine financial impact on the health insurance market for proposed legislation.
- f. Testify before the legislature on actuarial issues.
- g. Be available upon request, for DOI hearings.
- h. Be available to perform required services at the DOI located at 215 West Main Street, Frankfort, KY 40601 or at any other location to which the DOI may be relocated.

For FY2012 the expenses under this section shall not exceed a sum of \$320,500

B I L L T O	DEPARTMENT OF INSURANCE - PO BOX 517 PO BOX 517 FRANKFORT KY 40602-0517 US	S H I P T O	DEPARTMENT OF INSURANCE - WEST MAIN 215 WEST MAIN FRANKFORT KY 40601 US
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Line	GL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
3	Travel		0.00		0.00000	13,500.00	13,500.00

Extended Description

The Vendor shall not be paid travel expenses unless and except as specifically authorized as follows:

DOI may require the Vendor to work at job sites other than the DOI/Es main office, or attend training, seminars, and trade group or regulator meetings. In those cases, DOI will reimburse the Vendor for airfare at coach or tourist class, and other related transportation costs as allowable such as lodging, meals, and taxi fares, etc. All allowed travel expenses, including mileage allowances, shall be paid in accordance with 200 KAR 2:006.

When the assignment requires the Vendor to work in the DOI main office, coach airfare and lodging are allowable at actual cost. Lodging and meals will only be reimbursed when overnight travel is required, and approved in advance by DOI.

Allowable travel expenses include the following:

- a. Airfare coach class at actual cost (receipt required)
- b. Lodging at actual cost (receipt required)
- c. Meals and mileage at the rate allowed per 200 KAR 2:006 state travel regulations.
- d. Taxi fares

For FY2011, the travel expenses under this section shall not exceed \$13,500.

Extended Description

B I L L T O	DEPARTMENT OF INSURANCE - PO BOX 517		S H I P T O	DEPARTMENT OF INSURANCE - WEST MAIN	
	PO BOX 517			215 WEST MAIN	
	FRANKFORT	KY 40602-0517		FRANKFORT	KY 40601
	US			US	

Line	CL Description	Due Date	Quantity	Unit Issue	Unit Price	Contract Amt	Total Price
4	Travel		0.00		0.00000	13,500.00	13,500.00

Extended Description

The Vendor shall not be paid travel expenses unless and except as specifically authorized as follows:
 DOI may require the Vendor to work at job sites other than the DOIÆs main office, or attend training, seminars, and trade group or regulator meetings. In those cases, DOI will reimburse the Vendor for airfare at coach or tourist class, and other related transportation costs as allowable such as lodging, meals, and taxi fares, etc. All allowed travel expenses, including mileage allowances, shall be paid in accordance with 200 KAR 2:006.
 When the assignment requires the Vendor to work in the DOI main office, coach airfare and lodging are allowable at actual cost. Lodging and meals will only be reimbursed when overnight travel is required, and approved in advance by DOI.
 Allowable travel expenses include the following:
 a. Airfare coach class at actual cost (receipt required)
 b. Lodging at actual cost (receipt required)
 c. Meals and mileage at the rate allowed per 200 KAR 2:006 state travel regulations.
 d. Taxi fares
 For FY2012, the travel expenses under this section shall not exceed \$13,500.

B I L L T O	DEPARTMENT OF INSURANCE - PO BOX 517		S H I P T O	DEPARTMENT OF INSURANCE - WEST MAIN	
	PO BOX 517			215 WEST MAIN	
	FRANKFORT	KY 40602-0517		FRANKFORT	KY 40601
	US			US	

Total Order Amount:	668,000.00
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Personal Service Contract

Kentucky Department of Insurance

Health and Live Division

Health Actuary: Medicare Supplement, Long-Term Care, and Limited Benefit Policies

RELATIONSHIP

This contract is between the Kentucky Department of Insurance (DOI) and Wakely Consulting Group to provide actuarial services for the Health and Life Division for Medicare Supplement, Long-Term Care, and Limited Benefit Policies. The Actuary shall be an independent contractor. The responsibilities of the parties to this contract shall be performed in accordance with the terms and conditions set forth in this contract and any appendices hereto. The Actuary may be referred to herein as "Vendor."

The Vendor understands the Vendor is a contractor and no employee rights are conferred upon the Vendor. Nothing contained in this agreement shall be construed to indicate a relationship of employer and employee between the DOI and the Vendor.

INTENT OF PARTIES

It is declared to be the intent of the parties hereto that this contract is made in conformity with, and under the terms of, Chapter 304 of the Kentucky Revised Statutes, as that Chapter relates to the regulation and examination of persons or entities regulated by the DOI.

SERVICES TO BE PERFORMED

The Vendor shall:

- a. Provide actuarial review of rate filings relating to Medicare supplement policies, long-term care policies, long-term care riders for life insurance policies, limited benefit policies, disability policies, medical expense policies, and other health insurance related policies as needed for compliance with Kentucky Revised Statutes, Kentucky Administrative Regulations, Departmental Policies, and recognized actuarial standards and guidelines and make recommendations to the Division Director for approval/disapproval.
- b. Perform follow-up work and prepare written reports as necessary or requested relating to rate filings.
- c. Examine and actuarially analyze loss reserves, premium collection plans, retrospective adjustments, and all other aspects affecting the financial condition of health insurers doing business in Kentucky.
- d. Provide actuarial services in conjunction with financial and market conduct examinations.
- e. Determine financial impact on the health insurance market for proposed legislation.
- f. Testify before the legislature on actuarial issues.
- g. Be available upon request, for DOI hearings.
- h. Be available to perform required services at the DOI located at 215 West Main Street, Frankfort, KY

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40601 or at any other location to which the DOI may be relocated.

RIGHT OF OWNERSHIP TO WORK PRODUCTS

The Vendor shall submit to the DOI any and all records, reports, documents, exhibits, data and other material related to the services for which the DOI has contracted and which have been obtained or prepared by the Vendor in connection with the performance of the services for which the DOI has contracted. The DOI shall own any records, reports, documents, exhibits, data, source code, object code, work papers, novel work process or methodology, test data, pleadings, and other documentation generated as a result of performance by the Vendor of the services for which the DOI has contracted, unless the Vendor demonstrates, in writing, that the work was done prior to the effective date of the Vendor's contract with the DOI or is otherwise excluded, and the DOI agrees to the exclusion in writing. The Vendor shall submit, at the completion of any assigned project or examination, any and all records, reports, documents, exhibits, data, and other material obtained or prepared by the Vendor in connection with the performance of the services governed by this contract.

Upon termination, the Vendor recognizes that the DOI reserves the right to limit the use of any work product, knowledge, information, documents, and materials developed, created, or that can be recreated by the Vendor as a result of performance by the Vendor of the services for which the DOI has contracted.

ARCHIVAL COPY [Actuarial contracts – if required by actuary]

Notwithstanding the requirements under “Right of Ownership to Work Products,” and “Term of Contract” provisions of this contract, the Vendor may retain one copy of whatever materials that the Vendor, in its professional judgment, deems necessary to document the work product in accordance with actuarial and/or professional standards of practice.

CONTRACT COMPONENTS

The DOI's acceptance of the Vendor's offer in response to the Solicitation shall create a valid contract between the parties consisting of the following:

- a. any Written Agreement between the Parties;
- b. any Addenda to the Solicitation;
- c. the Solicitation and all attachments thereto;
- d. general conditions contained in 200 KAR 5:021;
- e. any Best and Final Offer;
- f. any clarifications concerning the Vendor's proposal in response to the solicitation; and
- g. the Vendor's proposal in response to the RFP.

In the event of any conflict between or among the provisions contained in the contract, the order of precedence shall be as enumerated above.

FINAL AGREEMENT AND FUNDING OUT PROVISION

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The personal service contract will be executed pursuant to and shall become effective upon review and approval of the Secretary of the Finance and Administration Cabinet, or his designee, and the Legislative Research Commission's Government Contract Review Committee (KRS 45A.695).

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the contractor thirty (30) calendar days written notice of termination of the contract.

CONTRACT PROVISIONS

If any provision of the contract (including items incorporated by reference) is declared or found to be illegal, unenforceable, or void, then both the DOI and the Vendor shall be relieved of all obligations arising under such a provision. If the remainder of the contract is capable of performance, it shall not be affected by such declaration or finding and shall be fully performed.

TYPE OF CONTRACT

This contract is issued as a personal service contract regulated pursuant to KRS Chapter 45A.

TERM OF CONTRACT

This contract shall be in effect from July 1, 2010 through June 30, 2012.

TURNOVER

In those circumstances where the parties choose not to renew the contract at the natural expiration of the contract's term, or the contract is terminated, the Vendor, at the DOI's option, shall cooperate and provide reasonable and appropriate assistance to the DOI and its designees regarding transfer of duties.

CHANGES AND MODIFICATIONS TO THE CONTRACT

Pursuant to KRS 45A.210(1) and 200 KAR 5:311, no modification or change of any provision in the contract shall be made, or construed to have been made, unless such modification is mutually agreed upon in writing by the Vendor and the DOI, and incorporated as a written amendment to the contract and processed through the Division of Material and Procurement Services and approved by the Finance and Administration Cabinet prior to the effective date of such modification or change. Memorandum of understanding, written clarification, and/or correspondence shall not be construed as amendments to the contract.

ASSIGNMENT

The Vendor shall not assign the responsibilities or duties required by this contract in whole or in part or any payment arising therefrom without the prior written consent of the DOI. Any purported assignment is void.

If the contractor is a corporation, proprietorship, or an entity other than individual, only the principal of the entity shall perform the services governed by this contract, unless the Commissioner authorizes the performance of those services by a person other than the principal. If the Commissioner authorizes the performance of the services governed by this contract by a person other than the principal contractor, all

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terms of this contract shall apply and the principal shall remain responsible for compliance with the terms and conditions of the contract.

NOTICES

After the award of contract, all programmatic communications are to be made to:

Jill Mitchell, Rate and Form Filing Branch Manager

Health and Life Division

Kentucky Department of Insurance

215 W. Main Street

P.O. Box 517

Frankfort, KY 40602

(502) 564-6088

Jill.Mitchell@ky.gov

EVALUATIONS/AUDITS

The Vendor, at the discretion of the DOI, may be subject to performance evaluations or audits in a format and at a frequency prescribed by the DOI.

Any audit review under this agreement, except to the extent that such provisions are contrary to rights specifically granted under HIPAA, will be conducted at mutually convenient times and locations and in a manner that does not disrupt the Vendor's business operations. DOI agrees to keep information disclosed to it in the course of the audit review confidential from all third parties, except for any third party participating in the audit review with the Vendor's consent as described below.

The Vendor understands that DOI may wish to engage a third party to assist it in conducting the audit review. No third party may participate in the review unless DOI obtains the Vendor's prior consent and the third party enters into an appropriate confidentiality agreement with it. DOI understands that the Vendor will not consent to the participation of any third party offering services or products that compete with the Vendor's own services.

INVOICES

No payment shall be made on any personal service contract unless the Vendor submits an invoice for payment on a form prescribed by the DOI or the Government Contract Review Committee of the Legislative Research Commission.

Invoices shall be submitted at least every ninety (90) days. Separate invoices shall be submitted for each distinct matter covered by the personal service contract, and shall be signed by the individual responsible for that matter.

Each invoice shall contain the following information:

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1. A description of the matter covered by the invoice;
2. The date each service was performed;
3. A full description of each service;
4. The name and title of each individual who worked on the matter, and the time the individual spent on the matter;
5. The subject matter and recipient of any correspondence;
6. A full description of any work product produced, designating the way in which the work product is associated with the matter being invoiced;
7. The hourly rate for each individual working on the matter, and the total charge for that individual for each matter invoiced;
8. An itemized list of all disbursements to be reimbursed by the state for each matter invoiced;
9. A total charge for each matter;
10. The combined total for services and disbursements for the billing period;
11. The tax identification number of the Vendor awarded the personal service contract; and
12. An indication on each invoice of whether or not the invoice is final.

The issuance of an invoice to the Commonwealth constitutes an affirmation by the Vendor awarded the personal service contract that the invoice truly and accurately represents work actually performed, and expenses actually incurred.

PAYMENT

The DOI agrees to pay the following rates for actuarial services provided:

Staff Member	Hourly Billing Rate for FY2011	Hourly Billing Rate for FY2012
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Ronald D. Burkhart, ASA, MAAA (Will perform 90% of work.)	\$198	\$198
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D. Dale Hyers, FSA, MAAA. CLU (Will perform 10% of work.)	\$248	\$248
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All services shall be performed by the individuals listed in the submission to the request for proposal. Services provided by any other individual or entity shall require the prior written approval of the DOI. The DOI and the Vendor shall reach an agreement as to the applicable actuarial fee to any work assignment.

The hourly rate will not be paid for travel time to or from a worksite. Travel time to and from home/office to the DOI main office is not a payable expense. Further, the Vendor shall not be paid for time spent at lunch or on other breaks.

Partial billing of actuarial fees shall be allowed in quarter hour increments.

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For FY2011 the expenses under this section shall not exceed a sum of \$320,500.

For FY2012 the expenses under this section shall not exceed a sum of \$320,500.

TAXES

The Vendor shall pay all applicable taxes.

TRAINING

The Vendor is responsible for his/her training obligations to ensure that qualifications are maintained and that Vendor continues to meet the eligibility requirements of the position. DOI may require the Vendor to attend training, seminars, and trade group or regulator meetings. In those cases, DOI will reimburse the Vendor in accordance with the travel provisions outlined in this RFP.

TRAVEL

The Vendor shall not be paid travel expenses unless and except as specifically authorized as follows:

DOI may require the Vendor to work at job sites other than the DOI's main office, or attend training, seminars, and trade group or regulator meetings. In those cases, DOI will reimburse the Vendor for airfare at coach or tourist class, and other related transportation costs as allowable such as lodging, meals, and taxi fares, etc. All allowed travel expenses, including mileage allowances, shall be paid in accordance with 200 KAR 2:006.

When the assignment requires the Vendor to work in the DOI main office, coach airfare and lodging are allowable at actual cost. Lodging and meals will only be reimbursed when overnight travel is required, and approved in advance by DOI.

Allowable travel expenses include the following:

- a. Airfare coach class at actual cost (receipt required)
- b. Lodging at actual cost (receipt required)
- c. Meals and mileage at the rate allowed per 200 KAR 2:006 state travel regulations.
- d. Taxi fares

For FY2011, the travel expenses under this section shall not exceed \$13,500.

For FY2012, the travel expenses under this section shall not exceed \$13,500.

SPENDING LIMIT/CHANGE OF PROJECT SCOPE

If at any point after a contract has been executed the Vendor concludes that its fees or travel expenses will exceed the limits herein, the Vendor shall promptly discuss the situation with DOI. Any estimate the Vendor may provide to DOI on a particular project does not include its charges for any significant changes in scope, deliverables, or time requirements.

SUBCONTRACTORS

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The Vendor shall make no subcontract with any other party to fulfill the obligations as set out under this contract.

INSURANCE

The Vendor shall maintain such liability or other insurance as is reasonably necessary in Vendor's judgment to provide adequate coverage against losses and liabilities attributable to acts and/or omissions of Vendor in the performance of the Vendor's duties. The Vendor shall determine whether and in what amounts to purchase such insurance using sound judgment considering its financial circumstances, the extent of risk, and the availability of coverage at commercially reasonable rates. Vendor shall provide DOI evidence of any such coverage upon request.

The DOI shall neither provide nor reimburse the Vendor for liability, workers' compensation, or other insurance coverage.

MEDIATION [actuarial contracts – if required by actuary]

The parties agree that they will work in good faith to resolve any disputes arising under this agreement. If a dispute cannot be resolved by the parties, the matter will be submitted to non-binding mediation within 60 days of the dispute before the parties pursue any other remedies. The mediation shall be held before a panel of three neutral and independent mediators. One mediator shall be selected by the Vendor, one by the DOI, and the third mediator selected by the first two mediators.

LIMITATION OF LIABILITY [actuarial contracts -- if required by actuary]

The Vendor shall perform the services outlined in this contract in accordance with accepted professional standards and, in doing so, shall not be liable to the DOI for damages in excess of three times the professional fees paid to the Vendor by the DOI.

CONFIDENTIALITY OF CONTRACT TERMS

The Vendor and the DOI agree that all information communicated between them before the effective date of the contract shall be received in strict confidence and shall not be disclosed by the receiving party, its agents, or employees, without prior written consent of the other party. Such information shall be kept confidential subject to DOI and federal information disclosure laws. Upon signing of the contract by both parties, the terms of the contract become available to the public, pursuant to the provisions of KRS 61.870.

NONDISCLOSURE

To enable Vendor to perform its services, the DOI shall promptly provide the Vendor with such direction, materials, information, and access to its representatives as Vendor reasonably requests or, in the case of examinations or other investigations of insurance carriers, support contractor in obtaining such insurance carriers' materials, information, and access to carriers' respective representatives. Vendor does not take responsibility for verifying the accuracy or completeness of information supplied to it by DOI, its representatives, insurance carriers, or their respective representatives. If the Vendor receives inaccurate, incomplete, or improperly formatted information, any additional time and expenses required to correct the information will be billed to DOI as additional services.

Vendor agrees to take reasonable precautions, including the same precautions it takes to protect its own

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confidential information, to ensure that it does not disclose to any third party any information that DOI identifies as confidential and discloses to Vendor in the course of the engagement with Vendor, about its business operations and employees, unless Vendor first obtains DOI's consent. Similarly, Vendor agrees to take reasonable precautions, including the same precautions it takes to protect its own confidential information, to ensure that it does not disclose to any third party any information that an insurance carrier identifies as confidential and discloses to Vendor in the course of this engagement, about its business operations and employees, unless it first obtains such insurance carrier's consent. Vendor's obligations will not apply to any of the following: (a) information already known to it at the time of disclosure; (b) information in the public domain or available to the public; (c) information available to it from third parties without any nondisclosure obligation to DOI and/or an insurance carrier that is known to Vendor; or (d) information independently developed by Vendor.

If any court or regulatory order or other service of legal process requires the Vendor to disclose information covered by its confidentiality obligation, then Vendor may make any disclosure required by law. The Vendor shall provide DOI with prompt notice of any such order or process and cooperate with it, at its expense, in responding to it.

CONFIDENTIAL INFORMATION

The Vendor shall comply with the provisions of the Privacy Act of 1974 (5 U.S.C. 552) to keep confidential information concerning client data, the business of the DOI, its financial affairs, its relations with its citizens and employees, as well as any other information which may be specifically classified as confidential by the DOI in writing to the Vendor. All federal and state laws and regulations related to confidentiality shall be applicable to the Vendor.

MULTIPLE AWARDS

DOI reserves the right to award contracts to multiple Vendors.

CANCELLATION

Contracts shall be terminated in accordance with the provisions of 200 KAR 5:312. The Commonwealth may terminate a contract for convenience if the purchasing officer has determined that termination will be in the Commonwealth's best interests. The Commonwealth shall provide the contractor thirty (30) calendar days written notice of termination of the contract, unless the secretary of the Finance and Administration Cabinet, or his designee, makes a written determination that a shorter notice of termination for convenience is in the best interest of the commonwealth.

All records, reports, documents, equipment, or other materials delivered or transmitted to the Vendor by the DOI shall remain the property of the DOI and shall be promptly returned to the DOI by the Vendor, at the Vendor's own expense, upon termination of this contract.

The Vendor shall be entitled to payment for work performed up to the date of termination, provided that the work assigned to the Vendor has been performed in a manner that is satisfactory to the DOI, all property and/or equipment of the DOI has been returned, and the Vendor has complied with the terms of this contract.

KENTUCKY EEO ACT

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Vendors are obligated to comply with the Kentucky EEO Act (Act), KRS 45.560 – 45.640 on state contracts that exceed \$250,000. No contract award shall become effective until all required forms are satisfactorily submitted and the Office of EEO and Contract Compliance has certified compliance.

Failure to comply with the Act may result in non-award, withdrawal of award, cessation of contract payments, etc.

Vendors must submit the following documents in accordance with the requirements of the solicitation—EEO-1: Employer Information Report, Affidavit of Intent to Comply, Employee Data Sheet and Subcontractor Report OR a copy of the Kentucky EEO Approval Letter issued by the Finance and Administration Cabinet, Office of EEO and Contract Compliance.

Vendors may obtain copies of the required EEO documents and instructions for completing the required forms from the Finance and Administration Cabinet’s e-Procurement Web page under Vendor Information, Standard Attachments and General Terms at the following address: eProcurement.ky.gov.

Vendors must advise each subcontractor/Vendor—with a subcontract of more than \$250,000—of the subcontractor’s obligation to comply with the KY EEO Act. Further, Vendors are responsible for compiling EEO documentation from their subcontractors/Vendors and submitting the documentation to the Finance and Administration Cabinet, Office of EEO and Contract Compliance.

Failure to complete, sign and submit all required documents will delay the award process as incomplete submissions will not be processed.

Pursuant to KRS 45.610 (2), the Finance and Administration Cabinet, Office of EEO and Contract Compliance reserves the right to request additional information and/or documentation and to conduct on-site monitoring reviews of project sites and/or business facilities at any point for the duration of any contract which exceeds \$250,000 to ascertain compliance with the Act and such rules, regulations and orders issued pursuant thereto.

All questions regarding EEO forms or contract compliance issues must be directed to the Finance and Administration Cabinet, Office of EEO and Contract Compliance via e-mail: Finance.ContractCompliance@ky.gov or via telephone: (502) 564-2874.

CERTIFICATIONS INCORPORATED INTO CONTRACT

All attachments signed by the Vendor in response to the Request for Proposal are considered a part of this contract and are incorporated herein.

HIPAA PRIVACY PROVISIONS

Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, 45 CFR Parts 160 and 164 (“HIPAA Privacy Rule”) Provision:

Sections 261 through 264 of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, known as “the Administrative Simplification provisions,” direct the Department of Health and Human Services to develop standards to protect the security, confidentiality and integrity of health information; and pursuant to the Administrative Simplification provisions, the Secretary of Health and Human Services has issued regulations modifying 45 CFR Parts 160 and 164 (the “HIPAA Privacy Rule”).

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This STATE AGENCY is a "Hybrid Covered Entity" (hereafter "CE"). To the extent Contractor is State Agency's Business Associate (hereafter "BA"), this Agreement, in part, is intended to provide satisfactory assurance that Contractor will appropriately safeguard PHI in conformance with applicable provisions of the HIPAA Privacy Rule.

BA may have access to Protected Health Information (as defined below) in fulfilling its responsibilities under this Agreement;

Any and all capitalized terms in this Section shall have the definitions set forth in the HIPAA Privacy Rule.

The term "Protected Health Information" (hereafter "PHI") means individually identifiable health information including, without limitation, all information, data, documentation, and materials, including without limitation, demographic, medical and financial information, that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual. PHI shall include identifiable health information relating to a member of Kentucky Access.

BA acknowledges and agrees that all PHI that is created or received by CE and disclosed or made available in any form, including paper record, oral communication, audio recording, and electronic display by CE or its operating units to BA or is created or received by BA on CE's behalf shall be subject to this Agreement.

I. CONFIDENTIALITY REQUIREMENTS

(A) BA agrees:

- (i) to use or disclose any PHI solely (1) for meeting its obligations as set forth in any agreements between the Parties evidencing their business relationship, or (2) as required by applicable law, rule or regulation, or by accrediting or credentialing organization to whom CE is required to disclose such information or as otherwise is permitted under this Agreement, or the HIPAA Privacy Rule;
- (ii) at termination of this Agreement, (or any similar documentation of the business relationship of the Parties, or upon request of CE, whichever occurs first, if feasible, BA will return or destroy all PHI received from or created or received by BA on behalf of CE that BA still maintains in any form and retain no copies of such information, or if such return or destruction is not feasible, BA will extend the protections of this Agreement to the information and limit further uses and disclosures to those purposes that make the return or destruction of the information not feasible; and
- (iii) to ensure that its agents, including a subcontractor, to whom it provides PHI received from or created by BA on behalf of CE, agrees to the same restrictions and conditions that apply to BA with respect to such information. In addition, BA agrees to take reasonable steps to ensure that its employees' actions or omissions do not cause BA to breach the terms of this Agreement.

(B) Notwithstanding the prohibitions set forth in this Agreement, BA may use and disclose PHI as follows:

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(i) if necessary, for the proper management and administration of BA or to carry out the legal responsibilities of BA, provided that as to any such disclosure, the following requirements are met:

(a) the disclosure is required by law; or

(b) BA obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies BA of any instances of which it is aware in which the confidentiality of the information has been breached:

(ii) for data aggregation services, if to be provided by BA for the health care operations of CE pursuant to any agreements between the Parties evidencing their business relationship. For purposes of this Agreement, data aggregation services means the combining of PHI by BA with the PHI received by BA in its capacity as a BA of another CE, to permit data analyses that relate to the health care operations of the respective covered entities.

(C) BA will implement appropriate safeguards to prevent use or disclosure of PHI other than as permitted in this Agreement. The Secretary of Health and Human Services shall have the right to audit BA's records and practices related to use and disclosure of PHI to ensure CE's compliance with the terms of the HIPAA Privacy Rule. BA shall report to CE any use or disclosure of PHI which is not in compliance with the terms of this Agreement of which it becomes aware.

II. AVAILABILITY OF PHI

BA agrees to make available PHI to the extent and in the manner required by Section 164.524 of the HIPAA Privacy Rule. BA agrees to make PHI available for amendment and incorporate any amendments to PHI in accordance with the requirements of Section 164.526 of the HIPAA Privacy Rule. In addition, BA agrees to make PHI available for purposes of accounting of disclosures, as required by Section 164.528 of the HIPAA Privacy Rule.

IV. TERMINATION

Notwithstanding anything in this Agreement to the contrary, CE shall have the right to terminate this Agreement immediately if CE determines that BA has violated any material term of this Agreement. If CE reasonably believes that BA will violate a material term of this Agreement and, where practicable, CE gives written notice to BA of such belief within a reasonable time after forming such belief, and BA fails to provide adequate written assurances to CE that it will not breach the cited term of this Agreement within a reasonable period of time given the specific circumstances, but in any event, before the threatened breach is to occur, then CE shall have the right to terminate this Agreement immediately.

V. MISCELLANEOUS

Except as expressly stated herein or the HIPAA Privacy Rule, the Parties to this Agreement do not intend to create any rights in any third parties. The obligations of BA under the Section shall survive the expiration, termination, or cancellation of this Agreement, and/or the business relationship of the Parties, and shall continue to bind BA, its agents, employees, contractors, successors, and assigns as set forth herein.

This Agreement may be amended or modified only in writing signed by the Parties. No Party may assign

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its respective rights and obligations under this Agreement without the prior written consent of the other Party. None of the provisions of this Agreement are intended to create, nor will they be deemed to create any relationship between the Parties other than that of independent parties contracting with each other solely for the purposes of effecting the provisions of this Agreement and any other agreements between the Parties evidencing their business relationship. This Agreement will be governed by the laws of the Commonwealth of Kentucky. No change, waiver or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any other occasion.

The parties agree that, in the event that any documentation of the arrangement pursuant to which BA provides services to CE contains provisions relating to the use or disclosure of PHI which are more restrictive than the provisions of this Agreement, the provisions of the more restrictive documentation will control. The provisions of this Agreement are intended to establish the minimum requirements regarding BA's use and disclosure of PHI.

In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event a party believes in good faith that any provision of this Agreement fails to comply with the then-current requirements of the HIPAA Privacy Rule, such party shall notify the other party in writing. For a period of up to thirty days, the parties shall address in good faith such concern and amend the terms of this Agreement, if necessary to bring it into compliance. If, after such thirty-day period, the Agreement fails to comply with the HIPAA Privacy Rule, then either party has the right to terminate upon written notice to the other party.

PERSONAL SERVICE CONTRACT CLAUSES

The Vendor shall comply with the following personal service contract clauses:

PSC Standard Terms and Conditions

Whereas, the first party, the state agency, has concluded that either state personnel are not available to perform said function, or it would not be feasible to utilize state personnel to perform said function; and

Whereas, the second party, the contractor, is available and qualified to perform such function; and

Whereas, for the abovementioned reasons, the state agency desires to avail itself of the services of the second party;

NOW THEREFORE, the following terms and conditions are applicable to this contract:

Effective Date:

This agreement is not effective until the Secretary of the Finance and Administration Cabinet or his authorized designee has approved the contract and until the contract has been submitted to the Legislative Research Commission, Government Contract Review Committee ("LRC").

Payments on personal service contracts and memoranda of agreement shall not be authorized for services rendered after government contract review committee disapproval, unless the decision of the committee is overridden by the Secretary of the Finance and Administration Cabinet or agency head, if the agency has been granted delegation authority by the Secretary.

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Renewals:

Upon expiration of the initial term, the contract may be renewed in accordance with the terms and conditions in the original solicitation. Renewal shall be subject to prior approval from the Secretary of the Finance and Administration Cabinet or his authorized designee and the LRC Government Contract Review Committee in accordance with KRS 45A.695 and KRS 45A.705, and contingent upon available funding.

LRC Policies:

Pursuant to KRS 45A.725, LRC has established policies which govern rates payable for certain professional services. These are located on the LRC webpage (<http://www.lrc.ky.gov/Statcomm/Contracts/homepage.htm>) and would impact any contract established under KRS 45A.690 et seq., where applicable.

Choice of Law and Forum:

All questions as to the execution, validity, interpretation, construction and performance of this agreement shall be governed by the laws of the Commonwealth of Kentucky. Furthermore, the parties hereto agree that any legal action which is brought on the basis of this agreement shall be filed in the Franklin County Circuit Court of the Commonwealth of Kentucky.

Cancellation:

The state agency shall have the right to terminate and cancel this agreement at any time not to exceed thirty (30) days' written notice served on the contractor by registered or certified mail.

Funding Out Provision:

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the contractor thirty (30) calendar days written notice of termination of the contract.

Authorized to do Business in Kentucky:

The contractor affirms that it is properly authorized under the laws of the Commonwealth of Kentucky to conduct business in this state and will remain in good standing to do business in the Commonwealth of Kentucky for the duration of any contract awarded.

Invoices for fees:

The contractor shall maintain supporting documents to substantiate invoices and shall furnish same if required by state government.

Travel expenses, if authorized:

The contractor shall be paid for no travel expenses unless and except as specifically authorized by the specifications of the contract.

Other expenses, if authorized herein:

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The contractor shall be reimbursed for no other expenses of any kind, unless and except as specifically authorized within the specifications of the contract.

If the reimbursement of such expenses is authorized, the reimbursement shall be only on an out-of-pocket basis. Request for payment of same shall be processed upon receipt from the contractor of valid, itemized statements submitted periodically for payment at the time any fees are due. The contractor shall maintain supporting documents that substantiate every claim for expenses and shall furnish same if requested by state government.

- Invoicing for fee: the contractor's fee shall be original invoice(s) and shall be documented by the contractor. The invoice(s) must conform to the method described in the specifications of the contract.
- Invoicing for travel expenses: the contractor must follow instructions described in the specifications of the contract. Either original or certified copies of receipts must be submitted for airline tickets, motel bills, restaurant charges, rental car charges, and any other miscellaneous expenses.
- Invoicing for miscellaneous expenses: the contractor must follow instructions prescribed in the specifications of the contract. Expenses submitted shall be documented by original or certified copies.

Purchasing and specifications:

The contractor certifies that he will not attempt in any manner to influence any specifications to be restrictive in any way or respect nor will he attempt in any way to influence any purchasing of services, commodities or equipment by the Commonwealth of Kentucky. For the purpose of this paragraph and the following paragraph that pertains to conflict-of interest laws and principles, "he" is construed to mean "they" if more than one person is involved and if a firm, partnership, corporation, or other organization is involved, then "he" is construed to mean any person with an interest therein.

Conflict-of-interest laws and principles:

The contractor certifies that he is legally entitled to enter into this contract with the Commonwealth of Kentucky, and by holding and performing this contract will not be violating either any conflict of interest statute (KRS 45A.330-45A.340, 45A.990, 164.390), or KRS 11A.040 of the executive branch code of ethics, relating to the employment of former public servants.

Campaign finance:

The contractor certifies that neither he/she nor any member of his/her immediate family having an interest of 10% or more in any business entity involved in the performance of this contract, has contributed more than the amount specified in KRS 121.056(2), to the campaign of the gubernatorial candidate elected at the election last preceding the date of this contract. The contractor further swears under the penalty of perjury, as provided by KRS 523.020, that neither he/she nor the company which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth, and that the award of a contract to him/her or the company which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.

Certification:

The state agency certifies that it is in compliance with the provisions of KRS 45A.695. "Access to contractor's books, documents, papers, records, or other evidence directly pertinent to the contract". The

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contractor, as defined in KRS 45A.030(9), agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Furthermore, any books, documents, papers, records, or other evidence provided to the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, or the Legislative Research Commission which are directly pertinent to the contract shall be subject to public disclosure regardless of the proprietary nature of the information, unless specific information is identified and exempted and agreed to by the Secretary of the Finance and Administration Cabinet as meeting the provisions of KRS 61.878(1)(c) prior to the execution of the contract. The Secretary of the Finance and Administration Cabinet shall not restrict the public release of any information which would otherwise be subject to public release if a state government agency was providing the services.

Protest:

Pursuant to KRS 45A.285, The Secretary of the Finance and Administration Cabinet, or his designee, shall have authority to determine protests and other controversies of actual or prospective Vendors in connection with the solicitation or selection for award of a Master Agreement or Contract.

Any actual or prospective Vendor, who is aggrieved in connection with the solicitation or selection for award of a Master Agreement or Contract, may file protest with the Secretary of the Finance and Administration Cabinet. A protest or notice of other controversy must be filed promptly and in any event within two (2) calendar weeks after such aggrieved person knows or should have known of the facts giving rise thereto. All protests or notices of other controversies must be in writing and shall be addressed to:

Jonathan Miller, Secretary
Commonwealth of Kentucky
Finance and Administration Cabinet
Room 383, New Capitol Annex
702 Capitol Avenue
Frankfort, KY 40601
Phone #: (502) 564-4240
Fax #: (502) 564-6785

The Secretary of Finance and Administration Cabinet shall promptly issue a decision in writing. A copy of that decision shall be mailed or otherwise furnished to the aggrieved party and shall state the reasons for the action taken.

The decision by the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

Social security: (check one)

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_____ the parties are cognizant that the state is not liable for social security contributions pursuant to 42 U.S. Code, section 418, relative to the compensation of the second party for this contract.

_____ the parties are cognizant that the state is liable for social security contributions pursuant to 42 U.S. Code, section 418, relative to the compensation of the second party for this contract.

Violation of tax and employment laws:

KRS 45A.485 requires the contractor to reveal to the Commonwealth, prior to the award of a contract, any final determination of a violation by the contractor within the previous five (5) year period of the provisions of KRS chapters 136, 139, 141, 337, 338, 341, and 342. These statutes relate to the state sales and use tax, corporate and utility tax, income tax, wages and hours laws, occupational safety and health laws, unemployment insurance laws, and workers compensation insurance laws, respectively.

To comply with the provisions of KRS 45A.485, the contractor shall report any such final determination(s) of violation(s) to the Commonwealth by providing the following information regarding the final determination(s): the KRS violated, the date of the final determination, and the state agency which issued the final determination.

KRS 45A.485 also provides that, for the duration of any contract, the contractor shall be in continuous compliance with the provisions of those statutes which apply to the contractor's operations, and that the contractor's failure to reveal a final determination as described above or failure to comply with the above statutes for the duration of the contract, shall be grounds for the Commonwealth's cancellation of the contract and the contractor's disqualification from eligibility for future state contracts for a period of two (2) years.

Contractor must check one:

_____ The contractor has not violated any of the provisions of the above statutes within the previous five (5) year period.

_____ the contractor has violated the provisions of one or more of the above statutes within the previous five (5) year period and has revealed such final determination(s) of violation(s). A list of such determination(s) is attached.

Discrimination:

Discrimination (because of race, religion, color, national origin, sex, age, or disability) prohibited. This section applies only to contracts utilizing federal funds, in whole or in part. During the performance of this contract, the contractor agrees as follows:

1. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex or age. The contractor further agrees to comply with the provisions of the Americans with Disabilities Act (ADA), Public Law 101-336, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified disabled individuals under any program or activity. The contractor agrees to provide, upon request, needed reasonable accommodations. The contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, age or disability. Such action shall include, but not be limited to the following; employment,

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upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensations; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

2. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, age or disability.

3. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.

4. The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965 as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

5. The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

6. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in or as otherwise provided by law.

7. The contractor will include the provisions of paragraphs (1) through (7) of section 202 of Executive Order 11246 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor, issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Contractor must check one:

_____ The contractor has not violated any of the provisions of the above statutes within the previous five (5) year period.

_____ The contractor has violated the provisions of one or more of the above statutes within the previous five (5) year period and has revealed such final determination(s) of violation(s). A list of such

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determination(s) is attached

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SIGNATURES

D. Dale Hyers

Wakely Consulting Group

Contractor

Sharron Burton

General Counsel

Office of Legal Services Division of Insurance

Sharon Clark

Commissioner

Department of Insurance

Larry R. Bond

Deputy Secretary

Public Protection Cabinet

General Counsel

Office of Legal Services

Public Protection Cabinet

EXHIBIT 16

Records; Inspection; Destruction; Subject to
Open Records Act

KRS 304.2-150

304.2-150 Records -- Inspection -- Destruction -- Subject to Open Records Act.

- (1) The executive director shall carefully preserve in the office and in permanent form, a correct account of all his transactions and of all fees and moneys received by him by virtue of his office, together with all financial statements, examination reports, correspondence, filings, and documents duly received by the office. The executive director shall hand the same over to his successor in office.
- (2) The executive director shall keep a suitable record of all insurer certificates of authority and of all licenses issued under this code, together with all applicable suspensions and revocations and of the causes thereof.
- (3) Unless otherwise provided by law, records of the office shall be open to the extent provided by the Kentucky Open Records Act, KRS 61.872 to 61.884:
 - (a) The following records shall be open:
 1. Rate and form filings and information filed in support thereof;
 2. Other records as provided by law; and
 3. All information filed by the office with the National Association of Insurance Commissioners, which that association makes available;
 - (b) The following records shall be closed:
 1. All information received in confidence from insurance supervisory officials of other states or countries, or the National Association of Insurance Commissioners, including, but not limited to, information from the insurance regulatory information system. However, records described in this paragraph may be used by the executive director in enforcement prosecutions and proceedings for disciplinary action, and may be disclosed to other law enforcement authorities; and
 2. Other records as provided by law; and
 - (c) When inspection of office records is denied, any person challenging the denial shall follow the procedures set forth in the Kentucky Open Records Act, KRS 61.872 to 61.884.
- (4) After five (5) years, the executive director may destroy unneeded or obsolete records and filings in the office.
- (5) The office shall not charge a fee inconsistent with fees charged by other state agencies for copies of records requested by the public pursuant to this section.

Effective: July 14, 2000

History: Amended 2000 Ky. Acts ch. 380, sec. 29, effective July 14, 2000. -- Amended 1994 Ky. Acts ch. 93, sec. 1, effective July 15, 1994; and ch. 496, sec. 2, effective July 15, 1994. -- Amended 1986 Ky. Acts ch. 437, sec. 4, effective July 15, 1986. -- Created 1970 Ky. Acts ch. 301, subtit. 2, sec. 15, effective June 18, 1970.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

EXHIBIT 17

Kentucky Open Records Act

KRS 61.872 - 884

61.870 Definitions for KRS 61.872 to 61.884.

As used in KRS 61.872 to 61.884, unless the context requires otherwise:

- (1) "Public agency" means:
 - (a) Every state or local government officer;
 - (b) Every state or local government department, division, bureau, board, commission, and authority;
 - (c) Every state or local legislative board, commission, committee, and officer;
 - (d) Every county and city governing body, council, school district board, special district board, and municipal corporation;
 - (e) Every state or local court or judicial agency;
 - (f) Every state or local government agency, including the policy-making board of an institution of education, created by or pursuant to state or local statute, executive order, ordinance, resolution, or other legislative act;
 - (g) Any body created by state or local authority in any branch of government;
 - (h) Any body which derives at least twenty-five percent (25%) of its funds expended by it in the Commonwealth of Kentucky from state or local authority funds;
 - (i) Any entity where the majority of its governing body is appointed by a public agency as defined in paragraph (a), (b), (c), (d), (e), (f), (g), (h), (j), or (k) of this subsection; by a member or employee of such a public agency; or by any combination thereof;
 - (j) Any board, commission, committee, subcommittee, ad hoc committee, advisory committee, council, or agency, except for a committee of a hospital medical staff, established, created, and controlled by a public agency as defined in paragraph (a), (b), (c), (d), (e), (f), (g), (h), (i), or (k) of this subsection; and
 - (k) Any interagency body of two (2) or more public agencies where each public agency is defined in paragraph (a), (b), (c), (d), (e), (f), (g), (h), (i), or (j) of this subsection;
- (2) "Public record" means all books, papers, maps, photographs, cards, tapes, discs, diskettes, recordings, software, or other documentation regardless of physical form or characteristics, which are prepared, owned, used, in the possession of or retained by a public agency. "Public record" shall not include any records owned or maintained by or for a body referred to in subsection (1)(h) of this section that are not related to functions, activities, programs, or operations funded by state or local authority;
- (3) (a) "Software" means the program code which makes a computer system function, but does not include that portion of the program code which contains public records exempted from inspection as provided by KRS 61.878 or specific addresses of files, passwords, access codes, user identifications, or any other mechanism for controlling the security or restricting access to public records in the public agency's computer system.

- (b) "Software" consists of the operating system, application programs, procedures, routines, and subroutines such as translators and utility programs, but does not include that material which is prohibited from disclosure or copying by a license agreement between a public agency and an outside entity which supplied the material to the agency;
- (4) (a) "Commercial purpose" means the direct or indirect use of any part of a public record or records, in any form, for sale, resale, solicitation, rent, or lease of a service, or any use by which the user expects a profit either through commission, salary, or fee.
 - (b) "Commercial purpose" shall not include:
 - 1. Publication or related use of a public record by a newspaper or periodical;
 - 2. Use of a public record by a radio or television station in its news or other informational programs; or
 - 3. Use of a public record in the preparation for prosecution or defense of litigation, or claims settlement by the parties to such action, or the attorneys representing the parties;
- (5) "Official custodian" means the chief administrative officer or any other officer or employee of a public agency who is responsible for the maintenance, care and keeping of public records, regardless of whether such records are in his actual personal custody and control;
- (6) "Custodian" means the official custodian or any authorized person having personal custody and control of public records;
- (7) "Media" means the physical material in or on which records may be stored or represented, and which may include, but is not limited to paper, microform, disks, diskettes, optical disks, magnetic tapes, and cards; and
- (8) "Mechanical processing" means any operation or other procedure which is transacted on a machine, and which may include, but is not limited to a copier, computer, recorder or tape processor, or other automated device.

Effective: July 15, 1994

History: Amended 1994 Ky. Acts ch. 262, sec. 2, effective July 15, 1994. -- Amended 1992 Ky. Acts ch. 163, sec. 2, effective July 14, 1992. -- Amended 1986 Ky. Acts ch. 150, sec. 2, effective July 15, 1986. -- Created 1976 Ky. Acts ch. 273, sec. 1.

61.871 Policy of KRS 61.870 to 61.884 -- Strict construction of exceptions of KRS 61.878.

The General Assembly finds and declares that the basic policy of KRS 61.870 to 61.884 is that free and open examination of public records is in the public interest and the exceptions provided for by KRS 61.878 or otherwise provided by law shall be strictly construed, even though such examination may cause inconvenience or embarrassment to public officials or others.

Effective: July 14, 1992

History: Created 1992 Ky. Acts ch. 163, sec. 1, effective July 14, 1992.

61.8715 Legislative findings.

The General Assembly finds an essential relationship between the intent of this chapter and that of KRS 171.410 to 171.740, dealing with the management of public records, and of KRS 42.720 to 42.742, 45.253, 171.420, 186A.040, 186A.285, and 194A.146, dealing with the coordination of strategic planning for computerized information systems in state government; and that to ensure the efficient administration of government and to provide accountability of government activities, public agencies are required to manage and maintain their records according to the requirements of these statutes. The General Assembly further recognizes that while all government agency records are public records for the purpose of their management, not all these records are required to be open to public access, as defined in this chapter, some being exempt under KRS 61.878.

Effective: June 25, 2009

History: Amended 2009 Ky. Acts ch. 12, sec. 32, effective June 25, 2009. -- Amended 2005 Ky. Acts ch. 99, sec. 16, effective June 20, 2005. -- Amended 2000 Ky. Acts ch. 506, sec. 17, effective July 14, 2000; and ch. 536, sec. 17, effective July 14, 2000. -- Created 1994 Ky. Acts ch. 262, sec. 1, effective July 15, 1994.

61.872 Right to inspection -- Limitation.

- (1) All public records shall be open for inspection by any person, except as otherwise provided by KRS 61.870 to 61.884, and suitable facilities shall be made available by each public agency for the exercise of this right. No person shall remove original copies of public records from the offices of any public agency without the written permission of the official custodian of the record.
- (2) Any person shall have the right to inspect public records. The official custodian may require written application, signed by the applicant and with his name printed legibly on the application, describing the records to be inspected. The application shall be hand delivered, mailed, or sent via facsimile to the public agency.
- (3) A person may inspect the public records:
 - (a) During the regular office hours of the public agency; or
 - (b) By receiving copies of the public records from the public agency through the mail. The public agency shall mail copies of the public records to a person whose residence or principal place of business is outside the county in which the public records are located after he precisely describes the public records which are readily available within the public agency. If the person requesting the public records requests that copies of the records be mailed, the official custodian shall mail the copies upon receipt of all fees and the cost of mailing.
- (4) If the person to whom the application is directed does not have custody or control of the public record requested, that person shall notify the applicant and shall furnish the name and location of the official custodian of the agency's public records.
- (5) If the public record is in active use, in storage or not otherwise available, the official custodian shall immediately notify the applicant and shall designate a place, time, and date for inspection of the public records, not to exceed three (3) days from receipt of the application, unless a detailed explanation of the cause is given for further delay and the place, time, and earliest date on which the public record will be available for inspection.
- (6) If the application places an unreasonable burden in producing public records or if the custodian has reason to believe that repeated requests are intended to disrupt other essential functions of the public agency, the official custodian may refuse to permit inspection of the public records or mail copies thereof. However, refusal under this section shall be sustained by clear and convincing evidence.

Effective: July 15, 1994

History: Amended 1994 Ky. Acts ch. 262, sec. 3, effective July 15, 1994. -- Amended 1992 Ky. Acts ch. 163, sec. 3, effective July 14, 1992. -- Created 1976 Ky. Acts ch. 273, sec. 2.

61.874 Abstracts, memoranda, copies -- Agency may prescribe fee -- Use of nonexempt public records for commercial purposes -- Online access.

- (1) Upon inspection, the applicant shall have the right to make abstracts of the public records and memoranda thereof, and to obtain copies of all public records not exempted by the terms of KRS 61.878. When copies are requested, the custodian may require a written request and advance payment of the prescribed fee, including postage where appropriate. If the applicant desires copies of public records other than written records, the custodian of the records shall duplicate the records or permit the applicant to duplicate the records; however, the custodian shall ensure that such duplication will not damage or alter the original records.
- (2)
 - (a) Nonexempt public records used for noncommercial purposes shall be available for copying in either standard electronic or standard hard copy format, as designated by the party requesting the records, where the agency currently maintains the records in electronic format. Nonexempt public records used for noncommercial purposes shall be copied in standard hard copy format where agencies currently maintain records in hard copy format. Agencies are not required to convert hard copy format records to electronic formats.
 - (b) The minimum standard format in paper form shall be defined as not less than 8 1/2 inches x 11 inches in at least one (1) color on white paper, or for electronic format, in a flat file electronic American Standard Code for Information Interchange (ASCII) format. If the public agency maintains electronic public records in a format other than ASCII, and this format conforms to the requestor's requirements, the public record may be provided in this alternate electronic format for standard fees as specified by the public agency. Any request for a public record in a form other than the forms described in this section shall be considered a nonstandardized request.
- (3) The public agency may prescribe a reasonable fee for making copies of nonexempt public records requested for use for noncommercial purposes which shall not exceed the actual cost of reproduction, including the costs of the media and any mechanical processing cost incurred by the public agency, but not including the cost of staff required. If a public agency is asked to produce a record in a nonstandardized format, or to tailor the format to meet the request of an individual or a group, the public agency may at its discretion provide the requested format and recover staff costs as well as any actual costs incurred.
- (4)
 - (a) Unless an enactment of the General Assembly prohibits the disclosure of public records to persons who intend to use them for commercial purposes, if copies of nonexempt public records are requested for commercial purposes, the public agency may establish a reasonable fee.
 - (b) The public agency from which copies of nonexempt public records are requested for a commercial purpose may require a certified statement from the requestor stating the commercial purpose for which they shall be used, and may require the requestor to enter into a contract with the agency. The

contract shall permit use of the public records for the stated commercial purpose for a specified fee.

- (c) The fee provided for in subsection (a) of this section may be based on one or both of the following:
 - 1. Cost to the public agency of media, mechanical processing, and staff required to produce a copy of the public record or records;
 - 2. Cost to the public agency of the creation, purchase, or other acquisition of the public records.
- (5) It shall be unlawful for a person to obtain a copy of any part of a public record for a:
 - (a) Commercial purpose, without stating the commercial purpose, if a certified statement from the requestor was required by the public agency pursuant to subsection (4)(b) of this section; or
 - (b) Commercial purpose, if the person uses or knowingly allows the use of the public record for a different commercial purpose; or
 - (c) Noncommercial purpose, if the person uses or knowingly allows the use of the public record for a commercial purpose. A newspaper, periodical, radio or television station shall not be held to have used or knowingly allowed the use of the public record for a commercial purpose merely because of its publication or broadcast, unless it has also given its express permission for that commercial use.
- (6) Online access to public records in electronic form, as provided under this section, may be provided and made available at the discretion of the public agency. If a party wishes to access public records by electronic means and the public agency agrees to provide online access, a public agency may require that the party enter into a contract, license, or other agreement with the agency, and may charge fees for these agreements. Fees shall not exceed:
 - (a) The cost of physical connection to the system and reasonable cost of computer time access charges; and
 - (b) If the records are requested for a commercial purpose, a reasonable fee based on the factors set forth in subsection (4) of this section.

Effective: July 15, 1994

History: Amended 1994 Ky. Acts ch. 262, sec. 4, effective July 15, 1994. -- Amended 1992 Ky. Acts ch. 163, sec. 4, effective July 14, 1992. -- Created 1976 Ky. Acts ch. 273, sec. 3.

61.8745 Damages recoverable by public agency for person's misuse of public records.

A person who violates subsections (2) to (6) of KRS 61.874 shall be liable to the public agency from which the public records were obtained for damages in the amount of:

- (1) Three (3) times the amount that would have been charged for the public record if the actual commercial purpose for which it was obtained or used had been stated;
- (2) Costs and reasonable attorney's fees; and
- (3) Any other penalty established by law.

Effective: July 15, 1994

History: Created 1994 Ky. Acts ch. 262, sec. 7, effective July 15, 1994.

61.876 Agency to adopt rules and regulations.

- (1) Each public agency shall adopt rules and regulations in conformity with the provisions of KRS 61.870 to 61.884 to provide full access to public records, to protect public records from damage and disorganization, to prevent excessive disruption of its essential functions, to provide assistance and information upon request and to insure efficient and timely action in response to application for inspection, and such rules and regulations shall include, but shall not be limited to:
 - (a) The principal office of the public agency and its regular office hours;
 - (b) The title and address of the official custodian of the public agency's records;
 - (c) The fees, to the extent authorized by KRS 61.874 or other statute, charged for copies;
 - (d) The procedures to be followed in requesting public records.
- (2) Each public agency shall display a copy of its rules and regulations pertaining to public records in a prominent location accessible to the public.
- (3) The Finance and Administration Cabinet may promulgate uniform rules and regulations for all state administrative agencies.

History: Created 1976 Ky. Acts ch. 273, sec. 4.

**61.878 Certain public records exempted from inspection except on order of court --
Restriction of state employees to inspect personnel files prohibited.**

- (1) The following public records are excluded from the application of KRS 61.870 to 61.884 and shall be subject to inspection only upon order of a court of competent jurisdiction, except that no court shall authorize the inspection by any party of any materials pertaining to civil litigation beyond that which is provided by the Rules of Civil Procedure governing pretrial discovery:
 - (a) Public records containing information of a personal nature where the public disclosure thereof would constitute a clearly unwarranted invasion of personal privacy;
 - (b) Records confidentially disclosed to an agency and compiled and maintained for scientific research. This exemption shall not, however, apply to records the disclosure or publication of which is directed by another statute;
 - (c)
 1. Upon and after July 15, 1992, records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records;
 2. Upon and after July 15, 1992, records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which are compiled and maintained:
 - a. In conjunction with an application for or the administration of a loan or grant;
 - b. In conjunction with an application for or the administration of assessments, incentives, inducements, and tax credits as described in KRS Chapter 154;
 - c. In conjunction with the regulation of commercial enterprise, including mineral exploration records, unpatented, secret commercially valuable plans, appliances, formulae, or processes, which are used for the making, preparing, compounding, treating, or processing of articles or materials which are trade commodities obtained from a person; or
 - d. For the grant or review of a license to do business.
 3. The exemptions provided for in subparagraphs 1. and 2. of this paragraph shall not apply to records the disclosure or publication of which is directed by another statute;
 - (d) Public records pertaining to a prospective location of a business or industry where no previous public disclosure has been made of the business' or industry's interest in locating in, relocating within or expanding within the Commonwealth. This exemption shall not include those records pertaining to application to agencies for permits or licenses necessary to do business or to

expand business operations within the state, except as provided in paragraph (c) of this subsection;

- (e) Public records which are developed by an agency in conjunction with the regulation or supervision of financial institutions, including but not limited to, banks, savings and loan associations, and credit unions, which disclose the agency's internal examining or audit criteria and related analytical methods;
- (f) The contents of real estate appraisals, engineering or feasibility estimates and evaluations made by or for a public agency relative to acquisition of property, until such time as all of the property has been acquired. The law of eminent domain shall not be affected by this provision;
- (g) Test questions, scoring keys, and other examination data used to administer a licensing examination, examination for employment, or academic examination before the exam is given or if it is to be given again;
- (h) Records of law enforcement agencies or agencies involved in administrative adjudication that were compiled in the process of detecting and investigating statutory or regulatory violations if the disclosure of the information would harm the agency by revealing the identity of informants not otherwise known or by premature release of information to be used in a prospective law enforcement action or administrative adjudication. Unless exempted by other provisions of KRS 61.870 to 61.884, public records exempted under this provision shall be open after enforcement action is completed or a decision is made to take no action; however, records or information compiled and maintained by county attorneys or Commonwealth's attorneys pertaining to criminal investigations or criminal litigation shall be exempted from the provisions of KRS 61.870 to 61.884 and shall remain exempted after enforcement action, including litigation, is completed or a decision is made to take no action. The exemptions provided by this subsection shall not be used by the custodian of the records to delay or impede the exercise of rights granted by KRS 61.870 to 61.884;
- (i) Preliminary drafts, notes, correspondence with private individuals, other than correspondence which is intended to give notice of final action of a public agency;
- (j) Preliminary recommendations, and preliminary memoranda in which opinions are expressed or policies formulated or recommended;
- (k) All public records or information the disclosure of which is prohibited by federal law or regulation;
- (l) Public records or information the disclosure of which is prohibited or restricted or otherwise made confidential by enactment of the General Assembly;
- (m) 1. Public records the disclosure of which would have a reasonable likelihood of threatening the public safety by exposing a vulnerability in preventing, protecting against, mitigating, or responding to a terrorist act and limited to:

- a. Criticality lists resulting from consequence assessments;
 - b. Vulnerability assessments;
 - c. Antiterrorism protective measures and plans;
 - d. Counterterrorism measures and plans;
 - e. Security and response needs assessments;
 - f. Infrastructure records that expose a vulnerability referred to in this subparagraph through the disclosure of the location, configuration, or security of critical systems, including public utility critical systems. These critical systems shall include but not be limited to information technology, communication, electrical, fire suppression, ventilation, water, wastewater, sewage, and gas systems;
 - g. The following records when their disclosure will expose a vulnerability referred to in this subparagraph: detailed drawings, schematics, maps, or specifications of structural elements, floor plans, and operating, utility, or security systems of any building or facility owned, occupied, leased, or maintained by a public agency; and
 - h. Records when their disclosure will expose a vulnerability referred to in this subparagraph and that describe the exact physical location of hazardous chemical, radiological, or biological materials.
2. As used in this paragraph, "terrorist act" means a criminal act intended to:
 - a. Intimidate or coerce a public agency or all or part of the civilian population;
 - b. Disrupt a system identified in subparagraph 1.f. of this paragraph; or
 - c. Cause massive destruction to a building or facility owned, occupied, leased, or maintained by a public agency.
 3. On the same day that a public agency denies a request to inspect a public record for a reason identified in this paragraph, that public agency shall forward a copy of the written denial of the request, referred to in KRS 61.880(1), to the executive director of the Office for Security Coordination and the Attorney General.
 4. Nothing in this paragraph shall affect the obligations of a public agency with respect to disclosure and availability of public records under state environmental, health, and safety programs.
 5. The exemption established in this paragraph shall not apply when a member of the Kentucky General Assembly seeks to inspect a public record identified in this paragraph under the Open Records Law; and

- (n) Public or private records, including books, papers, maps, photographs, cards, tapes, discs, diskettes, recordings, software, or other documentation regardless of physical form or characteristics, having historic, literary, artistic, or commemorative value accepted by the archivist of a public university, museum, or government depository from a donor or depositor other than a public agency. This exemption shall apply to the extent that nondisclosure is requested in writing by the donor or depositor of such records, but shall not apply to records the disclosure or publication of which is mandated by another statute or by federal law.
- (2) No exemption in this section shall be construed to prohibit disclosure of statistical information not descriptive of any readily identifiable person.
- (3) No exemption in this section shall be construed to deny, abridge, or impede the right of a public agency employee, including university employees, an applicant for employment, or an eligible on a register to inspect and to copy any record including preliminary and other supporting documentation that relates to him. The records shall include, but not be limited to, work plans, job performance, demotions, evaluations, promotions, compensation, classification, reallocation, transfers, layoffs, disciplinary actions, examination scores, and preliminary and other supporting documentation. A public agency employee, including university employees, applicant, or eligible shall not have the right to inspect or to copy any examination or any documents relating to ongoing criminal or administrative investigations by an agency.
- (4) If any public record contains material which is not excepted under this section, the public agency shall separate the excepted and make the nonexcepted material available for examination.
- (5) The provisions of this section shall in no way prohibit or limit the exchange of public records or the sharing of information between public agencies when the exchange is serving a legitimate governmental need or is necessary in the performance of a legitimate government function.

Effective: June 20 2005

History: Amended 2005 Ky. Acts ch. 45, sec. 6, effective June 20, 2005; and ch. 93, sec. 3, effective March 16, 2005. -- Amended 1994 Ky. Acts ch. 262, sec. 5, effective July 15, 1994; and ch. 450, sec. 34, effective July 15, 1994. -- Amended 1992 Ky. Acts ch. 163, sec. 5, effective July 14, 1992. -- Amended 1986 Ky. Acts ch. 494, sec. 24, effective July 15, 1986. -- Created 1976 Ky. Acts ch. 273, sec. 5.

Legislative Research Commission Note (6/20/2005). The Office of the Kentucky Attorney General requested that amendments in 2005 Ky. Acts ch. 45, sec. 6 and ch. 93, sec. 3, to the arrangement of the paragraphs of subsection (1) of this section be changed. The change was requested "in the interest of preventing confusion to the public and public agencies" and was made by the Statute Reviser under the authority of KRS 7.136.

Legislative Research Commission Note (6/20/2005). This section was amended by 2005 Ky. Acts chs. 45 and 93, which do not appear to be in conflict and have been codified together.

61.880 Denial of inspection -- Role of Attorney General.

- (1) If a person enforces KRS 61.870 to 61.884 pursuant to this section, he shall begin enforcement under this subsection before proceeding to enforcement under subsection (2) of this section. Each public agency, upon any request for records made under KRS 61.870 to 61.884, shall determine within three (3) days, excepting Saturdays, Sundays, and legal holidays, after the receipt of any such request whether to comply with the request and shall notify in writing the person making the request, within the three (3) day period, of its decision. An agency response denying, in whole or in part, inspection of any record shall include a statement of the specific exception authorizing the withholding of the record and a brief explanation of how the exception applies to the record withheld. The response shall be issued by the official custodian or under his authority, and it shall constitute final agency action.
- (2)
 - (a) If a complaining party wishes the Attorney General to review a public agency's denial of a request to inspect a public record, the complaining party shall forward to the Attorney General a copy of the written request and a copy of the written response denying inspection. If the public agency refuses to provide a written response, a complaining party shall provide a copy of the written request. The Attorney General shall review the request and denial and issue within twenty (20) days, excepting Saturdays, Sundays and legal holidays, a written decision stating whether the agency violated provisions of KRS 61.870 to 61.884.
 - (b) In unusual circumstances, the Attorney General may extend the twenty (20) day time limit by sending written notice to the complaining party and a copy to the denying agency, setting forth the reasons for the extension, and the day on which a decision is expected to be issued, which shall not exceed an additional thirty (30) work days, excepting Saturdays, Sundays, and legal holidays. As used in this section, "unusual circumstances" means, but only to the extent reasonably necessary to the proper resolution of an appeal:
 1. The need to obtain additional documentation from the agency or a copy of the records involved;
 2. The need to conduct extensive research on issues of first impression; or
 3. An unmanageable increase in the number of appeals received by the Attorney General.
 - (c) On the day that the Attorney General renders his decision, he shall mail a copy to the agency and a copy to the person who requested the record in question. The burden of proof in sustaining the action shall rest with the agency, and the Attorney General may request additional documentation from the agency for substantiation. The Attorney General may also request a copy of the records involved but they shall not be disclosed.
- (3) Each agency shall notify the Attorney General of any actions filed against that agency in Circuit Court regarding the enforcement of KRS 61.870 to 61.884. The Attorney General shall not, however, be named as a party in any Circuit Court

actions regarding the enforcement of KRS 61.870 to 61.884, nor shall he have any duty to defend his decision in Circuit Court or any subsequent proceedings.

- (4) If a person feels the intent of KRS 61.870 to 61.884 is being subverted by an agency short of denial of inspection, including but not limited to the imposition of excessive fees or the misdirection of the applicant, the person may complain in writing to the Attorney General, and the complaint shall be subject to the same adjudicatory process as if the record had been denied.
- (5)
 - (a) A party shall have thirty (30) days from the day that the Attorney General renders his decision to appeal the decision. An appeal within the thirty (30) day time limit shall be treated as if it were an action brought under KRS 61.882.
 - (b) If an appeal is not filed within the thirty (30) day time limit, the Attorney General's decision shall have the force and effect of law and shall be enforceable in the Circuit Court of the county where the public agency has its principal place of business or the Circuit Court of the county where the public record is maintained.

Effective: July 15, 1994

History: Amended 1994 Ky. Acts ch. 262, sec. 6, effective July 15, 1994. -- Amended 1992 Ky. Acts ch. 163, sec. 6, effective July 14, 1992. -- Created 1976 Ky. Acts ch. 273, sec. 6.

61.882 Jurisdiction of Circuit Court in action seeking right of inspection -- Burden of proof -- Costs -- Attorney fees.

- (1) The Circuit Court of the county where the public agency has its principal place of business or the Circuit Court of the county where the public record is maintained shall have jurisdiction to enforce the provisions of KRS 61.870 to 61.884, by injunction or other appropriate order on application of any person.
- (2) A person alleging a violation of the provisions of KRS 61.870 to 61.884 shall not have to exhaust his remedies under KRS 61.880 before filing suit in a Circuit Court.
- (3) In an appeal of an Attorney General's decision, where the appeal is properly filed pursuant to KRS 61.880(5)(a), the court shall determine the matter de novo. In an original action or an appeal of an Attorney General's decision, where the appeal is properly filed pursuant to KRS 61.880(5)(a), the burden of proof shall be on the public agency. The court on its own motion, or on motion of either of the parties, may view the records in controversy in camera before reaching a decision. Any noncompliance with the order of the court may be punished as contempt of court.
- (4) Except as otherwise provided by law or rule of court, proceedings arising under this section take precedence on the docket over all other causes and shall be assigned for hearing and trial at the earliest practicable date.
- (5) Any person who prevails against any agency in any action in the courts regarding a violation of KRS 61.870 to 61.884 may, upon a finding that the records were willfully withheld in violation of KRS 61.870 to 61.884, be awarded costs, including reasonable attorney's fees, incurred in connection with the legal action. If such person prevails in part, the court may in its discretion award him costs or an appropriate portion thereof. In addition, it shall be within the discretion of the court to award the person an amount not to exceed twenty-five dollars (\$25) for each day that he was denied the right to inspect or copy said public record. Attorney's fees, costs, and awards under this subsection shall be paid by the agency that the court determines is responsible for the violation.

Effective: July 14, 1992

History: Amended 1992 Ky. Acts ch. 163, sec. 7, effective July 14, 1992. -- Created 1976 Ky. Acts ch. 273, sec. 7.

61.884 Person's access to record relating to him.

Any person shall have access to any public record relating to him or in which he is mentioned by name, upon presentation of appropriate identification, subject to the provisions of KRS 61.878.

History: Created 1976 Ky. Acts ch. 273, sec. 8.

EXHIBIT 18

Exemptions to the
Kentucky Open Records Act
KRS 61.878

**61.878 Certain public records exempted from inspection except on order of court --
Restriction of state employees to inspect personnel files prohibited.**

- (1) The following public records are excluded from the application of KRS 61.870 to 61.884 and shall be subject to inspection only upon order of a court of competent jurisdiction, except that no court shall authorize the inspection by any party of any materials pertaining to civil litigation beyond that which is provided by the Rules of Civil Procedure governing pretrial discovery:
 - (a) Public records containing information of a personal nature where the public disclosure thereof would constitute a clearly unwarranted invasion of personal privacy;
 - (b) Records confidentially disclosed to an agency and compiled and maintained for scientific research. This exemption shall not, however, apply to records the disclosure or publication of which is directed by another statute;
 - (c)
 1. Upon and after July 15, 1992, records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records;
 2. Upon and after July 15, 1992, records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which are compiled and maintained:
 - a. In conjunction with an application for or the administration of a loan or grant;
 - b. In conjunction with an application for or the administration of assessments, incentives, inducements, and tax credits as described in KRS Chapter 154;
 - c. In conjunction with the regulation of commercial enterprise, including mineral exploration records, unpatented, secret commercially valuable plans, appliances, formulae, or processes, which are used for the making, preparing, compounding, treating, or processing of articles or materials which are trade commodities obtained from a person; or
 - d. For the grant or review of a license to do business.
 3. The exemptions provided for in subparagraphs 1. and 2. of this paragraph shall not apply to records the disclosure or publication of which is directed by another statute;
 - (d) Public records pertaining to a prospective location of a business or industry where no previous public disclosure has been made of the business' or industry's interest in locating in, relocating within or expanding within the Commonwealth. This exemption shall not include those records pertaining to application to agencies for permits or licenses necessary to do business or to

expand business operations within the state, except as provided in paragraph (c) of this subsection;

- (e) Public records which are developed by an agency in conjunction with the regulation or supervision of financial institutions, including but not limited to, banks, savings and loan associations, and credit unions, which disclose the agency's internal examining or audit criteria and related analytical methods;
- (f) The contents of real estate appraisals, engineering or feasibility estimates and evaluations made by or for a public agency relative to acquisition of property, until such time as all of the property has been acquired. The law of eminent domain shall not be affected by this provision;
- (g) Test questions, scoring keys, and other examination data used to administer a licensing examination, examination for employment, or academic examination before the exam is given or if it is to be given again;
- (h) Records of law enforcement agencies or agencies involved in administrative adjudication that were compiled in the process of detecting and investigating statutory or regulatory violations if the disclosure of the information would harm the agency by revealing the identity of informants not otherwise known or by premature release of information to be used in a prospective law enforcement action or administrative adjudication. Unless exempted by other provisions of KRS 61.870 to 61.884, public records exempted under this provision shall be open after enforcement action is completed or a decision is made to take no action; however, records or information compiled and maintained by county attorneys or Commonwealth's attorneys pertaining to criminal investigations or criminal litigation shall be exempted from the provisions of KRS 61.870 to 61.884 and shall remain exempted after enforcement action, including litigation, is completed or a decision is made to take no action. The exemptions provided by this subsection shall not be used by the custodian of the records to delay or impede the exercise of rights granted by KRS 61.870 to 61.884;
- (i) Preliminary drafts, notes, correspondence with private individuals, other than correspondence which is intended to give notice of final action of a public agency;
- (j) Preliminary recommendations, and preliminary memoranda in which opinions are expressed or policies formulated or recommended;
- (k) All public records or information the disclosure of which is prohibited by federal law or regulation;
- (l) Public records or information the disclosure of which is prohibited or restricted or otherwise made confidential by enactment of the General Assembly;
- (m) 1. Public records the disclosure of which would have a reasonable likelihood of threatening the public safety by exposing a vulnerability in preventing, protecting against, mitigating, or responding to a terrorist act and limited to:

- a. Criticality lists resulting from consequence assessments;
 - b. Vulnerability assessments;
 - c. Antiterrorism protective measures and plans;
 - d. Counterterrorism measures and plans;
 - e. Security and response needs assessments;
 - f. Infrastructure records that expose a vulnerability referred to in this subparagraph through the disclosure of the location, configuration, or security of critical systems, including public utility critical systems. These critical systems shall include but not be limited to information technology, communication, electrical, fire suppression, ventilation, water, wastewater, sewage, and gas systems;
 - g. The following records when their disclosure will expose a vulnerability referred to in this subparagraph: detailed drawings, schematics, maps, or specifications of structural elements, floor plans, and operating, utility, or security systems of any building or facility owned, occupied, leased, or maintained by a public agency; and
 - h. Records when their disclosure will expose a vulnerability referred to in this subparagraph and that describe the exact physical location of hazardous chemical, radiological, or biological materials.
2. As used in this paragraph, "terrorist act" means a criminal act intended to:
 - a. Intimidate or coerce a public agency or all or part of the civilian population;
 - b. Disrupt a system identified in subparagraph 1.f. of this paragraph; or
 - c. Cause massive destruction to a building or facility owned, occupied, leased, or maintained by a public agency.
 3. On the same day that a public agency denies a request to inspect a public record for a reason identified in this paragraph, that public agency shall forward a copy of the written denial of the request, referred to in KRS 61.880(1), to the executive director of the Office for Security Coordination and the Attorney General.
 4. Nothing in this paragraph shall affect the obligations of a public agency with respect to disclosure and availability of public records under state environmental, health, and safety programs.
 5. The exemption established in this paragraph shall not apply when a member of the Kentucky General Assembly seeks to inspect a public record identified in this paragraph under the Open Records Law; and

- (n) Public or private records, including books, papers, maps, photographs, cards, tapes, discs, diskettes, recordings, software, or other documentation regardless of physical form or characteristics, having historic, literary, artistic, or commemorative value accepted by the archivist of a public university, museum, or government depository from a donor or depositor other than a public agency. This exemption shall apply to the extent that nondisclosure is requested in writing by the donor or depositor of such records, but shall not apply to records the disclosure or publication of which is mandated by another statute or by federal law.
- (2) No exemption in this section shall be construed to prohibit disclosure of statistical information not descriptive of any readily identifiable person.
- (3) No exemption in this section shall be construed to deny, abridge, or impede the right of a public agency employee, including university employees, an applicant for employment, or an eligible on a register to inspect and to copy any record including preliminary and other supporting documentation that relates to him. The records shall include, but not be limited to, work plans, job performance, demotions, evaluations, promotions, compensation, classification, reallocation, transfers, layoffs, disciplinary actions, examination scores, and preliminary and other supporting documentation. A public agency employee, including university employees, applicant, or eligible shall not have the right to inspect or to copy any examination or any documents relating to ongoing criminal or administrative investigations by an agency.
- (4) If any public record contains material which is not excepted under this section, the public agency shall separate the excepted and make the nonexcepted material available for examination.
- (5) The provisions of this section shall in no way prohibit or limit the exchange of public records or the sharing of information between public agencies when the exchange is serving a legitimate governmental need or is necessary in the performance of a legitimate government function.

Effective: June 20 2005

History: Amended 2005 Ky. Acts ch. 45, sec. 6, effective June 20, 2005; and ch. 93, sec. 3, effective March 16, 2005. -- Amended 1994 Ky. Acts ch. 262, sec. 5, effective July 15, 1994; and ch. 450, sec. 34, effective July 15, 1994. -- Amended 1992 Ky. Acts ch. 163, sec. 5, effective July 14, 1992. -- Amended 1986 Ky. Acts ch. 494, sec. 24, effective July 15, 1986. -- Created 1976 Ky. Acts ch. 273, sec. 5.

Legislative Research Commission Note (6/20/2005). The Office of the Kentucky Attorney General requested that amendments in 2005 Ky. Acts ch. 45, sec. 6 and ch. 93, sec. 3, to the arrangement of the paragraphs of subsection (1) of this section be changed. The change was requested "in the interest of preventing confusion to the public and public agencies" and was made by the Statute Reviser under the authority of KRS 7.136.

Legislative Research Commission Note (6/20/2005). This section was amended by 2005 Ky. Acts chs. 45 and 93, which do not appear to be in conflict and have been codified together.

EXHIBIT 19

Fees

KRS 304.4-010

304.4-010 Fees to be prescribed by administrative regulation -- Time prescribed if fees remitted by electronic submission.

- (1) The executive director shall by regulation prescribe the fees charged by the executive director and the services for which fees shall be charged, including the following fees:
 - (a) For copies of any document on file with the executive director, per page, thirty cents (\$0.30); and
 - (b) For copies of annual statements, per page, one dollar (\$1).
- (2) All fees shall be collected in advance.
- (3) Notwithstanding subsection (2) of this section, an insurer submitting applications, appointments, or filings through the electronic system adopted by the office shall remit the applicable fees to the office within fifteen (15) calendar days of the electronic submission.

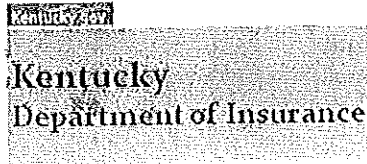
Effective: July 15, 1998

History: Amended 1998 Ky. Acts ch. 483, sec. 8, effective July 15, 1998. -- Amended 1990 Ky. Acts ch. 464, sec. 2, effective July 13, 1990. -- Amended 1988 Ky. Acts ch. 225, sec. 25, effective July 15, 1988; and ch. 408, sec. 1, effective July 15, 1988. -- Amended 1986 Ky. Acts ch. 162, sec. 1, effective July 15, 1986; ch. 307, sec. 1, effective July 15, 1986; and ch. 437, sec. 8, effective July 15, 1986. -- Amended 1984 Ky. Acts ch. 23, sec. 7, effective July 13, 1984; ch. 111, sec. 129, effective July 13, 1984; and ch. 322, sec. 4, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 319, sec. 2, effective July 15, 1982; and ch. 320, sec. 9, effective July 15, 1982. -- Amended 1980 Ky. Acts ch. 211, sec. 1, effective July 15, 1980. -- Amended 1978 Ky. Acts ch. 161, sec. 6, effective June 17, 1978. -- Created 1970 Ky. Acts ch. 239, sec. 1, effective July 1, 1970; and ch. 301, subtit. 4, sec. 1, effective June 18, 1970.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

EXHIBIT 20

List of Publications Currently Available to Consumers
Regarding Health Insurance



KY Agencies | KY Services | Search, Kentucky.gov for Search Terms Search

Go



eServices

denotes external link

- Home
- File a Complaint
- Forms & Documents
- Health Reform Information
- Publications
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Publications

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These publications are grouped via categories (click the category for specific documents):

- | | | |
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EXHIBIT 21

Administrative Procedures; Hearings

KRS 304.2-310

304.2-310 Administrative procedures -- Hearings.

- (1) The executive director may hold a hearing, without request by others, for any purpose within the scope of this code.
- (2) The executive director shall hold a hearing:
 - (a) If required by any other provision of this code; or
 - (b) Upon written application for a hearing by a person aggrieved by any act, threatened act, or failure of the executive director to act, or by any report, administrative regulation, or order of the executive director (other than an order for the holding of a hearing, or a final order entered after a hearing, of which hearing the person had notice). Any application for a hearing shall be filed in the office within sixty (60) days after the person knew or reasonably should have known, of the act, threatened act, failure, report, administrative regulation, or order, unless a different period is provided for by other laws applicable to the particular matter, in which case the other law shall govern.
- (3) Any application for a hearing shall briefly state the respects in which the applicant is so aggrieved, together with the grounds to be relied upon as a basis for the relief to be sought at the hearing.
- (4) If the executive director finds that the application is made in good faith, that the applicant would be so aggrieved if his grounds are established, he shall hold the hearing in accordance with KRS Chapter 13B.
- (5) Pending the hearing and the issuance of the final order resulting from the hearing, the executive director shall suspend or postpone the effective date of his previous action.

Effective: July 15, 1996

History: Amended 1996 Ky. Acts ch. 318, sec. 227, effective July 15, 1996. -- Created 1970 Ky. Acts ch. 301, subtit. 2, sec. 31, effective June 18, 1970.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

EXHIBIT 22

Examination of Insurers

KRS 304.2-210

304.2-210 Examination of insurers.

- (1) As used in KRS 304.2-210 to 304.2-300, unless the context requires otherwise, "examination workpaper" means a written or recorded document, note, memorandum, critique, comment, recommendation, or other information copied, established, created, or retained by the executive director or his designee for the purpose of conducting an examination or drafting an examination report.
- (2) For the purpose of determining financial condition, ability to fulfill and manner of fulfillment of its obligations, the nature of its operations, and compliance with law, the executive director shall examine the affairs, transactions, accounts, records, and assets of each authorized insurer as often as reasonably necessary. He shall so examine each domestic insurer not less frequently than every three (3) years. Examination of a reciprocal insurer may include examination of its attorney-in-fact as to its transactions relating to the insurer. Examination of an alien insurer may be limited to its insurance transactions and affairs in the United States, except as the executive director otherwise requires.
- (3) In scheduling and determining the nature, scope, and frequency of the examinations, the executive director shall consider the results of financial statement analyses and ratios, changes in management or ownership, actuarial opinions, reports of independent certified public accountants, and other criteria as set forth in the Examiner's Handbook adopted by the National Association of Insurance Commissioners.
- (4) For purposes of completing an examination of an insurer, the executive director may examine or investigate any person or the business of any person, insofar as the examination or investigation is, in the sole discretion of the executive director, necessary and material to the examination of the insurer.
- (5) The executive director shall in like manner examine each insurer applying for an initial certificate of authority to transact insurance in this state.
- (6) In lieu of making his own examination, the executive director may, in his discretion, accept a full report of the most recently completed examination of a foreign, or alien, insurer, certified to by the insurance supervisory official of another state. Reports shall only be accepted if:
 - (a) The insurance department was at the time of the examination accredited under the National Association of Insurance Commissioners' Financial Regulation Standards and Accreditation Program; or
 - (b) The examination is performed under the supervision of an accredited insurance department or with the participation of one (1) or more examiners who are employed by an accredited state insurance department and who, after a review of the examination work papers and report, state under oath that the examination was performed in a manner consistent with the standards and procedures required by their insurance department.
- (7) As far as practical, the examination of a foreign or alien insurer shall be made in cooperation with the insurance supervisory officers of other states in which the insurer transacts business, and for the purpose thereof, the executive director may

participate in joint examinations of insurers or be represented in an examination by an examiner of another state.

Effective: July 15, 2008

History: Amended 2008 Ky. Acts ch. 152, sec. 1, effective July 15, 2008. -- Amended 1998 Ky. Acts ch. 483, sec. 4, effective July 15, 1998. -- Amended 1994 Ky. Acts ch. 496, sec. 3, effective July 15, 1994. -- Amended 1974 Ky. Acts ch. 308, sec. 51, effective June 21, 1974. -- Created 1970 Ky. Acts ch. 301, subtit. 2, sec. 21, effective June 18, 1970.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW – CYCLE I
BUDGET NARRATIVE
KENTUCKY DEPARTMENT OF INSURANCE

I. BREAKDOWN OF ANTICIPATED FUNDING USES

With grant funds, the Kentucky Department of Insurance (“Department”) intends to increase oversight of insurer rate increases and rating practices, increase the types of and manner in which rate data is collected, improve the efficiency of the rate review process, enhance current systems’ capabilities, improve the methods and analysis of rate reviews, and make the rate review process more meaningful and transparent to consumers.

To achieve the enhancements outlined above, the Department estimates that six new positions will be created through the use of the grant funds. The estimated budget for this aspect of the rate review enhancements is as follows:

Personnel	\$229,572.68
Fringe Benefits	\$ 79,314.49

In addition to employing additional staff, the Department intends to contract with two additional actuaries on a part-time basis. This expenditure is estimated to be \$540,000.00. An organizational chart for the Department is attached and labeled **Exhibit 1B**. A chart listing Department staff, anticipated additional staff positions, staff responsibilities, and time allocation estimates is attached and labeled **Exhibit 2B**.

The Department anticipates that the rate review enhancements will require training and travel for employees and actuaries. This estimated expenditure is \$85,000.00.

With the addition of employees at the Department, it will be necessary to purchase computers, laptops, and certain office furniture. Also, IT enhancements to internal Department databases will require new server capacity, additions to the Department’s tape library, the purchase of software licenses, and scanners. It is estimated that the total expenditures on new

equipment will be \$30,000.00. In addition to the anticipated equipment purchases, the Department estimates that it will incur \$17,200.00 in indirect costs for the purchase of items such as office furniture, supplies, and software licenses associated with the grant activities.

Lastly, the Department intends to contribute grant funds to the National Association of Insurance Commissioners ("NAIC") for the purpose of enhancing the SERFF database. Cost estimates for this enhancement total \$18,112.83. An in-depth breakdown of anticipated grant fund expenditures is attached and labeled Exhibit 3B.

II. CERTIFICATION OF MAINTENANCE OF EFFORT

The Department certifies that grant funds will not be used to supplant existing state expenditures.

Due to economic conditions over the past 2 to 3 years, the Department has experienced a reduction in staff as well as other resources. The amount of funds appropriated to the Department for FY 2010/2011 is approximately \$6,000,000 less than the appropriation for FY 2009/2010. Regardless, appropriations allocated to the rate review processes of the Health and Life Division will not be impacted by budgetary restrictions. Excluding grant funds, the Department's anticipated expenditures for the rate review process for FY 2010/2011 are:

Staff employees – salary and benefits	\$ 128,616.00
Contracted actuaries – hourly rate and travel	<u>\$ 882,100.00</u>
Total	\$1,010,716.00

III. REQUEST TO ROLLOVER EXCESS FUNDS

In the event the state of Kentucky does not expend the total \$1 million in grant funds that might be awarded, the state will agree to roll excess funds into the following grant funding cycle and to return any funds that are unobligated to the federal government by the end of FY 2014.

1  **EXHIBIT 1B**

Kentucky Department of Insurance
Organizational Chart Related to Rate Review

2  **EXHIBIT 2B**

Position Descriptions and Time Allocation Chart

3  **EXHIBIT 3B**

Estimated Expenditures of Rate Review Grant Funds

EXHIBIT 1B

Kentucky Department of Insurance
Organizational Chart Related to Rate Review

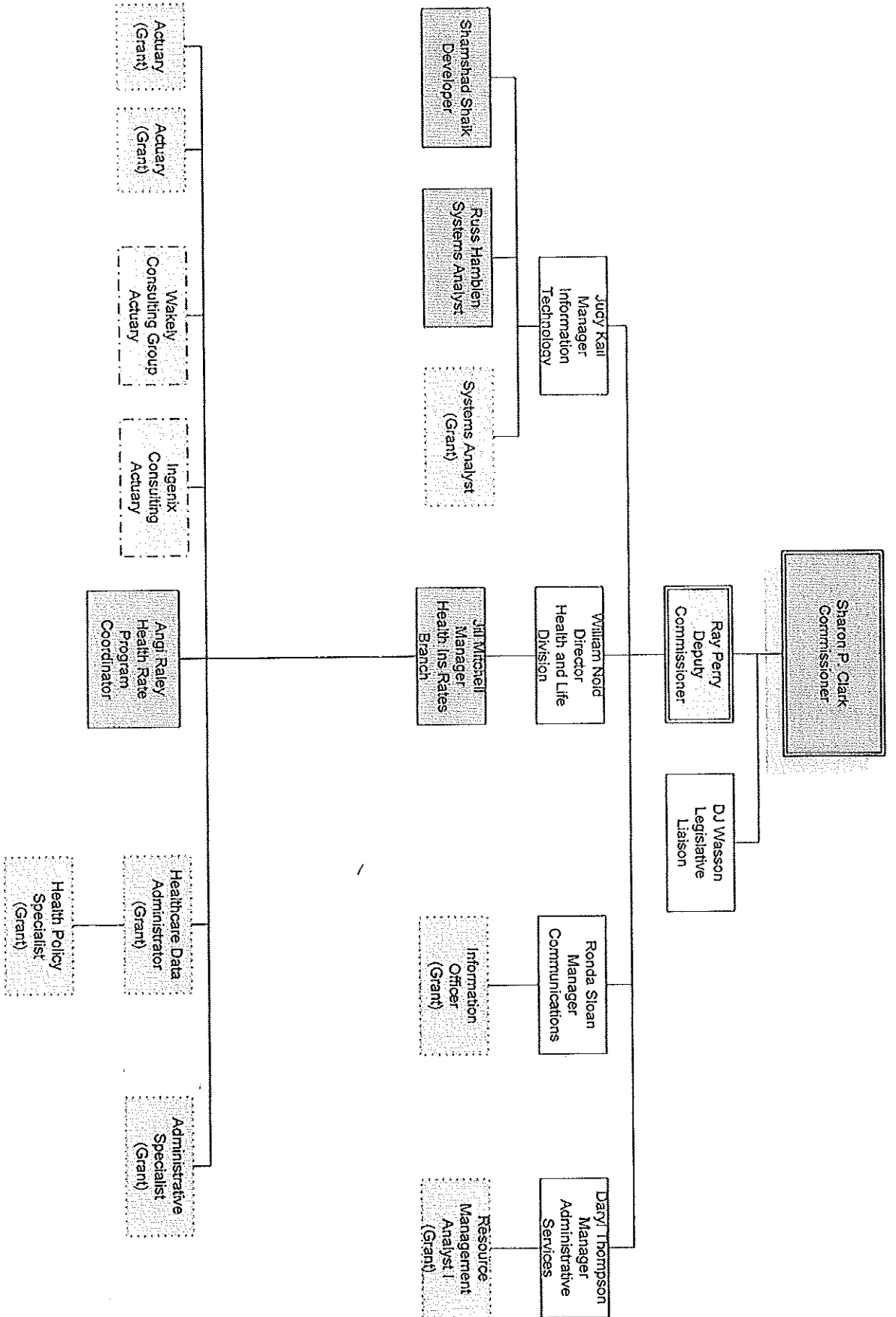


EXHIBIT 2B

Position Descriptions and Time Allocation Chart

**GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW – CYCLE I
POSITION DESCRIPTIONS AND TIME ALLOCATION LISTING
KENTUCKY DEPARTMENT OF INSURANCE**

Sharon P. Clark
Commissioner

Oversees all functions of the Kentucky Department of Insurance, including the health insurance rate review process employed by the Department's Health and Life Division. The Commissioner will dedicate approximately 5% of her time to rate review and grant activities.

DJ Wasson
Legislative
Liaison

Drafts legislation and administrative regulations for the Kentucky Department of Insurance. Manages the legislative and promulgation processes. The Legislative Liaison will dedicate approximately 5-10% of her time to rate review and grant activities.

Ray Perry
Deputy
Commissioner

Oversees the Health and Life Division of the Kentucky Department of Insurance. The Deputy Commissioner will dedicate approximately 10-15% of his time to rate review and grant activities.

William Noid
Director
Health and Life
Division

Directly manages the Health and Life Division and employees/contractors responsible for health insurance rate reviews. The Director of the Health and Life Division will dedicate approximately 20-25% of his time to rate review and grant activities.

Jill Mitchell
Manager
Health Ins Rates
Branch

Directly oversees persons responsible for rate review activities. Manages the rate review process. The Manager of the Health Insurance Rates Branch will dedicate approximately 85-95% of her time to rate review and grant activities.

Angi Raley
Health Rate
Program
Coordinator

Coordinates the rate review process. Receives rate filings and inputs information into the Department's database. Coordinates and receives rate filings received through SERFF. The Health Rate Program Coordinator will dedicate approximately 90-100% of her time to rate review and grant activities.

Health Policy
Specialist
(Grant)

A new position expected to be created with grant funds, the Health Policy Specialist will receive rate filings, develop and implement new procedures and forms for a more robust rate review process, review and make recommendations regarding statutory and regulatory revisions, create presentations and training for staff, coordinate consumer complaint investigations regarding rating practices, and coordinate the form and rate review processes. The Health Policy Specialist will dedicate approximately 100% of his/her time to rate review and grant activities.

Healthcare Data
Administrator
(Grant)

A new position expected to be created with grant funds, the Healthcare Data Administrator will develop surveys to elicit information from insurers/consumers in order to develop a baseline upon which transparency and the rate review enhancements by the Department will be built. Analyze data/information received from surveys. Supervise Health Policy Specialist hired with grant funds. The Healthcare Data Administrator will dedicate approximately 100% of his/her time to rate review and grant activities.

Administrative
Specialist
(Grant)

A new position expected to be created with grant funds, the Administrative Specialist will administratively support the Health Insurance Rates Branch. The Administrative Specialist will also perform data entry functions to capture more information from rate filings, administratively coordinate the policy form and rate review functions, and assist in the development of forms necessary to carry out the rate and form review processes. The Administrative Specialist will dedicate approximately 100% of his/her time to rate review and grant activities.

Ingenix
Consulting
Actuary

An actuarial firm under contract with the Department to provide actuarial reviews of health insurance rate filings, determine whether the rate filings are in compliance with Kentucky law, provide consulting on actuarial issues, and provide analysis of the rate filings as appropriate. The actuaries in the firm dedicate approximately 100% of their time, as limited by the contractual arrangement, to rate review.

Wakely
Consulting Group
Actuary

An actuarial firm under contract with the Department to provide actuarial reviews of health insurance rate filings, determine whether the rate filings are in compliance with Kentucky law, provide consulting on actuarial issues, and provide analysis of the rate filings as appropriate. The actuaries in the firm dedicate approximately 25-30% of their time, as limited by the contractual arrangement, to health insurance rate review.

Actuary
(Grant)

A new contract expected to be implemented with grant funds, the actuary will, on a part-time basis, provide actuarial reviews of health insurance rate filings, determine whether the rate filings are in compliance with Kentucky law, provide consulting on actuarial issues, and provide analysis of the rate filings as appropriate. The Actuary will dedicate approximately 100% of his/her time to rate review and grant activities under the contract.

Actuary
(Grant)

A new contract expected to be implemented with grant funds, the actuary will, on a part-time basis, provide actuarial reviews of health insurance rate filings, determine whether the rate filings are in compliance with Kentucky law, provide consulting on actuarial issues, and provide analysis of the rate filings as appropriate. The Actuary will dedicate approximately 100% of his/her time to rate review and grant activities under the contract.

Judy Kail
Manager
Information
Technology

Oversees all Information Technology functions for the Kentucky Department of Insurance. The Manager of Information Technology will dedicate approximately 5-10% of her time to rate review and grant activities.

Russ Hamblen
Systems Analyst

Analyzes and develops system enhancements for the Kentucky Department of Insurance. The Systems Analyst will dedicate approximately 10-15% of his time to rate review and grant activities.

Shamshad Shaik
Developer

Develops system enhancements for the Kentucky Department of Insurance. The Systems Developer will dedicate approximately 10-15% of her time to rate review and grant activities.

Systems Analyst
(Grant)

A new position expected to be created with grant funds, the Systems Analyst will be devoted to analyzing and developing systems enhancements specifically for the rate review process in the Health and Life Division. The Systems Analyst will also coordinate any SERFF enhancements with IT enhancements of the Department. The Systems Analyst will establish an external consumer help desk to assist with filing complaints and obtaining information from the department with regard to rate increases and indexes, insurer offerings, and loss ratios. The Systems Analyst will dedicate approximately 100% of his/her time to rate review and grant activities.

Ronda Sloan
Manager
Communications

Manages the Communications Branch for the Kentucky Department of Insurance. The Manager of Communications will dedicate approximately 10-15% of her time to rate review and grant activities.

Information
Officer
(Grant)

A new position expected to be created with grant funds, the Information Officer will educate and make meaningful health insurance rate information available to Kentucky health insurance consumers. Coordinate public hearings on health insurance rates, coordinate results from surveys of consumers and stakeholders, and continuously collect and update information available regarding rates. The Information Officer will dedicate approximately 100% of his/her time to rate review and grant activities.

Daryl Thompson
Manager
Administrative
Services

Manages the financial, budget, facilities, and other administrative functions for the Kentucky Department of Insurance. The Manager of Administrative Services will dedicate approximately 5% of his time to grant activities.

Resource
Management
Analyst I
(Grant)

A new position expected to be created with grant funds, the Resource Management Analyst will monitor and track grant fund receipts and expenditures, manage grant resources, compile operational reports for federal grant reporting, and perform audit functions regarding grant funding. Assess technology, training, communications, physical space, and supply needs of the Department regarding the grant. Facilitate acquisition and determine priority of the grant rate review plan items. The Resource Management Analyst will dedicate approximately 100% of his/her time to grant activities.

EXHIBIT 3B

Estimated Expenditures of Rate Review Grant Funds

GRANTS TO STATES: HEALTH INSURANCE PREMIUM REVIEW - CYCLE I

Estimated Expenditure of Grant Funds

Object Class Category	Breakdown of Category Estimated Expense	Salary	FICA	Total Salary/FICA	Total
Personnel	Information Officer I	\$27,243.12	\$1,972.77	\$29,215.89	
	Systems Analyst II	\$36,127.56	\$2,625.57	\$38,753.13	
	Resource Management Analyst I	\$29,857.51	\$2,169.89	\$32,027.40	
	Healthcare Data Administrator	\$56,383.20	\$4,097.65	\$60,480.85	
	Health Policy Specialist II	\$39,739.33	\$2,888.06	\$42,627.39	
	Administrative Specialist II	\$24,674.78	\$1,793.24	\$26,468.02	\$229,572.68
Fringe Benefits	Life Insurance	\$90.00			
	Health Insurance	\$42,900.00			
	Retirement	\$36,324.49			\$79,314.49
Travel	2 Contracted Actuaries				
	Travel/DOI Staff Travel and Training	Estimated			\$85,000.00
Equipment	New Server	\$7,000.00			
	Back-up Server	\$7,000.00			
	Tape Library	\$7,000.00			
	Desktops/Computers/Laptops	\$7,000.00			
	Desktop Scanner	\$2,000.00			\$30,000.00
Contractual	Actuary - Health Rate Review	\$270,000.00			
	Actuary - Health Rate Review	\$270,000.00			\$540,000.00
Indirect Charges	Office Furniture	\$6,200.00			
	Office Supplies (new personnel + actuaries)	\$3,000.00			
	Software Licenses	\$5,000.00			
	Disk-to-Disk Back-up	\$3,000.00			\$17,200.00
Other	IT Expenditure - SERFF enhancement	\$18,912.83			\$18,912.83
					\$1,000,000.00