

This Budget Narrative references and summarizes information provided in greater detail in the Grant Application. The New Hampshire Insurance Department’s (the Department) total budget for the Cooperative Agreement to Support Establishment of the Affordable Care Act’s Health Insurance Exchanges – Level One Exchange Establishment Grant project described below and in the Abstract, Narrative and Work Plan is \$894,406.

The Department will require resources to improve upon four areas spelled out in the Grant Application: (i) Assess the current workflow and plan of operations; (ii) Add capacity to the Department through the use of consultants to ensure a smooth start-up; (iii) Fully integrate the NAIC SERFF system, with enhanced plan management functionalities, within Department operational areas; and (iv) Develop and implement new operational workflows, procedures, and tools to support Department staff in the certification of QHP, and to provide assistance to carriers seeking QHP certification.

Contracts with consultants will be developed for the completion of the projects, and will account for the majority of the costs allocated under the budget. The anticipated costs of outside consultants (e.g. market analyst and examiner, compliance examiner, and project manager) will be approximately \$776,534. A project manager will be hired on a contract basis to provide support to Department staff as vendor contracts are developed and the grant objectives are met. All contractors selected by the Department shall be subject to the state’s competitive bidding process. New Hampshire’s cost of the SERFF enhancements to fully integrate the NAIC SERFF system is estimated to be \$84,451.00. A total of \$860,985 will appear on the contractual line item on form SF424.

A. Salaries and Wages

Personnel

Total \$23,383.00
 Exchange Establishment Grant \$23,383.00
 Funding other than Establishment Grant \$0.00
 Sources of Funding: Non Applicable

<u>Position Title and Name</u>	<u>Annual</u>	<u>Time Months</u>	<u>Amount Requested</u>
Bookkeeper/Admin Support To Be Determined (TBD)	\$29,718	78% for 12 Months	\$23,383.00

Job Description: Bookkeeper/Admin Support – (To Be Determined)

Develop and administer a combination of account monitoring, administrative support and bookkeeping programs for federal grant administration, including financial management, budgetary monitoring, analysis and reporting, financial data entry and personnel data activities. One hundred percent of this position’s 29½ hour work week is devoted to the support and implementation of the plan management partnership exchange at the NH Insurance Department.

Project Director, Alain Couture 15% for 12 Months \$0.00

Mr. Couture will provide supervision to the bookkeeper. Mr. Couture is the NHID Health Reform Project Director. His time is contributed.

Director, Michael Wilkey 5% for 12 Months \$0.00

Mr. Wilkey will oversee the work of the consultants. Mr. Wilkey is the Director of the Division of Compliance and Consumer Assistance. Mr. Wilkey expects to spend .05 FTE on this project. His time is contributed to the project.

B. Fringe Benefits

Fringe Benefits (standard tax deductions)

Total \$5,154.00
 Exchange Establishment Grant \$5,154.00
 Funding other than Establishment Grant \$0.00
 Sources of Funding: Non Applicable

7.65% of Total Salaries = Fringe Benefits

Bookkeeper/Admin Support – Salary \$23,383

FICA 6.20% of \$23,383	\$1,449.75
Medicare 1.45% of \$23,383	\$339.05
Workers Compensation 12.50% x \$23,383	\$2,917.00
Other (due to 5% increase in pay)	<u>\$448.20</u>
Total:	\$5,154.00

C. Consultant Costs

Consultants will be selected via the State’s competitive bidding process; therefore; specific vendor information cannot be provided at this time. However, the following justification is provided.

Consultants

Total \$776,534.00
 Exchange Establishment Grant \$776,534.00
 Funding other than Establishment Grant \$0.00
 Sources of Funding: Non Applicable

Position Title and Name

Amount Requested

1) Project Manager (TBD) \$239,453.00

Justification:

Professional Fees: The Project Manager will assist the NHID with activities 4.1-4.8 (see work plan). We are estimating 1000 hours for this consultant at a rate of \$225 per hour totaling \$225,000

Travel Costs:

Mileage (50 round trips of 150 miles @.565)	\$4,238
Lodging (40 @ federal CONUS of \$96)	\$3,840
Meals (125 days @ CONUS of \$51/day)	<u>\$6,375</u>

D. Equipment

Equipment

Total \$500.00
Exchange Establishment Grant \$500.00
Funding other than Establishment Grant \$0.00
Sources of Funding: Non Applicable

<u>Item Requested</u>	<u>How Many</u>	<u>Unit Cost</u>	<u>Amount</u>
Computer Workstation	1	\$500.00	\$500.00

The bookkeeper will be provided with a workstation at the department.

E. Supplies

Total \$0.00
Exchange Establishment Grant \$0.00
Funding other than Establishment Grant \$0.00
Sources of Funding: Non Applicable

No additional funding is being requested for supplies.

F. Travel

Total \$0.00
Exchange Establishment Grant \$0.00
Funding other than Establishment Grant \$0.00
Sources of Funding: Non Applicable

No additional funding is being requested for travel.

G. Other

Total \$9,600.00
Exchange Establishment Grant \$9,600.00
Funding other than Establishment Grant \$0.00
Sources of Funding: Non Applicable

Computer Software (Estimate based on prior grants)	\$600.00
Audit Set Aside (\$3,500 per fiscal year x 2)	\$1,784.00
Current Expense (Estimate based on prior grants)	<u>\$2,000.00</u>
Total:	\$4,384.00

Computer Software is an estimate based on prior grant spending for consultants and the part-time bookkeeper/admin support. This is a cost incurred for any additional software that will be needed to support the functions of the support staff and consultants.

Amounts set aside for Current Expenses will be used mainly to pay for any conference calls that may occur between the department and consultants when they are offsite. These funds will also be used to pay for public advertisement of the requests for proposals.

Audit Set aside: RSA 124:16 requires all agencies which receive federal funds to set aside .1% of the amount received to pay for financial and compliance audits.

H. Contractual Costs

The Department is budgeting \$ 84,451.00 for the cost to fully integrate the National Association of Insurance Commissioners (NAIC) SERFF system.

1. Name of Contractor: National Association of Insurance Commissioners (NAIC)
2. Method of Selection: Sole Source Contract
3. Period of Performance: February 16, 2013 through February 15, 2014
4. Scope of Work: Enhancements to the SERFF system to enable plan management exchange activities
5. Method of Accountability: Contract provisions and monitoring by Department personnel will provide accountability.
6. Itemized Budget and Justification: *The NAIC SERFF system is designed to enable insurance companies to send and states to receive, comment on, and approve or reject insurance industry rate and form filings. SERFF was initiated in the mid-1990s and is used by 51 Departments of Insurance and more than 3,500 insurers. In 2011, the SERFF system received 558,689 filings. New Hampshire will contribute funds for a share of the cost necessary to enhance the NAIC SERFF system to accommodate filings for Qualified Health Plans as part of the plan management partnership exchange. The NAIC has estimated the cost of this effort and has allocated this cost across states. The fee charged to each individual state is \$84,451 and represents that state's share of the NAIC's costs to perform analysis, develop the design, modify and implement enhancements to accommodate plan management functions of an exchange.*

Also note, that on form SF424 Contractual and Consultant Costs are one line item for a total of \$860,985.00

There are no other third-party contracts that will be put into place for this grant.

I. Total Direct Costs:	\$894,406.00
a. Salaries and Wages:	\$23,383.00
b. Fringe Benefits:	5,154.00
c. Consultant Costs:	776,534.00
d. Equipment:	500.00
e. Supplies:	0.00
f. Travel:	0.00
g. Other:	4,384.00
h. Contractual:	84,451.00
Total:	\$894,406.00
J. Indirect Cost:	\$0.00

No additional funding is being requesting for indirect costs.

The department is only applying for funding for the Plan Management Function. The following is a breakdown of costs by business function.

Exchange Activity: Plan Management

1. Total Costs: \$894,406.00
2. Amount of cost that is fixed and or variable: All costs are variable however; the overall cost is not expected to exceed \$894,406.00
3. Amount of Cost by Object Class Code (OCC):
 - a. 020: Current Expense: \$2,600.00
 - b. 030: Equipment: 500.00
 - c. 041: Audit Set Aside: 1,784.00
 - d. 046: Consultants: 860,985.00
 - e. 050: Personnel Services: 23,383.00
 - f. 060: Benefits 5,154.00
4. Percent of costs being requested by this Cooperative Agreement application: 100%
5. Identify the percentage of costs being requested by another source: 0.00%
6. Assumptions or other narrative: None