

Schedule 1

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
TOTAL PLAN 65

TABLE OF CONTENTS FOR SCHEDULES DISPLAYING AND SUPPORTING
CALCULATIONS OF REQUIRED MONTHLY SUBSCRIPTION RATES FOR
FEBRUARY 1, 2010, MARCH 1, 2010 AND APRIL 1, 2010 BILLING CYCLES

Schedule

| | |
|--|-----------|
| Section: Plan 65 Medigap and Plan 65 Select Required Monthly Subscription Rates | 3 |
| Calculation of Plan B, Plan C, Plan L, and Plan N Required Monthly Subscription Rates for February 1, 2010, March 1, 2010, and April 1, 2010 Billing Cycles: Plan 65 Select | 4 |
| Calculation of Plan A, Plan B, Plan C, and Plan N Required Monthly Subscription Rates for February 1, 2010, March 1, 2010, and April 1, 2010 Billing Cycles: Plan 65 Medigap | 5 |
| Section: Plan 65 Select: Calculation of Required Rate Adjustment Factors and Rates for Plan B, Plan C, Plan L, and Plan N..... | 6 |
| Calculation of Required Plan B, Plan C, and Plan L Rate Adjustment Factors and Plan N Required Rate for February 1, 2010, March 1, 2010, and April 1, 2010 Billing Cycles: Plan 65 Select | 7 |
| Calculation of Projected Incurred Claims Expense Per Contract Month and Administrative Expense Per Contract Month for June 1, 2010, July 1, 2010, and August 1, 2010 Billing Cycles for Plan N: Plan 65 Select | 8 |
| Calculation of Projected Incurred Claims Expense Per Contract Month and Administrative Expense Per Contract Month for February 1, 2010, March 1, 2010, and April 1, 2010 Billing Cycles for Plans B, C, and L: Plan 65 Select..... | 9 |
| Projection of January through December 2011 Incurred Claims Expense per Contract Month for Plan B, Plan C, Plan L, and Plan N: Plan 65 Select | 10 |
| Projection of January through December 2010 Incurred Claims Expense per Contract Month for Plan B, Plan C, Plan L, and Plan N: Plan 65 Select | 11 |
| Projection of January through December 2009 Incurred Claims Expense per Contract Month for Plan B, Plan C, Plan L: Plan 65 Select | 12 |
| Section: Plan 65 Medigap: Calculation of Required Rate Adjustment Factors and Rates for Plan A, Plan C, and Plan N..... | 13 |
| Calculation of Required Plan A and Plan C Rate Adjustment Factors and Plan N Required Rate for February 1, 2010, March 1, 2010, and April 1, 2010 Billing Cycles: Plan 65 Medigap..... | 14 |
| Calculation of Projected Incurred Claims Expense per Contract Month and Administrative Expense per Contract Month for June 1, 2010, July 1, 2010, and August 1, 2010 Billing Cycles for Plan N: Plan 65 Medigap | 15 |
| Calculation of Projected Incurred Claims Expense per Contract Month and Administrative Expense per Contract Month for February 1, 2010, March 1, 2010, and April 1, 2010 Billing Cycles for Plans A and C: Plan 65 Medigap | 16 |
| Projection of January through December 2011 Incurred Claims Expense per Contract Month for Plan A, Plan C, and Plan N: Plan 65 Medigap..... | 17 |
| Projection of January through December 2010 Incurred Claims Expense per Contract Month for Plan A, Plan C, and Plan N: Plan 65 Medigap..... | 18 |
| Projection of January through December 2009 Incurred Claims Expense per Contract Month for Plan A and Plan C: Plan 65 Medigap..... | 19 |
| Section: Plan 65 Medigap and Plan 65 Select Supporting Calculations | 20 |

Schedule 2

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
TOTAL PLAN 65

TABLE OF CONTENTS FOR SCHEDULES DISPLAYING AND SUPPORTING
CALCULATIONS OF REQUIRED MONTHLY SUBSCRIPTION RATES FOR
FEBRUARY 1, 2010, MARCH 1, 2010 AND APRIL 1, 2010 BILLING CYCLES

Schedule

| | |
|--|----|
| Calculation of Income at Present Rates at April 2009: Plan 65 Medigap and Plan 65 Select | 21 |
| Calculation of Benefit Factors for Plan N; Part B Physician and Outpatient Coinsurances: Plan 65 Medigap and Select... | 22 |
| Calculation of Cost-Sharing PCPM for Plan N; Part B Physician and Outpatient: Plan 65 Medigap and Select..... | 23 |
| Calculation of Utilization Adjustment Factors for Plan N; Part B Physician and Outpatient: Plan 65 Medigap and Select | 24 |
| Calculation of Part B Physician Fee Change Factors Effective January 1, 2009, January 1, 2010, and January 1, 2011: Plan 65 Medigap and Select | 25 |
| Calculation of Institutional Services Component of Part B Coinsurance Provider Fee Changes Effective January 1, 2009, January 1, 2010, and January 1, 2011: Plan 65 Medigap and Select..... | 26 |
| Part A Deductible: Historical Pure Premium Values and Projected Utilization Trend: Total Plan 65 | 27 |
| Part A 61 st – 90 th Day and Lifetime Reserve Copayments: Historical Pure Premium Values and Projected Utilization/Mix Trend: Total Plan 65..... | 28 |
| Skilled Nursing Facility Copayment: Historical Pure Premium Values and Projected Utilization Trend: Total Plan 65.... | 29 |
| Part B Deductible: Historical Pure Premium Values and Projected Utilization/Mix Trend: Total Plan 65 | 30 |
| Part B Coinsurance - Physician: Historical Pure Premium Values and Projected Utilization/Mix Trend: Total Plan 65.... | 31 |
| Part B Coinsurance - Outpatient: Historical Pure Premium Values and Projected Utilization/Mix Trend: Total Plan 65 .. | 32 |
| Point Values Utilized in Development of Utilization/Mix Trends: Total Plan 65 | 33 |
| Projection of Calendar Year 2010 and Calendar Year 2011 Administrative Expense per Contract Month: Total Plan 65..... | 34 |
| Reconciliation of Calendar Year 2008 Claims Expense to Annual Statement: Total Plan 65 | 35 |

Schedule 3

**Plan 65 Medigap and Plan 65 Select
Required Monthly Subscription Rates**

Schedule 4

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF PLAN B, PLAN C, PLAN L AND PLAN N
REQUIRED MONTHLY SUBSCRIPTION RATES
FOR FEBRUARY 1, 2010, MARCH 1, 2010, AND APRIL 1, 2010 BILLING CYCLES
PLAN 65 SELECT

| | <u>Select B</u> | <u>Select C</u> | <u>Select L</u> | <u>Select N</u> |
|---|-----------------|-----------------|-----------------|-----------------|
| | (A) | (B) | (C) | (D) |
| Present Rates Effective February 01, 2009 | | | | |
| Discount Rate | \$109.63 | \$134.54 | N/A | N/A |
| Standard Rate | \$133.27 | \$183.35 | \$109.03 | N/A |
| First Year Age-in Rate (30% discount) (E) | N/A | \$94.18 | \$76.32 | N/A |
| Second Year Age-in Rate (20% discount) (E) | N/A | \$107.63 | \$87.22 | N/A |
| Third Year Age-in Rate (10% discount) (E) | N/A | \$121.09 | \$98.13 | N/A |
| Required Rate Adjustment Factor (A) | 1.0603 | 1.0708 | 1.0728 | N/A |
| Required Rates Effective February 01, 2010 | | | | |
| Discount Rate | \$116.24 | \$144.07 | N/A | N/A |
| Standard Rate | \$141.31 | \$196.33 | \$116.97 | \$117.45 |
| First Year Age-in Rate (30% discount) (E) | N/A | \$100.85 | \$81.88 | \$82.22 |
| Second Year Age-in Rate (20% discount) (E) | N/A | \$115.26 | \$93.58 | \$93.96 |
| Third Year Age-in Rate (10% discount) (E) | N/A | \$129.66 | \$105.27 | \$105.71 |

(A) Select B is closed to new enrollment. The rate adjustment factor can be found on schedule 7.

(B) The Select C discount rate is open to new enrollees that pass medical underwriting. Existing Plan 65 subscribers may transfer into the Select C standard rate without medical underwriting if they have been enrolled in a BCBSRI Plan 65 product for 12 months or more. The rate adjustment factor can be found on schedule 7.

(C) Effective June 1, 2010, Select L will be closed to new enrollment. The rate adjustment factor can be found on schedule 7.

(D) Select N will be available beginning June 1, 2010 to new enrollees that either pass medical underwriting or enroll within the first six months of turning age 65. The rate calculation for Select N can be found on schedule 7.

(E) Subscribers that enroll in a BCBSRI Plan 65 product within 6 months of eligibility for Medicare Part B will receive a 30% discount for the first year, 20% for the second, and 10% for the third. The age-in discount is applied to the Discount rate for Select C and the Standard rate for Select L and Select N. After 3 years of discounts, subscribers will receive the applicable non-discounted rate for the respective products.

Schedule 5

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF PLAN A, PLAN B, PLAN C, AND PLAN N
REQUIRED MONTHLY SUBSCRIPTION RATES
FOR FEBRUARY 1, 2010, MARCH 1, 2010, AND APRIL 1, 2010 BILLING CYCLES
PLAN 65 MEDIGAP

| | <u>Medigap A</u> | <u>Medigap B</u> | <u>Medigap C</u> | <u>Medigap N</u> |
|---|------------------|------------------|------------------|------------------|
| | (A) | (B) | (C) | (D) |
| Present Rates Effective February 01, 2009 | | | | |
| Discount Rate | \$120.28 | N/A | \$182.74 | N/A |
| Base Rate | \$133.64 | \$123.60 | \$203.04 | N/A |
| First Year Age-in Rate (30% discount) (E) | \$93.55 | N/A | \$142.13 | N/A |
| Second Year Age-in Rate (20% discount) (E) | \$106.91 | N/A | \$162.43 | N/A |
| Third Year Age-in Rate (10% discount) (E) | \$120.28 | N/A | \$182.74 | N/A |
| Required Rate Adjustment Factor | 1.0553 | 1.0555 | 1.0555 | N/A |
| Required Rates Effective February 01, 2010 | | | | |
| Discount Rate | \$126.93 | N/A | \$192.88 | N/A |
| Base Rate | \$141.03 | \$130.46 | \$214.31 | \$165.74 |
| First Year Age-in Rate (30% discount) (E) | \$98.72 | N/A | \$150.02 | \$116.02 |
| Second Year Age-in Rate (20% discount) (E) | \$112.82 | N/A | \$171.45 | \$132.59 |
| Third Year Age-in Rate (10% discount) (E) | \$126.93 | N/A | \$192.88 | \$149.17 |

(A) Medigap A is open year round to new enrollment without medical underwriting requirements. Rate adjustment factor can be found on schedule 14.

(B) Medigap B is closed to new enrollment. Medigap C rate adjustment factor assumed for Medigap B.

(C) The Medigap C base rate is open to new enrollees that pass medical underwriting. The rate adjustment factor can be found on schedule 14. The discount rate is closed to new enrollment.

(D) Medigap N will be available beginning June 1, 2010 to new enrollment without medical underwriting requirements. The base rate for Medigap N can be found on schedule 14.

(E) Subscribers that enroll in a BCBSRI Plan 65 product within 6 months of eligibility for Medicare Part B will receive a 30% discount for the first year, 20% for the second, and 10% for the third. The age-in discount is applied to the base rate for Medigap A, Medigap C, and Medigap N. After 3 years of discounts, subscribers will receive the applicable non-discounted rate for the respective products.

Schedule 6

**Plan 65 Select: Calculation of Required
Rate Adjustment Factors and Rates
For Plan B, Plan C, Plan L, and Plan N**

Schedule 7

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF REQUIRED PLAN B, PLAN C, AND PLAN L RATE ADJUSTMENT FACTORS AND PLAN N REQUIRED RATE
FOR FEBRUARY 1, 2010, MARCH 1, 2010, AND APRIL 1, 2010 BILLING CYCLES
PLAN 65 SELECT

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|--------------------------|--|-----------------------------------|---|--|---|---|---|---|--|
| | Projected Weighted Average per Contract Month Values in Aggregate For February 1, 2010, March 1, 2010, and April 1, 2010 Billing Cycles For Rate Years Commencing February 1, 2010, March 1, 2010, and April 1, 2010, Respectively | | | | | | | | |
| | <u>Incurred Claims Expense</u> | <u>Administrative Expense</u> | <u>Total Incurred Claims and Administrative Expense (H)</u> | <u>System Replacement Expenses (I)</u> | <u>Investment Income Credit (J)</u> | <u>Contribution to Reserve/ Tax (K)</u> | <u>Required Subscription Income (L)</u> | <u>Present Weighted Average Subscription Income (M)</u> | <u>Required Rate Adjustment Factor (N)</u> |
| Select Plan B | \$97.66 (B) | \$19.95 (F) | \$117.61 | \$0.42 | (\$0.79) | \$5.52 | \$122.76 | \$115.78 | 1.0603 |
| Select Plan C | \$126.95 (C) | \$19.95 (F) | \$146.90 | \$0.52 | (\$0.98) | \$6.90 | \$153.34 | \$143.20 | 1.0708 |
| Select Plan L | \$88.59 (D) | \$19.95 (F) | \$108.54 | \$0.39 | (\$0.73) | \$5.10 | \$113.30 | \$105.61 | 1.0728 |
| Select Plan N (A) | \$92.52 (E) | \$19.99 (G) | \$112.51 | \$0.40 | (\$0.75) | \$5.29 | \$117.45 | N/A | N/A |

(A) Select Plan N billing cycles begin June 1, 2010, July 1, 2010, and August 1, 2010.

(B) Per Schedule 9, Column 3.

(C) Per Schedule 9, Column 4.

(D) Per Schedule 9, Column 5.

(E) Per Schedule 8, Column 3.

(F) Per Schedule 9, Column 6.

(G) Per Schedule 8, Column 4.

(H) Sum of column 1 and column 2.

(I) System replacement expenses allocated to Plan 65 rates, which is 0.34% of premium.

(J) Reduction of required subscription income per contract per month due to anticipated return on invested funds, which is 0.67% of claims and administrative expense.

(K) At 2% reserve loading plus 0.5% federal tax liability plus 2.00% for state premium assessment: (Column 3 + Column 4+ Column 5) / 0.9550 - (Column 3 + Column 4 + Column 5).
The premium tax assessment is levied pursuant to section 44-17-1 of the Rhode Island General Laws.

(L) Sum of column 3 through column 6.

(M) Based on contract month distribution as of April 2009. Calculation shown on schedule 21.

(N) Column 7 divided by column 8.

Schedule 8

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF PROJECTED INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
AND ADMINISTRATIVE EXPENSE PER CONTRACT MONTH
FOR JUNE 1, 2010, JULY 1, 2010, AND AUGUST 1, 2010 BILLING CYCLES FOR PLAN N
PLAN 65 SELECT

| (1) | (2) | (3) | (4) |
|---|------------------------|--|--|
| | Number of Months | Projected Incurred Claims Expense Per Contract Month <u>Select Plan N</u> | Administrative Expense per Contract Month |
| June 2010 Billing Cycle | | | |
| 1. June 1 - December 31, 2010 | 7 | \$91.87 (A) | \$19.84 (E) |
| 2. <u>January 1 - January 31, 2011</u> | 1 | <u>\$95.40 (B)</u> | <u>\$20.66 (F)</u> |
| 3. Cycle Weight: 0.6558 | | \$92.31 (C) | \$19.94 (G) |
| July 2010 Billing Cycle | | | |
| 4. July 1 - December 31, 2010 | 6 | \$91.87 (A) | \$19.84 (E) |
| 5. <u>January 1 - February 28, 2011</u> | 2 | <u>\$95.40 (B)</u> | <u>\$20.66 (F)</u> |
| 6. Cycle Weight: 0.2045 | | \$92.75 (C) | \$20.05 (G) |
| August 2010 Billing Cycle | | | |
| 7. August 1 - December 31, 2010 | 5 | \$91.87 (A) | \$19.84 (E) |
| 8. <u>January 1 - March 31, 2011</u> | 3 | <u>\$95.40 (B)</u> | <u>\$20.66 (F)</u> |
| 9. Cycle Weight: 0.1397 | | \$93.19 (C) | \$20.15 (G) |
| 10. Grand Total | | \$92.52 (D) | \$19.99 (H) |

(A) 1/1/10 - 12/31/10 claims expense per Schedule 11, column 10, for Plan N.

(B) 1/1/11 - 12/31/11 claims expense per Schedule 10, column 10, for Plan N.

(C) The average claims expense for each billing cycle is weighted by the months in column 2.

(D) The average claims expense for the rating period is weighted by total Plan 65 Select billing cycle enrollment weights at 4/09 shown in lines 3, 6, and 9 of column 1.

(E) Per schedule 34, column 2.

(F) Per schedule 34, column 4.

(G) The average administrative expense for each billing cycle is weighted by months in column 2.

(H) The average administrative expense for the rating period is weighted by total Plan 65 Select billing cycle enrollment weights at 4/09 shown in lines 3, 6, and 9 of column 1.

Schedule 9

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF PROJECTED INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
AND ADMINISTRATIVE EXPENSE PER CONTRACT MONTH
FOR FEBRUARY 1, 2010, MARCH 1, 2010, AND APRIL 1, 2010 BILLING CYCLES FOR PLANS B, C, AND L
PLAN 65 SELECT

| (1) | (2) | (3) | (4) | (5) | (6) |
|---|-------------------------------|--|----------------------|----------------------|--|
| | Number of <u>Months</u> | Projected Incurred Claims Expense Per Contract Month | | | Administrative Expense per Contract Month |
| | | <u>Select Plan B</u> | <u>Select Plan C</u> | <u>Select Plan L</u> | <u>Month</u> |
| February 2010 Billing Cycle | | | | | |
| 1. February 1 - December 31, 2010 | 11 | \$97.16 (A) | \$126.08 (A) | \$88.12 (A) | \$19.84 (E) |
| 2. <u>January 1 - January 31, 2011</u> | 1 | <u>\$100.98 (B)</u> | <u>\$132.70 (B)</u> | <u>\$91.73 (B)</u> | <u>\$20.66 (F)</u> |
| 3. Cycle Weight: 0.6309 | | \$97.48 (C) | \$126.63 (C) | \$88.42 (C) | \$19.91 (G) |
| March 2010 Billing Cycle | | | | | |
| 4. March 1 - December 31, 2010 | 10 | \$97.16 (A) | \$126.08 (A) | \$88.12 (A) | \$19.84 (E) |
| 5. <u>January 1 - February 28, 2011</u> | 2 | <u>\$100.98 (B)</u> | <u>\$132.70 (B)</u> | <u>\$91.73 (B)</u> | <u>\$20.66 (F)</u> |
| 6. Cycle Weight: 0.1647 | | \$97.80 (C) | \$127.18 (C) | \$88.72 (C) | \$19.98 (G) |
| April 2010 Billing Cycle | | | | | |
| 7. April 1 - December 31, 2010 | 9 | \$97.16 (A) | \$126.08 (A) | \$88.12 (A) | \$19.84 (E) |
| 8. <u>January 1 - March 31, 2011</u> | 3 | <u>\$100.98 (B)</u> | <u>\$132.70 (B)</u> | <u>\$91.73 (B)</u> | <u>\$20.66 (F)</u> |
| 9. Cycle Weight: 0.2044 | | \$98.12 (C) | \$127.74 (C) | \$89.02 (C) | \$20.05 (G) |
| 10. Grand Total | | \$97.66 (D) | \$126.95 (D) | \$88.59 (D) | \$19.95 (H) |

(A) 1/1/10 - 12/31/10 claims expense per Schedule 11 for each respective plan.

(B) 1/1/11 - 12/31/11 claims expense per Schedule 10 for each respective plan.

(C) The average claims expense for each billing cycle is weighted by the months in column 2.

(D) The average claims expense for the rating period is weighted by total Plan 65 Select billing cycle enrollment weights at 4/09 shown in lines 3, 6, and 9 of column 1.

(E) Per schedule 34, column 2.

(F) Per schedule 34, column 4.

(G) The average administrative expense for each billing cycle is weighted by months in column 2.

(H) The average administrative expense for the rating period is weighted by total Plan 65 Select billing cycle enrollment weights at 4/09 shown in lines 3, 6, and 9 of column 1.

Schedule 10

**BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2011
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR PLAN B, PLAN C, PLAN L, AND PLAN N
PLAN 65 SELECT**

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|------------------------------------|--|--------------------|---|---------------------|------------------|-----------------|-------------------------|---|-------------------------|------------------|
| | Projected Incurred Claims Expense per Contract Month 1/1/10 - 12/31/10 (A) | Benefit Changes | Projection Factors 1/1/11 - 12/31/11 over 1/1/10 - 12/31/10 Provider Fees | Utilization/ Mix | Composite (R) | All Benefits | Select Plan B (V) | Projected Incurred Claims Expense per Contract Month 1/1/11 - 12/31/11 Select Plan C (W) | Select Plan L (X) | Select Plan N |
| Part A | | | | | | | | | | |
| Deductible | \$0.82 | 1.0432 (B) | | 1.0000 (K) | 1.0432 | \$0.86 (S) | \$0.86 | \$0.86 | \$0.65 | \$0.86 (Y) |
| Copayments | \$0.15 | 1.0432 (C) | | 1.0000 (L) | 1.0432 | \$0.16 (S) | \$0.16 | \$0.16 | \$0.16 | \$0.16 (Y) |
| 365 Additional Days | \$2.32 | 1.0329 (D) | | 1.0000 (H) | 1.0329 | \$2.40 (S) | \$2.40 | \$2.40 | \$2.40 | \$2.40 (Y) |
| Skilled Nursing Facility Copayment | \$16.74 | 1.0432 (E) | | 1.0000 (M) | 1.0432 | \$17.46 (S) | z | \$17.46 | \$13.10 | \$17.46 (Y) |
| Sub-Total | \$20.03 | | | | | \$20.88 | \$3.42 | \$20.88 | \$16.31 | \$20.88 |
| Part B | | | | | | | | | | |
| Deductible | \$12.17 | 1.1712 (F) | | 1.0000 (N) | 1.1712 | \$14.25 (T) | - | \$14.25 | - | - |
| Coinurance - Physician | \$65.23 | 0.9956 (G) | 1.0110 (I) | 1.0397 (O) | 1.0465 | \$68.26 (S) | \$68.26 | \$68.26 | \$51.20 | \$48.40 (Z) |
| Coinurance - Outpatient | \$28.64 | 0.9956 (G) | 1.0174 (J) | 1.0100 (P) | 1.0231 | \$29.30 (S) | \$29.30 | \$29.30 | \$21.98 | \$26.11 (AA) |
| Sub-Total | \$106.04 | | | | | \$111.81 | \$97.56 | \$111.81 | \$73.18 | \$74.51 |
| Foreign Travel Emergency: | \$0.01 | 1.0000 (H) | | 1.0000 (Q) | 1.0000 | \$0.01 (S) | z | \$0.01 | z | \$0.01 (Y) |
| Out-of-Pocket Maximum | \$2.07 | | | | | \$2.24 (U) | z | z | \$2.24 | z |
| Grand Total | \$128.15 | | | | | \$134.94 | \$100.98 | \$132.70 | \$91.73 | \$95.40 |

(A) Per schedule 11, column 6.

(B) Estimated Part A Deductible increase per the 2009 Trustee's Report released May 12, 2009: \$1,160 (2011) / \$1,112 (2010).

(C) Estimated 61st - 90th Day Copayment increase per 2009 Trustee's Report released May 12, 2009: \$290 (2011) / \$278 (2010); Estimated Lifetime Reserve Copayment increase per the 2009 Trustee's Report released May 12, 2009: \$580 (2011) / \$556 (2010).

(D) 2011 over 2010 payment-weighted average rate increase for inpatient hospital services per the 2009 Trustee's Report released May 12, 2009.

(E) Estimated Skilled Nursing Facility Copayment increase per the 2009 Trustee's Report released May 12, 2009: \$145.00 (2011) / \$139.00 (2010).

(F) Part B deductible is the average of the MEI and 0% scenarios shown in "Projected Medicare Part B Expenditures under Two Illustrative Scenarios with Alternative Physician Payment Updates", published by the Office of the Actuary on May 12, 2009: \$171 (2011) / \$146 (2010).

(G) Estimated decrease in Part B Copayment claims cost due to estimated increase in Part B Deductible: $1 - ((\$12.17 \times (1.1712 - 1) \times 20\%) / \$93.87)$.

(H) Assumed to be no change.

(I) Estimated physician provider fee change effective January 1, 2011 per schedule 25, column 4.

(J) Estimated outpatient provider fee change effective January 1, 2011 per schedule 26, line 10.

(K) Per schedule 27.

(L) Per schedule 28.

(M) Per schedule 29.

(N) Per schedule 30.

(O) Per schedule 31.

(P) Per schedule 32.

(Q) Assumed to be no change.

(R) Product of column 2 through column 4.

(S) Column 1 multiplied by column 5.

(T) Estimated Part B deductible for 2011 (\$171) divided by 12.

(U) Projected claims greater than OOP maximum per member. For CY 2011 OOP maximum for Plan L is estimated to be \$2,370.

(V) Per column 6 for Plan 65 Select Plan B benefits.

(W) Per column 6 for Plan 65 Select Plan C benefits.

(X) Per column 6 for Plan 65 Select Plan L benefit level. Part A deductible, SNF copay, and Part B copayment are covered at 75%.

(Y) Per column 6 for Plan 65 Select Plan N benefits.

(Z) Part B physician coinsurance in column 6 multiplied by benefit factor of 0.709 shown on schedule 22, line 6, column 2.

(AA) Part B outpatient coinsurance in column 6 multiplied by benefit factor of 0.891 shown on schedule 22, line 12, column 2.

Schedule 11

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2010
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR PLAN B, PLAN C, PLAN L, AND PLAN N
PLAN 65 SELECT

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|------------------------------------|--|--------------------|------------------|---------------------|------------------|-----------------|-------------------------|---|-------------------------|------------------|
| | Projected Incurred Claims Expense per Contract Month 1/1/09 - 12/31/09 (A) | Benefit Changes | Provider Fees | Utilization/ Mix | Composite (R) | All Benefits | Select Plan B (V) | Projected Incurred Claims Expense per Contract Month 1/1/10 - 12/31/10 Select Plan C (W) | Select Plan L (X) | Select Plan N |
| Part A | | | | | | | | | | |
| Deductible | \$0.79 | 1.0412 (B) | | 1.0000 (K) | 1.0412 | \$0.82 (S) | \$0.82 | \$0.82 | \$0.62 | \$0.82 (Y) |
| Copayments | \$0.14 | 1.0412 (C) | | 1.0000 (L) | 1.0412 | \$0.15 (S) | \$0.15 | \$0.15 | \$0.15 | \$0.15 (Y) |
| 365 Additional Days | \$2.25 | 1.0309 (D) | | 1.0000 (H) | 1.0309 | \$2.32 (S) | \$2.32 | \$2.32 | \$2.32 | \$2.32 (Y) |
| Skilled Nursing Facility Copayment | \$16.08 | 1.0412 (E) | | 1.0000 (M) | 1.0412 | \$16.74 (S) | - | \$16.74 | \$12.56 | \$16.74 (Y) |
| Sub-Total | \$19.26 | | | | | \$20.03 | \$3.29 | \$20.03 | \$15.65 | \$20.03 |
| Part B | | | | | | | | | | |
| Deductible | \$11.25 | 1.0815 (F) | | 1.0000 (N) | 1.0815 | \$12.17 (T) | - | \$12.17 | - | - |
| Coinsurance - Physician | \$62.24 | 0.9980 (G) | 1.0100 (I) | 1.0397 (O) | 1.0480 | \$65.23 (S) | \$65.23 | \$65.23 | \$48.92 | \$46.31 (Z) |
| Coinsurance - Outpatient | \$27.78 | 0.9980 (G) | 1.0227 (J) | 1.0100 (P) | 1.0309 | \$28.64 (S) | \$28.64 | \$28.64 | \$21.48 | \$25.52 (AA) |
| Sub-Total | \$101.27 | | | | | \$106.04 | \$93.87 | \$106.04 | \$70.40 | \$71.83 |
| Foreign Travel Emergency: | \$0.01 | 1.0000 (H) | | 1.0000 (Q) | 1.0000 | \$0.01 (S) | - | \$0.01 | - | \$0.01 (Y) |
| Out-of-Pocket Maximum | \$1.84 | | | | | \$2.07 (U) | - | - | \$2.07 | - |
| Grand Total | \$122.38 | | | | | \$128.15 | \$97.16 | \$126.08 | \$88.12 | \$91.87 |

(A) Per schedule 12, column 7.

(B) Part A deductible increase per the 2009 Trustee's Report released May 12, 2009: \$1,112 (2010) / \$1,068 (2009).

(C) 61st - 90th Day Copayment increase per the 2009 Trustee's Report released May 12, 2009: \$278 (2010) / \$267 (2009); Lifetime Reserve Copayment increase per the 2009 Trustee's Report released May 12, 2009: \$556 (2010) / \$534 (2009).

(D) 2010 over 2009 payment-weighted average rate increase for inpatient hospital services per the 2009 Trustee's Report released May 12, 2009.

(E) Skilled Nursing Facility Copayment increase per 2009 Trustee's Report released May 12, 2009: \$139.00 (2010) / \$133.50 (2009).

(F) Part B deductible is the average of the MEI and 0% scenarios shown in "Projected Medicare Part B Expenditures under Two Illustrative Scenarios with Alternative Physician Payment Updates", published by the Office of the Actuary on May 12, 2009: \$146 (2010) / \$135 (2009).

(G) Estimated decrease in Part B coinsurance claims cost due to estimated increase in Part B deductible: $1 - ((\$11.25 \times (1.0815 - 1) \times 20\%)) / \90.02 .

(H) Assumed to be no change.

(I) Estimated physician provider fee change effective January 1, 2010 per schedule 25, column 4.

(J) Estimated outpatient provider fee change effective January 1, 2010 per Schedule 26, line 10.

(K) Per schedule 27.

(L) Per schedule 28.

(M) Per schedule 29.

(N) Per schedule 30.

(O) Per schedule 31.

(P) Per schedule 32.

(Q) Assumed to be no change.

(R) Product of column 2 through Column 4.

(S) Column 1 multiplied by column 5.

(T) Estimated Part B deductible for 2010 (\$146) divided by 12.

(U) Projected claims greater than OOP maximum per member. For CY 2010 OOP maximum for Plan L will be \$2,310, per the announcement made by CMS in August 2009.

(V) Per column 6 for Plan 65 Select Plan B benefits.

(W) Per column 6 for Plan 65 Select Plan C benefits.

(X) Per column 6 for Plan 65 Select Plan L benefit level. Part A deductible, SNF copay, and Part B copayment are covered at 75%.

(Y) Per column 6 for Plan 65 Select Plan N benefits.

(Z) Part B physician coinsurance in column 6 multiplied by benefit factor of 0.710 shown on schedule 22, line 6, column 1.

(AA) Part B outpatient coinsurance in column 6 multiplied by benefit factor of 0.891 shown on schedule 22, line 12, column 1.

Schedule 12

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2009
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR PLAN B, PLAN C, AND PLAN L
PLAN 65 SELECT

| | (1) | | (2) | | (3) | | (4) | | (5) | | (6) | | (7) | (8) | (9) | (10) |
|------------------------------------|---|--|---|--|--|--|------------------|--|---------------------|--|------------------|--|-----------------|--------------------------|--------------------------|--------------------------|
| | Incurred Claims Expense 1/1/08 - 12/31/08 | | Column 1 Adjusted to Claims Expense per Contract Month | | Projection Factors 1/1/09 - 12/31/09 over 1/1/08 - 12/31/08 | | | | | Projected Incurred Claims Expense per Contract Month 1/1/09 - 12/31/09 | | | | | | |
| | | | | | Benefit Changes | | Provider Fees | | Utilization/ Mix | | Composite (W) | | All Benefits | Select Plan B (AA) | Select Plan C (AB) | Select Plan L (AC) |
| Part A | | | | | | | | | | | | | | | | |
| Deductible | \$57,449 | | \$0.76 (D) | | 1.0430 (G) | | | | 1.0000 (P) | | 1.0430 | | \$0.79 (X) | \$0.79 | \$0.79 | \$0.59 |
| Copayments | \$9,998 (A) | | \$0.13 (D) | | 1.0430 (H) | | | | 1.0000 (Q) | | 1.0430 | | \$0.14 (X) | \$0.14 | \$0.14 | \$0.14 |
| 365 Additional Days | \$163,494 (B) | | \$2.17 (D) | | 1.0360 (I) | | | | 1.0000 (M) | | 1.0360 | | \$2.25 (X) | \$2.25 | \$2.25 | \$2.25 |
| Skilled Nursing Facility Copayment | \$1,144,376 | | \$15.42 (E) | | 1.0430 (J) | | | | 1.0000 (R) | | 1.0430 | | \$16.08 (X) | - | \$16.08 | \$12.06 |
| Sub-Total | \$1,375,317 | | \$18.48 | | | | | | | | | | \$19.26 | \$3.18 | \$19.26 | \$15.04 |
| Part B | | | | | | | | | | | | | | | | |
| Deductible | \$823,785 | | \$11.33 (F) | | 1.0000 (K) | | | | 1.0000 (S) | | 1.0000 | | \$11.25 (Y) | - | \$11.25 | - |
| Coinsurance - Physician | \$4,397,123 | | \$58.36 (D) | | 1.0000 (L) | | 1.0258 (N) | | 1.0397 (T) | | 1.0665 | | \$62.24 (X) | \$62.24 | \$62.24 | \$46.68 |
| Coinsurance - Outpatient | \$2,019,492 | | \$26.80 (D) | | 1.0000 (L) | | 1.0263 (O) | | 1.0100 (U) | | 1.0366 | | \$27.78 (X) | \$27.78 | \$27.78 | \$20.84 |
| Sub-Total | \$7,240,400 | | \$96.49 | | | | | | | | | | \$101.27 | \$90.02 | \$101.27 | \$67.52 |
| Foreign Travel Emergency: | \$1,040 (C) | | \$0.01 (F) | | 1.0000 (M) | | | | 1.0000 (V) | | 1.0000 | | \$0.01 (X) | - | \$0.01 | - |
| Out-of-Pocket Maximum | - | | - | | | | | | | | | | \$1.84 (Z) | - | - | \$1.84 |
| Grand Total | \$8,616,757 | | \$114.98 | | | | | | | | | | \$122.38 | \$93.20 | \$120.54 | \$84.40 |

(A) Actual claims expense replaced with average of 2005 through 2008 non-group claims expense per contract month projected to 1/1/08 - 12/31/08 for Select Plan B Select Plan C, and Select Plan L extended by contract months.

(B) Actual claims expense replaced with average of 2004 through 2007 non-group claims expense per contract month projected to 1/1/08 - 12/31/08 for total Medigap and Select extended by contract months.

(C) Actual claims expense replaced with average of 2005 through 2008 non-group claims expense per contract month projected to 1/1/08 - 12/31/08 for Select Plan C, extended by contract months.

(D) Column 1 divided by 75,343 Select Plan B, Select Plan C, and Select Plan L contract months for 1/1/08 - 12/31/08.

(E) Column 1 divided by 74,232 Select Plan C and Select Plan L contract months for 1/1/08 - 12/31/08.

(F) Column 1 divided by 72,737 Select Plan C contract months for 1/1/08 - 12/31/08.

(G) Part A Deductible increase per 73 FR 55087 September 24, 2008: \$1,068 (2009) / \$1,024 (2008).

(H) 61st - 90th Day Copayment increase per 73 FR 55087 September 24, 2008: \$267 (2009) / \$256 (2008); Lifetime Reserve Copayment increase: \$534 (2009) / \$512 (2008).

(I) 365 Additional Day increase per hospital market-basket increase in 73 FR 55087 September 24, 2008.

(J) Skilled Nursing Facility Copayment increase per 73 FR 55087 September 24, 2008: \$133.50 (2009) / \$128.00 (2008).

(K) Part B deductible increase per 73 FR 55089 September 24, 2008: \$135 (2009) / \$135 (2008).

(L) Estimated decrease in Part B coinsurance claims cost due to increase in Part B deductible: $1 - ((\$11.33 \times (1.0000 - 1) \times 20\%) / \$85.16)$.

(M) Assumed to be no change.

(N) Physician provider fee change effective January 1, 2009 per schedule 25, column 4.

(O) Outpatient provider fee change effective January 1, 2009 per schedule 26, line 10.

(P) Per schedule 27.

(Q) Per schedule 28.

(R) Per schedule 29.

(S) Per schedule 30.

(T) Per schedule 31.

(U) Per schedule 32.

(V) Assumed to be no change.

(W) Product of column 3 through column 5.

(X) Column 2 multiplied by column 6.

(Y) Part B deductible for 2009 (\$135) divided by 12.

(Z) Projected claims greater than OOP maximum per member. For CY 2009 OOP maximum for Plan L will be \$2,310, per the announcement made by CMS in August 2008.

(AA) Per column 7 for Plan 65 Select Plan B benefits.

(AB) Per column 7 for Plan 65 Select Plan C benefits.

(AC) Per column 7 for Plan 65 Select Plan L benefits. Part A deductible, SNF copay, and Part B copayment are covered at 75%.

Schedule 13

**Plan 65 Medigap: Calculation of Required
Rate Adjustment Factors and Rates
For Plan A, Plan C, and Plan N**

Schedule 14

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF REQUIRED PLAN A AND PLAN C RATE ADJUSTMENT FACTORS AND PLAN N REQUIRED RATE
FOR FEBRUARY 1, 2010, MARCH 1, 2010, AND APRIL 1, 2010 BILLING CYCLES
PLAN 65 MEDIGAP

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---------------------------|--|-----------------------------------|---|--|---|---|---|---|--|
| | Projected Weighted Average per Contract Month Values in Aggregate For February 1, 2010, March 1, 2010, and April 1, 2010 Billing Cycles For Rate Years Commencing February 1, 2010, March 1, 2010, and April 1, 2010, Respectively | | | | | | | | |
| | <u>Incurred Claims Expense</u> | <u>Administrative Expense</u> | <u>Total Incurred Claims and Administrative Expense (G)</u> | <u>System Replacement Expenses (H)</u> | <u>Investment Income Credit (I)</u> | <u>Contribution to Reserve/ Tax (J)</u> | <u>Required Subscription Income (K)</u> | <u>Present Weighted Average Subscription Income (L)</u> | <u>Required Rate Adjustment Factor (M)</u> |
| Medigap Plan A | \$110.72 (B) | \$19.97 (E) | \$130.69 | \$0.46 | (\$0.88) | \$6.14 | \$136.41 | \$129.26 | 1.0553 |
| Medigap Plan C | \$175.59 (C) | \$19.97 (E) | \$195.56 | \$0.69 | (\$1.31) | \$9.19 | \$204.13 | \$193.39 | 1.0555 |
| Medigap Plan N (A) | \$138.76 (D) | \$20.02 (F) | \$158.78 | \$0.56 | (\$1.06) | \$7.46 | \$165.74 | N/A | N/A |

(A) Medigap Plan N billing cycles begin June 1, 2010, July 1, 2010, and August 1, 2010.

(B) Per schedule 16, column 3.

(C) Per schedule 16, column 4.

(D) Per schedule 15, column 3.

(E) Per schedule 16, column 5.

(F) Per schedule 15, column 4.

(G) Sum of columns 1 and 2.

(H) System replacement expenses allocated to Plan 65 rates, which is 0.34% of premium.

(I) Reduction of required subscription income per contract month due to anticipated return on invested funds, which is 0.67% of claims and administrative expense.

(J) At 2% reserve loading plus 0.5% federal tax liability plus 2.00% for state premium assessment: (Column 3 + Column 4 + Column 5) / 0.9550 - (Column 3 + Column 4 + Column 5). The premium tax assessment is levied pursuant to section 44-17-1 of the Rhode Island General Laws.

(K) Sum of column 3 through column 6.

(L) Based on contract month distribution as of April 2009. The present rate of income calculation shown on schedule 21.

(M) Column 7 divided by column 8.

Schedule 15

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF PROJECTED INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
AND ADMINISTRATIVE EXPENSE PER CONTRACT MONTH
FOR JUNE 1, 2010, JULY 1, 2010, AND AUGUST 1, 2010 BILLING CYCLES FOR PLAN N
PLAN 65 MEDIGAP

| (1) | (2) | (3) | (4) |
|---|-------------------------------|---|---|
| | Number of <u>Months</u> | Projected Incurred Claims Expense Per Contract Month <u>Medigap Plan N</u> | Administrative Expense per Contract <u>Month</u> |
| June 2010 Rating Cycle | | | |
| 1. June 1 - December 31, 2010 | 7 | \$137.59 (A) | \$19.84 (E) |
| 2. <u>January 1 - January 31, 2011</u> | 1 | <u>\$143.03 (B)</u> | <u>\$20.66 (F)</u> |
| 3. Cycle Weight: 0.4997 | | \$138.27 (C) | \$19.94 (G) |
| July 2010 Rating Cycle | | | |
| 4. July 1 - December 31, 2010 | 6 | \$137.59 (A) | \$19.84 (E) |
| 5. <u>January 1 - February 28, 2011</u> | 2 | <u>\$143.03 (B)</u> | <u>\$20.66 (F)</u> |
| 6. Cycle Weight: 0.2843 | | \$138.95 (C) | \$20.05 (G) |
| August 2010 Rating Cycle | | | |
| 7. August 1 - December 31, 2010 | 5 | \$137.59 (A) | \$19.84 (E) |
| 8. <u>January 1 - March 31, 2011</u> | 3 | <u>\$143.03 (B)</u> | <u>\$20.66 (F)</u> |
| 9. Cycle Weight: 0.2160 | | \$139.63 (C) | \$20.15 (G) |
| 10. Grand Total | | \$138.76 (D) | \$20.02 (H) |

(A) 1/1/10 - 12/31/10 claims expense per schedule 18, column 9.

(B) 1/1/11 - 12/31/11 claims expense per schedule 17, column 9.

(C) The average claims expense for each billing cycle is weighted by the months in column 2.

(D) The average claims expense for the rating period is weighted by total Plan 65 Medigap billing cycle enrollment weights at 4/09 shown in lines 3, 6, and 9 of column 1.

(E) Per schedule 34, column 2.

(F) Per schedule 34, column 4.

(G) The average administrative expense for each billing cycle is weighted by months in column 2.

(H) The average administrative expense for the rating period is weighted by total Plan 65 Medigap billing cycle enrollment weights at 4/09 shown in lines 3, 6, and 9 of column 1.

Schedule 16

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF PROJECTED INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
AND ADMINISTRATIVE EXPENSE PER CONTRACT MONTH
FOR FEBRUARY 1, 2010, MARCH 1, 2010, AND APRIL 1, 2010 BILLING CYCLES FOR PLANS A AND C
PLAN 65 MEDIGAP

| (1) | (2) | (3) | (4) | (5) |
|---|------------------------|---|-----------------------|--|
| | Number of Months | Projected Incurred Claims Expense Per Contract Month | | Administrative Expense per Contract Month |
| | | <u>Medigap Plan A</u> | <u>Medigap Plan C</u> | <u>Month</u> |
| February 2010 Rating Cycle | | | | |
| 1. February 1 - December 31, 2010 | 11 | \$110.06 (A) | \$174.27 (A) | \$19.84 (E) |
| 2. <u>January 1 - January 31, 2011</u> | 1 | <u>\$114.40 (B)</u> | <u>\$182.93 (B)</u> | <u>\$20.66 (F)</u> |
| 3. Cycle Weight: 0.4530 | | \$110.42 (C) | \$174.99 (C) | \$19.91 (G) |
| March 2010 Rating Cycle | | | | |
| 4. March 1 - December 31, 2010 | 10 | \$110.06 (A) | \$174.27 (A) | \$19.84 (E) |
| 5. <u>January 1 - February 28, 2011</u> | 2 | <u>\$114.40 (B)</u> | <u>\$182.93 (B)</u> | <u>\$20.66 (F)</u> |
| 6. Cycle Weight: 0.2627 | | \$110.78 (C) | \$175.71 (C) | \$19.98 (G) |
| April 2010 Rating Cycle | | | | |
| 7. April 1 - December 31, 2010 | 9 | \$110.06 (A) | \$174.27 (A) | \$19.84 (E) |
| 8. <u>January 1 - March 31, 2011</u> | 3 | <u>\$114.40 (B)</u> | <u>\$182.93 (B)</u> | <u>\$20.66 (F)</u> |
| 9. Cycle Weight: 0.2843 | | \$111.15 (C) | \$176.44 (C) | \$20.05 (G) |
| 10. Grand Total | | \$110.72 (D) | \$175.59 (D) | \$19.97 (H) |

(A) 1/1/10 - 12/31/10 claims expense per Schedule 18 for each respective plan.

(B) 1/1/11 - 12/31/11 claims expense per Schedule 17 for each respective plan.

(C) The average claims expense for each billing cycle is weighted by the months in column 2.

(D) The average claims expense for the rating period is weighted by total Plan 65 Medigap billing cycle enrollment weights at 4/09 shown in lines 3, 6, and 9 of column 1.

(E) Per schedule 34, column 2.

(F) Per schedule 34, column 4.

(G) The average administrative expense for each billing cycle is weighted by months in column 2.

(H) The average administrative expense for the rating period is weighted by total Plan 65 Medigap billing cycle enrollment weights at 4/09 shown in lines 3, 6, and 9 of column 1.

Schedule 17

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2011
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR PLAN A, PLAN C, AND PLAN N
PLAN 65 MEDIGAP

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|--|--------------------------|-----------------------------|--------------------------|--|-----------------------------------|-----------------------------------|---------------------------|
| | Projected Incurred Claims Expense per Contract Month 1/1/10 - 12/31/10 | Projection Factors 1/1/11 - 12/31/11 over 1/1/10 - 12/31/10 | | | | Projected Incurred Claims Expense per Contract Month 1/1/11 - 12/31/11 | | | |
| | <u>(A)</u> | <u>Benefit Changes</u> | <u>Provider Fees</u> | <u>Utilization/ Mix</u> | <u>Composite (R)</u> | <u>All Benefits</u> | <u>Medigap Plan A (U)</u> | <u>Medigap Plan C (V)</u> | <u>Medigap Plan N</u> |
| Part A | | | | | | | | | |
| Deductible | \$28.67 | 1.0432 (B) | | 1.0000 (K) | 1.0432 | \$29.91 (S) | - | \$29.91 | \$29.91 (W) |
| Copayments | \$2.10 | 1.0432 (C) | | 1.0000 (L) | 1.0432 | \$2.19 (S) | \$2.19 | \$2.19 | \$2.19 (W) |
| 365 Additional Days | \$2.32 | 1.0329 (D) | | 1.0000 (H) | 1.0329 | \$2.40 (S) | \$2.40 | \$2.40 | \$2.40 (W) |
| <u>Skilled Nursing Facility Copayment</u> | <u>\$23.21</u> | 1.0432 (E) | | 1.0000 (M) | 1.0432 | <u>\$24.21</u> (S) | <u>-</u> | <u>\$24.21</u> | <u>\$24.21</u> (W) |
| Sub-Total | \$56.30 | | | | | \$58.71 | \$4.59 | \$58.71 | \$58.71 |
| Part B | | | | | | | | | |
| Deductible | \$12.17 | 1.1712 (F) | | 1.0000 (N) | 1.1712 | \$14.25 (T) | - | \$14.25 | - |
| Coinsurance - Physician | \$71.80 | 0.9961 (G) | 1.0110 (I) | 1.0397 (O) | 1.0470 | \$75.17 (S) | \$75.17 | \$75.17 | \$53.30 (X) |
| <u>Coinsurance - Outpatient</u> | <u>\$33.84</u> | 0.9961 (G) | 1.0174 (J) | 1.0100 (P) | 1.0236 | <u>\$34.64</u> (S) | <u>\$34.64</u> | <u>\$34.64</u> | <u>\$30.86</u> (Y) |
| Sub-Total | \$117.81 | | | | | \$124.06 | \$109.81 | \$124.06 | \$84.16 |
| <u>Foreign Travel Emergency:</u> | <u>\$0.16</u> | 1.0000 (H) | | 1.0000 (Q) | 1.0000 | <u>\$0.16</u> (S) | <u>-</u> | <u>\$0.16</u> | <u>\$0.16</u> (W) |
| <u>Grand Total</u> | <u>\$174.27</u> | | | | | <u>\$182.93</u> | <u>\$114.40</u> | <u>\$182.93</u> | <u>\$143.03</u> |

(A) Per schedule 18, column 6.

(B) Estimated Part A deductible increase per the 2009 Trustee's Report released May 12, 2009: \$1,160 (2011) / \$1,112 (2010).

(C) Estimated 61st - 90th Day Copayment increase per the 2009 Trustee's Report released May 12, 2009: \$290 (2011) / \$278 (2010); Estimated Lifetime Reserve Copayment increase per the 2009 Trustee's Report released May 12, 2009: \$580 (2011) / \$556 (2010).

(D) 2011 over 2010 payment-weighted average rate increase for inpatient hospital services per 2009 Trustee's Report released May 12, 2009.

(E) Estimated Skilled Nursing Facility Copayment increase per the 2009 Trustee's Report released May 12, 2009: \$145.00 (2011) / \$139.00 (2010).

(F) Part B deductible is the average of the MEI and 0% scenarios shown in "Projected Medicare Part B Expenditures under Two Illustrative Scenarios with Alternative Physician Payment Updates", published by the Office of the Actuary on May 12, 2009: \$171 (2011) / \$146 (2010).

(G) Estimated decrease in Part B coinsurance claims cost due to estimated increase in Part B Deductible: $1 - ((\$12.17 \times (1.1712 - 1) \times 20\%) / \$105.64)$.

(H) Assumed to be no change.

(I) Estimated physician provider fee change effective January 1, 2011 per schedule 25, column 4.

(J) Estimated outpatient provider fee change effective January 1, 2011 per schedule 26, line 10.

(K) Per schedule 27.

(L) Per schedule 28.

(M) Per schedule 29.

(N) Per schedule 30.

(O) Per schedule 31.

(P) Per schedule 32.

(Q) Assumed to be no change.

(R) Product of Column 2 through Column 4.

(S) Column 1 multiplied by Column 5.

(T) Estimated Part B deductible for 2011 (\$171) divided by 12.

(U) Per Column 6 for Plan 65 Medigap Plan A benefits.

(V) Per Column 6 for Plan 65 Medigap Plan C benefits.

(W) Per Column 6 for Plan 65 Medigap Plan N benefits.

(X) Part B physician coinsurance in column 6 multiplied by benefit factor of 0.709 shown on schedule 22, line 6, column 2.

(Y) Part B outpatient coinsurance in column 6 multiplied by benefit factor of 0.891 shown on schedule 22, line 12, column 2.

Schedule 18

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2010
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR PLAN A, PLAN C, AND PLAN N
PLAN 65 MEDIGAP

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|------------------------------------|---|--|--------------------------|-----------------------------|--------------------------|--|-----------------------------------|-----------------------------------|---------------------------|
| | Projected Incurred Claims Expense per Contract Month <u>1/1/09 - 12/31/09</u> (A) | Projection Factors 1/1/10 - 12/31/10 over 1/1/09 - 12/31/09 | | | | Projected Incurred Claims Expense per Contract Month 1/1/10 - 12/31/10 | | | |
| | | <u>Benefit Changes</u> | <u>Provider Fees</u> | <u>Utilization/ Mix</u> | <u>Composite (R)</u> | <u>All Benefits</u> | <u>Medigap Plan A (U)</u> | <u>Medigap Plan C (V)</u> | <u>Medigap Plan N</u> |
| Part A | | | | | | | | | |
| Deductible | \$27.54 | 1.0412 (B) | | 1.0000 (K) | 1.0412 | \$28.67 (S) | - | \$28.67 | \$28.67 (W) |
| Copayments | \$2.02 | 1.0412 (C) | | 1.0000 (L) | 1.0412 | \$2.10 (S) | \$2.10 | \$2.10 | \$2.10 (W) |
| 365 Additional Days | \$2.25 | 1.0309 (D) | | 1.0000 (H) | 1.0309 | \$2.32 (S) | \$2.32 | \$2.32 | \$2.32 (W) |
| Skilled Nursing Facility Copayment | \$22.29 | 1.0412 (E) | | 1.0000 (M) | 1.0412 | \$23.21 (S) | - | \$23.21 | \$23.21 (W) |
| Sub-Total | \$54.10 | | | | | \$56.30 | \$4.42 | \$56.30 | \$56.30 |
| Part B | | | | | | | | | |
| Deductible | \$11.25 | 1.0815 (F) | | 1.0000 (N) | 1.0815 | \$12.17 (T) | - | \$12.17 | - |
| Coinsurance - Physician | \$68.50 | 0.9982 (G) | 1.0100 (I) | 1.0397 (O) | 1.0482 | \$71.80 (S) | \$71.80 | \$71.80 | \$50.98 (X) |
| Coinsurance - Outpatient | \$32.82 | 0.9982 (G) | 1.0227 (J) | 1.0100 (P) | 1.0311 | \$33.84 (S) | \$33.84 | \$33.84 | \$30.15 (Y) |
| Sub-Total | \$112.57 | | | | | \$117.81 | \$105.64 | \$117.81 | \$81.13 |
| Foreign Travel Emergency: | \$0.16 | 1.0000 (H) | | 1.0000 (Q) | 1.0000 | \$0.16 (S) | - | \$0.16 | \$0.16 (W) |
| Grand Total | \$166.83 | | | | | \$174.27 | \$110.06 | \$174.27 | \$137.59 |

(A) Per schedule 19, column 7.

(B) Part A deductible increase per 2009 Trustee's Report released May 12, 2009: \$1,112 (2010) / \$1,068 (2009).

(C) 61st - 90th Day Copayment increase per 2009 Trustee's Report released May 12, 2009: \$278 (2010) / \$267 (2009); Lifetime Reserve Copayment increase per 2009 Trustee's Report released May 12, 2009: \$556 (2010) / \$534 (2009).

(D) 2010 over 2009 payment-weighted average rate increase for inpatient hospital services per 2009 Trustee's Report released May 12, 2009.

(E) Skilled Nursing Facility Copayment increase per 2009 Trustee's Report released May 12, 2009: \$139.00 (2010) / \$133.50 (2009).

(F) Part B deductible is the average of the MEI and 0% scenarios shown in "Projected Medicare Part B Expenditures under Two Illustrative Scenarios with Alternative Physician Payment Updates," published by the Office of the Actuary on May 12, 2009: \$146 (2010) / \$135 (2009).

(G) Estimated decrease in Part B coinsurance claims cost due to estimated increase in Part B Deductible: $1 - ((\$11.25 \times (1.0815 - 1) \times 20\%) / \$101.32)$.

(H) Assumed to be no change.

(I) Estimated physician provider fee change effective January 1, 2010 per schedule 25, column 4.

(J) Estimated outpatient provider fee change effective January 1, 2010 per schedule 26, line 10.

(K) Per schedule 27.

(L) Per schedule 28.

(M) Per schedule 29.

(N) Per schedule 30.

(O) Per schedule 31.

(P) Per schedule 32.

(Q) Assumed to be no change.

(R) Product of column 2 through column 4.

(S) Column 1 multiplied by column 5.

(T) Estimated Part B deductible for 2010 (\$146) divided by 12.

(U) Per column 6 for Plan 65 Medigap Plan A benefits.

(V) Per column 6 for Plan 65 Medigap Plan C benefits.

(W) Per column 6 for Plan 65 Medigap Plan N benefits.

(X) Part B physician coinsurance in column 6 multiplied by benefit factor of 0.710 shown on schedule 22, line 6, column 1.

(Y) Part B outpatient coinsurance in column 6 multiplied by benefit factor of 0.891 shown on schedule 22, line 12, column 1.

Schedule 19

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2009
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR PLAN A AND PLAN C
PLAN 65 MEDIGAP

| | (1) | | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|------------------------------------|---|--|---|--------------------|--|---------------------|------------------|--|--------------------------|---------------------------|
| | Incurred Claims Expense 1/1/08 - 12/31/08 | | Column 1 Adjusted to Claims Expense per Contract Month | | Projection Factors 1/1/09 - 12/31/09 over 1/1/08 - 12/31/08 | | | Projected Incurred Claims Expense per Contract Month 1/1/09 - 12/31/09 | | |
| | | | | Benefit Changes | Provider Fees | Utilization/ Mix | Composite (W) | All Benefits | Medigap Plan A (Z) | Medigap Plan C (AA) |
| Part A | | | | | | | | | | |
| Deductible | \$3,981,858 | | \$26.40 (D) | 1.0430 (G) | | 1.0000 (P) | 1.0430 | \$27.54 (X) | - | \$27.54 |
| Copayments | \$297,863 (A) | | \$1.94 (E) | 1.0430 (H) | | 1.0000 (Q) | 1.0430 | \$2.02 (X) | \$2.02 | \$2.02 |
| 365 Additional Days | \$332,338 (B) | | \$2.17 (E) | 1.0360 (I) | | 1.0000 (M) | 1.0360 | \$2.25 (X) | \$2.25 | \$2.25 |
| Skilled Nursing Facility Copayment | <u>\$3,195,408</u> | | <u>\$21.37</u> (F) | 1.0430 (J) | | 1.0000 (R) | 1.0430 | <u>\$22.29</u> (X) | - | <u>\$22.29</u> |
| Sub-Total | \$7,807,467 | | \$51.88 | | | | | \$54.10 | \$4.27 | \$54.10 |
| Part B | | | | | | | | | | |
| Deductible | \$1,701,781 | | \$11.38 (F) | 1.0000 (K) | | 1.0000 (S) | 1.0000 | \$11.25 (Y) | - | \$11.25 |
| Coinsurance - Physician | \$9,836,239 | | \$64.23 (E) | 1.0000 (L) | 1.0258 (N) | 1.0397 (T) | 1.0665 | \$68.50 (X) | \$68.50 | \$68.50 |
| Coinsurance - Outpatient | <u>\$4,849,422</u> | | <u>\$31.66</u> (E) | 1.0000 (L) | 1.0263 (O) | 1.0100 (U) | 1.0366 | <u>\$32.82</u> (X) | <u>\$32.82</u> | <u>\$32.82</u> |
| Sub-Total | \$16,387,442 | | \$107.27 | | | | | \$112.57 | \$101.32 | \$112.57 |
| Foreign Travel Emergency: | <u>\$24,477</u> (C) | | <u>\$0.16</u> (F) | 1.0000 (M) | | 1.0000 (V) | 1.0000 | <u>\$0.16</u> (X) | - | <u>\$0.16</u> |
| Grand Total | <u>\$24,219,386</u> | | <u>\$159.31</u> | | | | | <u>\$166.83</u> | <u>\$105.59</u> | <u>\$166.83</u> |

(A) Actual claims expense replaced with average of 2005 through 2008 non-group claims expense per contract month projected to 1/1/08 - 12/31/08 for Medigap Plan A, Medigap Plan B and Medigap Plan C, extended by contract months.

(B) Actual claims expense replaced with average of 2004 through 2007 non-group claims expense per contract month projected to 1/1/08 - 12/31/08 for total Medigap and Select, extended by contract months.

(C) Actual claims expense replaced with average of 2005 through 2008 non-group claims expense per contract month projected to 1/1/08 - 12/31/08 for Medigap Plan C, extended by contract months.

(D) Column 1 divided by 150,822 Medigap Plan B and Medigap Plan C contract months for 1/1/08 - 12/31/08.

(E) Column 1 divided by 153,151 Medigap Plan A, Medigap Plan B and Medigap Plan C contract months for 1/1/08 - 12/31/08.

(F) Column 1 divided by 149,523 Medigap Plan C contract months for 1/1/08 - 12/31/08.

(G) Part A Deductible increase per 73 FR 55087 September 24, 2008: \$1,068 (2009) / \$1,024 (2008).

(H) 61st - 90th Day Copayment increase per 73 FR 55087 September 24, 2008: \$267 (2009) / \$256 (2008); Lifetime Reserve Copayment increase: \$534 (2009) / \$512 (2008).

(I) 365 Additional Day increase per hospital market-basket increase in 73 FR 55087 September 24, 2008.

(J) Skilled Nursing Facility Copayment increase per 73 FR 55087 September 24, 2008: \$133.50 (2009) / \$128.00 (2008).

(K) Part B deductible increase per 73 FR 55089 September 24, 2008: \$135 (2009) / \$135 (2008).

(L) Estimated decrease in Part B coinsurance claims cost due to increase in Part B deductible: $1 - ((\$11.38 \times (1.0000 - 1) \times 20\%) / \$95.89)$.

(M) Assumed to be no change.

(N) Physician provider fee change effective January 1, 2009 per schedule 25, column 4.

(O) Outpatient provider fee change effective January 1, 2009 per schedule 26, line 10.

(P) Per schedule 27.

(Q) Per schedule 28.

(R) Per schedule 29.

(S) Per schedule 30.

(T) Per schedule 31.

(U) Per schedule 32.

(V) Assumed to be no change.

(W) Product of column 3 through column 5.

(X) Column 2 multiplied by column 6.

(Y) Part B deductible for 2009 (\$135) divided by 12.

(Z) Per column 7 for Plan 65 Medigap Plan A benefits.

(AA) Per column 7 for Plan 65 Medigap Plan C benefits.

Schedule 20

Plan 65 Medigap and Plan 65 Select

Supporting Calculations

Schedule 21

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF INCOME AT PRESENT RATES
AT APRIL 2009
PLAN 65 MEDIGAP AND PLAN 65 SELECT

| | (1) | (2) | (3) | (4) | (5) |
|-------------------------------|-----------------------|---------------------------|---------------------------|---------------------|--------------------------|
| | Contracts | Present Monthly | Present Monthly | Impact | Redistributed |
| | <u>Effective 4/09</u> | <u>Subscription Rates</u> | <u>Subscription Rates</u> | <u>of Age-in</u> | <u>Present Monthly</u> |
| | | <u>Effective 2/1/09</u> | <u>w/o Age-in Credit</u> | <u>Credit Rates</u> | <u>Subscription Rate</u> |
| | | | (A) | (B) | (C) |
| Plan 65 Medigap Plan A | | | | | |
| Discount Rate | 3 | \$120.28 | \$120.28 | | |
| Base Rate | 182 | \$133.64 | \$133.64 | | |
| Year 1 Age-in Rate | 10 | \$93.55 | \$133.64 | | |
| Year 2 Age-in Rate | 8 | \$106.91 | \$133.64 | | |
| <u>Year 3 Age-in Rate</u> | <u>4</u> | <u>\$120.28</u> | <u>\$133.64</u> | | |
| Total Medigap Plan A | 207 | \$130.22 | \$133.45 | 1.0324 | \$129.26 |
| Plan 65 Medigap Plan B | 102 | \$123.60 | \$123.60 | 1.0324 | \$119.72 |
| Plan 65 Medigap Plan C | | | | | |
| Discount Rate | 1,974 | \$182.74 | \$182.74 | | |
| Base Rate | 8,663 | \$203.04 | \$203.04 | | |
| Year 1 Age-in Rate | 452 | \$142.13 | \$203.04 | | |
| Year 2 Age-in Rate | 527 | \$162.43 | \$203.04 | | |
| <u>Year 3 Age-in Rate</u> | <u>235</u> | <u>\$182.74</u> | <u>\$203.04</u> | | |
| Total Medigap Plan C | 11,851 | \$195.13 | \$199.66 | 1.0324 | \$193.39 |
| Plan 65 Select Plan B: | | | | | |
| Discount Rate | 50 | \$109.63 | \$109.63 | | |
| <u>Standard Rate</u> | <u>36</u> | <u>\$133.27</u> | <u>\$133.27</u> | | |
| Total Select Plan B | 86 | \$119.53 | \$119.53 | 1.0324 | \$115.78 |
| Plan 65 Select Plan C: | | | | | |
| Discount Rate | 2,920 | \$134.54 | \$134.54 | | |
| Standard Rate | 1,749 | \$183.35 | \$183.35 | | |
| Year 1 Age-in Rate | 716 | \$94.18 | \$134.54 | | |
| Year 2 Age-in Rate | 675 | \$107.63 | \$134.54 | | |
| <u>Year 3 Age-in Rate</u> | <u>361</u> | <u>\$121.09</u> | <u>\$134.54</u> | | |
| Total Select Plan C | 6,421 | \$139.75 | \$147.84 | 1.0324 | \$143.20 |
| Plan 65 Select Plan L: | | | | | |
| Standard Rate | 225 | \$109.03 | \$109.03 | | |
| Year 1 Age-in Rate | 2 | \$76.32 | \$109.03 | | |
| Year 2 Age-in Rate | 1 | \$87.22 | \$109.03 | | |
| <u>Year 3 Age-in Rate</u> | <u>0</u> | <u>\$98.13</u> | <u>\$109.03</u> | | |
| Total Select Plan L | 228 | \$108.65 | \$109.03 | 1.0324 | \$105.61 |
| Grand Total Plan 65 | 18,895 | \$173.83 | \$179.46 | 1.0324 | \$173.82 |

(A) Plan 65 present monthly subscription income assuming no age-in credit rates.

(B) Total Plan 65 present monthly subscription income without age-in credit divided by total Plan 65 present monthly subscription income (column 3 total divided by column 2 total).

(C) Present monthly subscription rates with impact of age-in credit evenly distributed across plans (column 3 divided by column 4.)

Schedule 22

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF BENEFIT FACTORS FOR PLAN N:
PART B PHYSICIAN AND OUTPATIENT COINSURANCES
PLAN 65 MEDIGAP AND SELECT

| | (1) <u>CY 2010</u> | (2) <u>CY 2011</u> |
|---|-----------------------|-----------------------|
| <i>Part B - Physician Services</i> | | |
| 1. Total Part B physician coinsurance PCPM (A) | \$69.63 | \$72.89 |
| 2. Utilization adjustment from Plan C to Plan N (B) | 0.927 | 0.927 |
| 3. Adjusted allowed claims PCPM (C) | \$64.55 | \$67.57 |
| 4. Plan N Cost-sharing PCPM (D) | \$15.13 | \$15.92 |
| 5. <u>Net Claims Expense PCPM (E)</u> | <u>\$49.42</u> | <u>\$51.65</u> |
| 6. Benefit Factor (F) | 0.710 | 0.709 |
| <i>Part B - Outpatient Services</i> | | |
| 7. Total Part B Outpatient coinsurance PCPM (A) | \$32.13 | \$32.88 |
| 8. Utilization adjustment from Plan C to Plan N (B) | 0.942 | 0.942 |
| 9. Adjusted allowed claims PCPM (G) | \$30.27 | \$30.97 |
| 10. Plan N Cost-sharing PCPM (D) | \$1.65 | \$1.68 |
| 11. <u>Net Claims Expense PCPM (H)</u> | <u>\$28.62</u> | <u>\$29.29</u> |
| 12. Benefit Factor (I) | 0.891 | 0.891 |

(A) Weighted average Plan 65 part B physician and outpatient claims expense PCPM per schedules 17 and 10 for Medigap and Select, respectively.

(B) Utilization adjustment per schedule 24 for respective Part B services.

(C) Line 1 times line 2.

(D) Cost-sharing PCPM for respective benefits and years per schedule 23.

(E) Line 3 minus line 4.

(F) Line 5 divided by line 1.

(G) Line 7 times line 8.

(H) Line 9 minus line 10.

(I) Line 11 divided by line 7.

Schedule 23

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF COST-SHARING PCPM FOR PLAN N:
PART B PHYSICIAN AND OUTPATIENT
PLAN 65 MEDIGAP AND SELECT

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
|--|--------------------|---------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------|------------------------|-------------------|--------------------------------|---------------------|------------------------|-------------------|
| | 1/1/08 - 12/31/08 | | | | 1/1/10 - 12/31/10 | | | | 1/1/11 - 12/31/11 | | | |
| | Visits per 1000 | Utilization Adjustment | Adjusted Visits per 1000 | CY 2008 Cost per Service | Adjusted Visits per 1000 | Cost per Service | Effective Copayment | Copayment PCPM | Adjusted Visits per 1000 | Cost per Service | Effective Copayment | Copayment PCPM |
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (G) | (H) |
| <i>Part B - Physician Services</i> | | | | | | | | | | | | |
| 1. Primary care physician visits | 3,607.7 | 0.969 | 3,495.9 | \$70.05 | 3,779.0 | \$72.58 | \$14.52 | \$4.57 | 3,929.0 | \$73.38 | \$14.68 | \$4.81 |
| 2. Specialist visits | 5,892.4 | 1.057 | 6,228.3 | \$74.80 | 6,732.7 | \$77.50 | \$15.50 | \$8.70 | 7,000.0 | \$78.35 | \$15.67 | \$9.14 |
| 3. Urgent care visits | 136.0 | 1.081 | 147.0 | \$114.65 | 158.9 | \$118.79 | \$20.00 | \$0.26 | 165.2 | \$120.10 | \$20.00 | \$0.28 |
| 4. <u>Therapy visits</u> | 1,154.2 | 1.000 | <u>1,154.2</u> | <u>\$74.47</u> | <u>1,247.6</u> | <u>\$77.15</u> | <u>\$15.43</u> | <u>\$1.60</u> | <u>1,297.1</u> | <u>\$78.00</u> | <u>\$15.60</u> | <u>\$1.69</u> |
| 5. Total Physician Cost Sharing PCPM | | | | | | | | \$15.13 | | | | \$15.92 |
| <i>Part B - Outpatient Services</i> | | | | | | | | | | | | |
| 6. Specialist visits | 92.0 | 1.023 | 94.1 | \$206.19 | 96.0 | \$216.41 | \$20.00 | \$0.16 | 97.0 | \$220.18 | \$20.00 | \$0.16 |
| 7. Therapy visits | 220.4 | 0.968 | 213.3 | \$150.58 | 217.6 | \$158.05 | \$20.00 | \$0.36 | 219.8 | \$160.80 | \$20.00 | \$0.37 |
| 8. <u>Emergency room visits</u> | 266.7 | 1.000 | <u>266.7</u> | <u>\$627.15</u> | <u>272.1</u> | <u>\$658.25</u> | <u>\$50.00</u> | <u>\$1.13</u> | <u>274.8</u> | <u>\$669.70</u> | <u>\$50.00</u> | <u>\$1.15</u> |
| 9. Total Outpatient Cost Sharing PCPM | | | | | | | | \$1.65 | | | | \$1.68 |

(A) Medicare Advantage utilization for calendar year 2008.

(B) These factors adjust Medicare Advantage utilization to the Plan N level of copays. The factors are based on Milliman Health Cost Guidelines.

(C) Column 1 times column 2.

(D) Allowed cost per service derived from Medicare Advantage claims data, adjusted to Medicare FFS payment levels.

(E) 2008 Medicare Advantage physician and outpatient utilization projected by two-year utilization factors of 1.0810 and 1.0201, respectively.

(F) 2008 Medicare Advantage physician and outpatient cost per service projected by two-year price factors of 1.0361 and 1.0496, respectively.

(G) Minimum of 20% of the cost for each respective service or \$20 for office visits, \$50 for ER visits.

(H) Adjusted visits per 1,000 times the effective copayment for each respective service divided by 12,000.

(I) 2008 Medicare Advantage physician and outpatient utilization projected by three-year utilization factors of 1.1239 and 1.0303, respectively.

(J) 2008 Medicare Advantage physician and outpatient cost per service projected by three-year price factors of 1.0475 and 1.0679, respectively.

Schedule 24

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF UTILIZATION ADJUSTMENT FACTORS FOR PLAN N:
PART B PHYSICIAN AND OUTPATIENT
PLAN 65 MEDIGAP AND SELECT

| | (1) | (2) | (3) | (4) |
|--|-------------------|--------------------|-------------------|--------------------|
| | <u>Physician</u> | | <u>Outpatient</u> | |
| | <u>Claims</u> | <u>Utilization</u> | <u>Claims</u> | <u>Utilization</u> |
| | <u>Percentage</u> | <u>Adjustment</u> | <u>Percentage</u> | <u>Adjustment</u> |
| | (A) | (B) | (A) | (B) |
| 1. Office visits | 27.0% | 0.861 | 8.8% | 0.833 |
| 2. Emergency Room visits | 2.2% | 0.759 | 18.0% | 0.759 |
| 3. Lab/radiology visits | 21.4% | 0.861 | -- | -- |
| 4. <u>Other Part B services</u> | <u>49.4%</u> | <u>1.000</u> | <u>73.2%</u> | <u>1.000</u> |
| 5. Total Utilization Adjustment | 100% | 0.927 | 100% | 0.942 |

(A) Claims distribution from CY 2008 Medicare Advantage claims assumed for total Plan 65.

(B) These factors adjust total Plan 65 Part B utilization to the Plan N level of copays. These factors are based on Milliman Health Cost Guidelines. Note that for lab/radiology visits, Milliman Health Cost Guidelines apply utilization adjustment to physician services only.

Schedule 25

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF PART B PHYSICIAN FEE CHANGE FACTORS
EFFECTIVE JANUARY 1, 2009, JANUARY 1, 2010, AND JANUARY 1, 2011
PLAN 65 MEDIGAP AND SELECT

| | (1) | (2) | (3) | (4) |
|---|---------------------------------------|---|--|---|
| | Conversion Factor <u>Change</u> | Behavioral Health Copayment <u>Adjustment</u> (C) | Change in Geographic Adjustment <u>Factor (GAF)</u> | Physician Services <u>Distribution</u> (G) |
| <u>Change Effective</u> <u>January 1, 2009</u> | | | | |
| Behavioral Health | 1.0110 (A) | 1.0000 | 1.0146 | 0.01 |
| <u>Non Behavioral Health</u> | 1.0110 (A) | 1.0000 | 1.0146 (D) | <u>0.99</u> |
| Physician Fee Change | | | | 1.0258 (H) |
| <u>Change Effective</u> <u>January 1, 2010 (Estimated)</u> | | | | |
| Behavioral Health | 1.0110 (B) | 0.9000 | 1.0000 | 0.01 |
| <u>Non Behavioral Health</u> | 1.0110 (B) | 1.0000 | 1.0000 (E) | <u>0.99</u> |
| Physician Fee Change | | | | 1.0100 (H) |
| <u>Change Effective</u> <u>January 1, 2011 (Estimated)</u> | | | | |
| Behavioral Health | 1.0110 (B) | 1.0000 | 1.0000 | 0.01 |
| <u>Non Behavioral Health</u> | 1.0110 (B) | 1.0000 | 1.0000 (F) | <u>0.99</u> |
| Physician Fee Change | | | | 1.0110 (H) |

(A) Part B physician conversion factor change for calendar year 2009 over calendar year 2008, per the Medicare Improvement for Patients and Providers Act of 2008 (MIPPA).

(B) Part B conversion factor change for January 1, 2009 assumed to repeat for 2010 and 2011

(C) Behavioral health services copayment change for calendar years 2009, 2010, and 2011 mandated by MIPPA. The coinsurance for behavioral health services will decrease from 50% to 20% according to the following schedule: 50% in CY 2009, 45% in CY 2010, 45% in CY 2011, 40% in CY 2012, 35% in CY 2013, and 20% in CY 2014.

(D) Calculated change in GAF for calendar year 2009 over calendar year 2008 based on factors per 73 FR 70157 November 19, 2008 and weights per 68 FR 49039 August 15, 2003.

(E) Calculated change in GAF for calendar year 2010 over calendar year 2009 based on proposed factors per 74 FR 33803 July 13, 2009 and weights per 68 FR 49039 August 15, 2003.

(F) Assumed no change in GAF for calendar year 2011 over calendar year 2010.

(G) CY 2008 Plan 65 Part B coinsurance physician claims weights for behavioral health vs. non-behavioral health services.

(H) Weighted average increase in Part B physician coinsurance.

Schedule 26

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF INSTITUTIONAL SERVICES COMPONENT OF PART B COINSURANCE PROVIDER FEE CHANGES
EFFECTIVE JANUARY 1, 2009, JANUARY 1, 2010, AND JANUARY 1, 2011
PLAN 65 MEDIGAP AND SELECT

Calculation of Increase Due to Conversion Factor

| | <u>1/1/2009 (C)</u> | <u>1/1/2010 (D)</u> | <u>1/1/2011 (E)</u> |
|--|---------------------|---------------------|---------------------|
| 1. Conversion Factor Update | 1.0371 | 1.0209 | 1.0209 |
| 2. <u>Percent of Outpatient Coinsurance Dollars at 20% of Medicare Allowed</u> | <u>33.7%</u> | <u>35.5%</u> | <u>37.1%</u> |
| 3. Increase in Outpatient Coinsurance Dollars Due to Conversion Factor Updates | 1.0125 | 1.0074 | 1.0078 |

Calculation of Wage Index

| | <u>Weights (A)</u> | <u>1/1/2008 (B)</u> | <u>1/1/2009 (C)</u> | <u>1/1/2010 (D)</u> | <u>1/1/2011 (E)</u> |
|--|--------------------|---------------------|---------------------|---------------------|---------------------|
| 4. RI Hospital Wage Index | 0.60 | 1.0533 | 1.0667 | 1.0801 | 1.0801 |
| 5. <u>National Hospital Wage Index</u> | <u>0.40</u> | <u>1.0000</u> | <u>1.0000</u> | <u>1.0000</u> | <u>1.0000</u> |
| 6. Composite | 1.00 | 1.0320 | 1.0400 | 1.0481 | 1.0481 |
| 7. Change in Wage Index | | -- | 1.0078 | 1.0078 | 1.0000 |

Calculation of Part B Copayment Institutional Services Fee Change

| | <u>Weights (F)</u> | <u>1/1/2009</u> | <u>1/1/2010</u> | <u>1/1/2011</u> |
|---|--------------------|-----------------|-----------------|-----------------|
| 8. Prospective Payment System (PPS) (G) | 0.70 | 1.0204 | 1.0153 | 1.0078 |
| 9. <u>Fee-Based Services (FFS) (H)</u> | <u>0.30</u> | <u>1.0399</u> | <u>1.0399</u> | <u>1.0399</u> |
| 10. Composite | 1.00 | 1.0263 | 1.0227 | 1.0174 |

(A) Per Federal Register published on November 13, 2000, CMS recognizes 60% of hospitals' costs as labor related costs that are adjusted for the geographic wage differences.

(B) The wage index for 2008 was published in table 4A of CMS regulation CMS-1533-CN2.

(C) The final conversion factor update for 2009 is in pages 68584 and 68585 of the Federal Register published on November 18, 2008, which was part of CMS regulation CMS-1404-FC. The wage index in table 4A of regulation CMS-1404-FC.

(D) The proposed conversion factor update for 2010 is in page 35291 of the Federal Register published on July 20, 2009, which was part of CMS regulation CMS-1414-P. The wage index in table 4A of regulation CMS-1414-P.

(E) Previous year's wage index and conversion factor update assumed to repeat.

(F) Estimated relative weights between claims impacted by prospective payment system and fee-for-service claims.

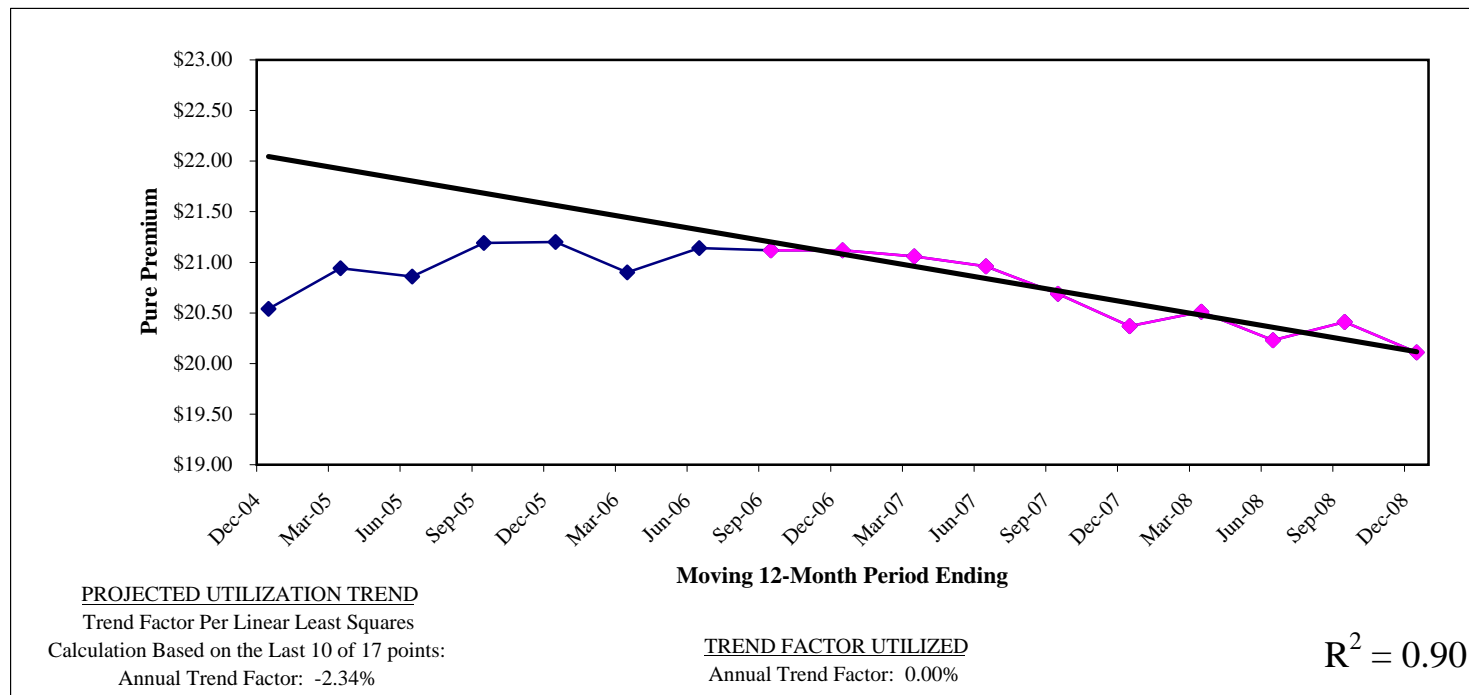
(G) The increase in the outpatient coinsurance dollars due to updates to the PPS wage index and conversion factor, which is line 3 times line 7.

(H) Change in annual Northeast Urban, Not Seasonally Adjusted, All Items factors for CY 2008 over CY 2007 per www.bls.gov/cpi.

Schedule 27

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
TOTAL PLAN 65

PART A DEDUCTIBLE: HISTORICAL PURE PREMIUM VALUES AND
PROJECTED UTILIZATION TREND

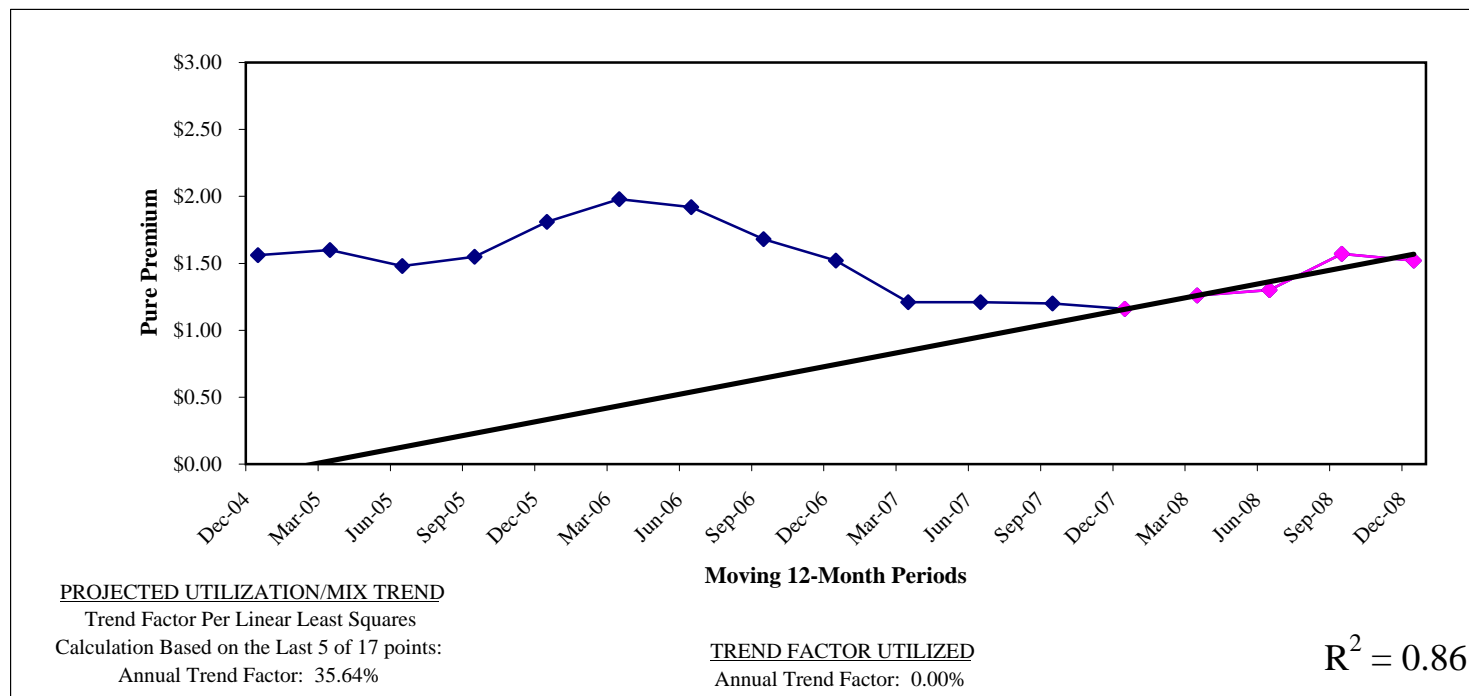


Note: Incurred claims expense per contract month is calculated with all periods adjusted to the CY 2004 deductible level.

Schedule 28

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
TOTAL PLAN 65

PART A 61ST - 90TH DAY AND LIFETIME RESERVE COPAYMENTS: HISTORICAL PURE PREMIUM VALUES AND
PROJECTED UTILIZATION/MIX TREND

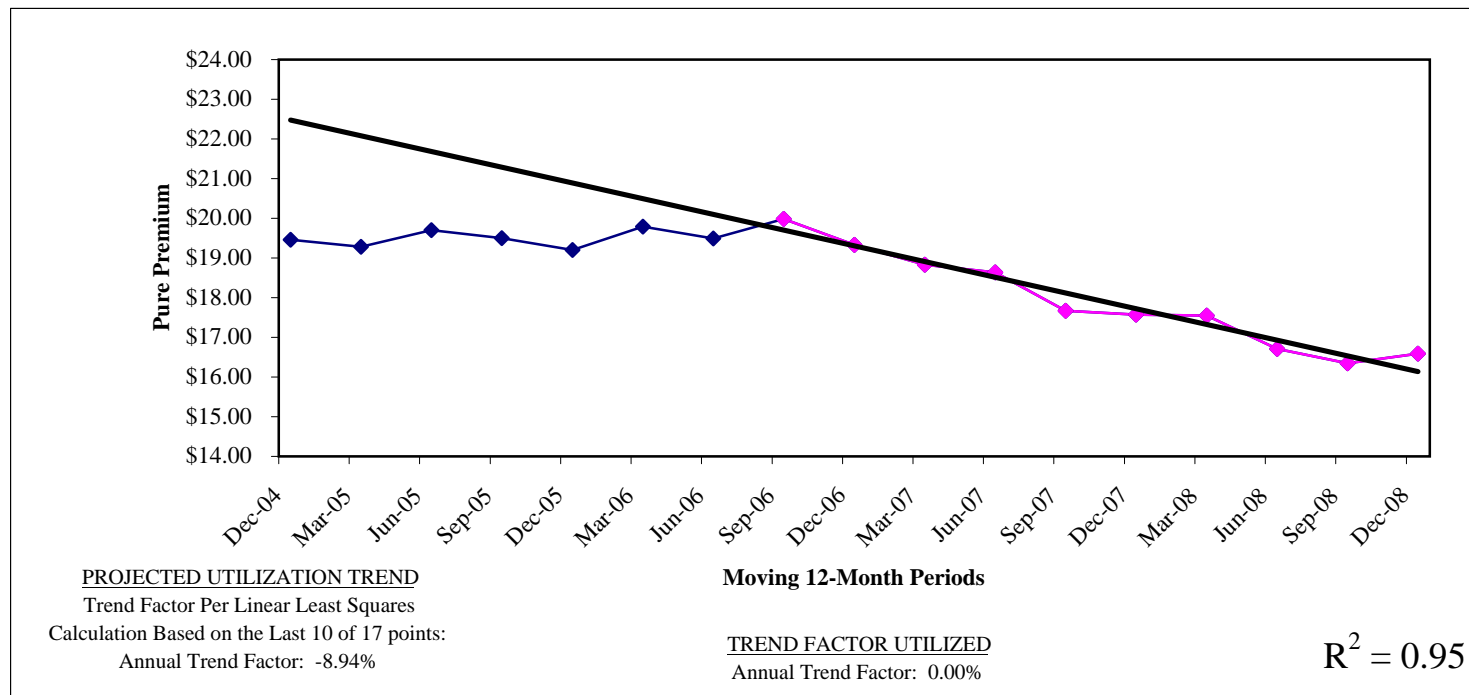


Note: Incurred claims expense per contract month is calculated with all periods adjusted to the 2004 copayment level.

Schedule 29

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
TOTAL PLAN 65

SKILLED NURSING FACILITY COPAYMENT: HISTORICAL PURE PREMIUM VALUES AND
PROJECTED UTILIZATION TREND



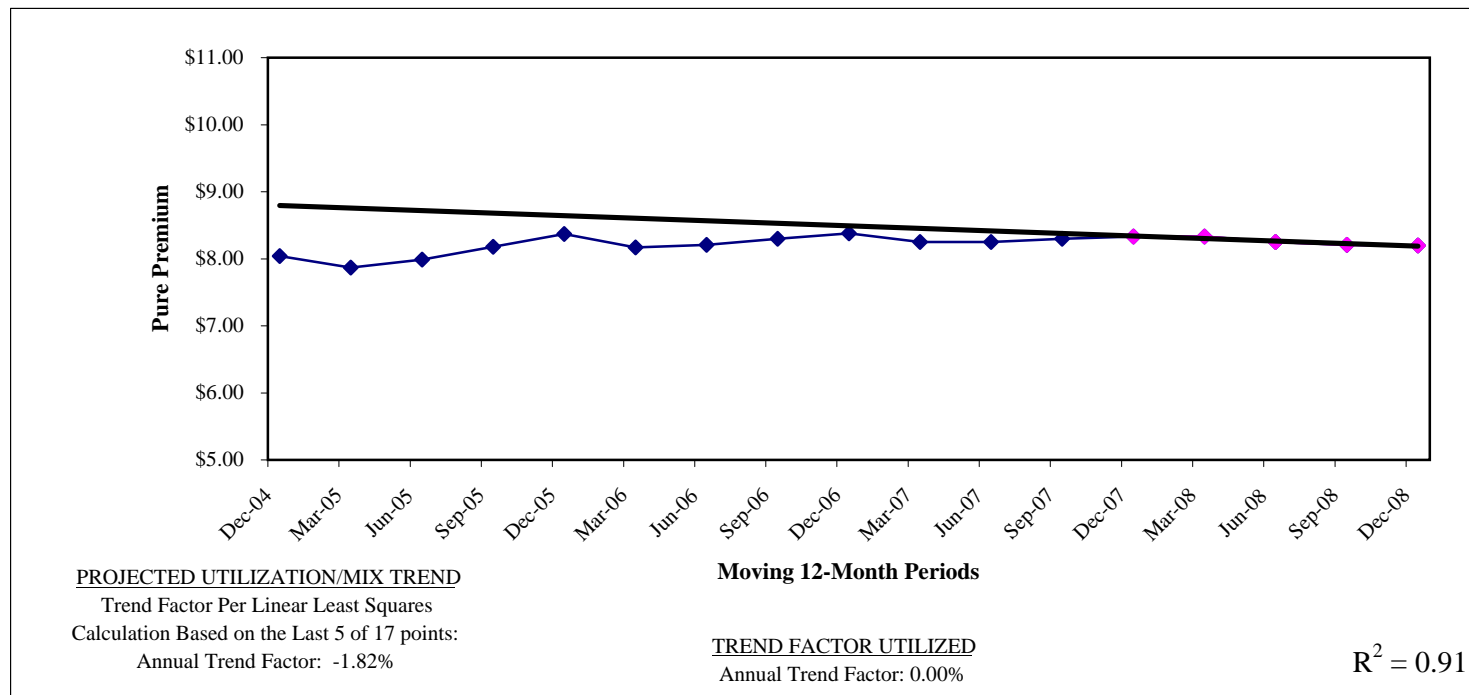
Note: Incurred claims expense per contract month is calculated with all periods adjusted to the 2004 copayment level.

Schedule 30

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

TOTAL PLAN 65

**PART B DEDUCTIBLE: HISTORICAL PURE PREMIUM VALUES AND
PROJECTED UTILIZATION/MIX TREND**

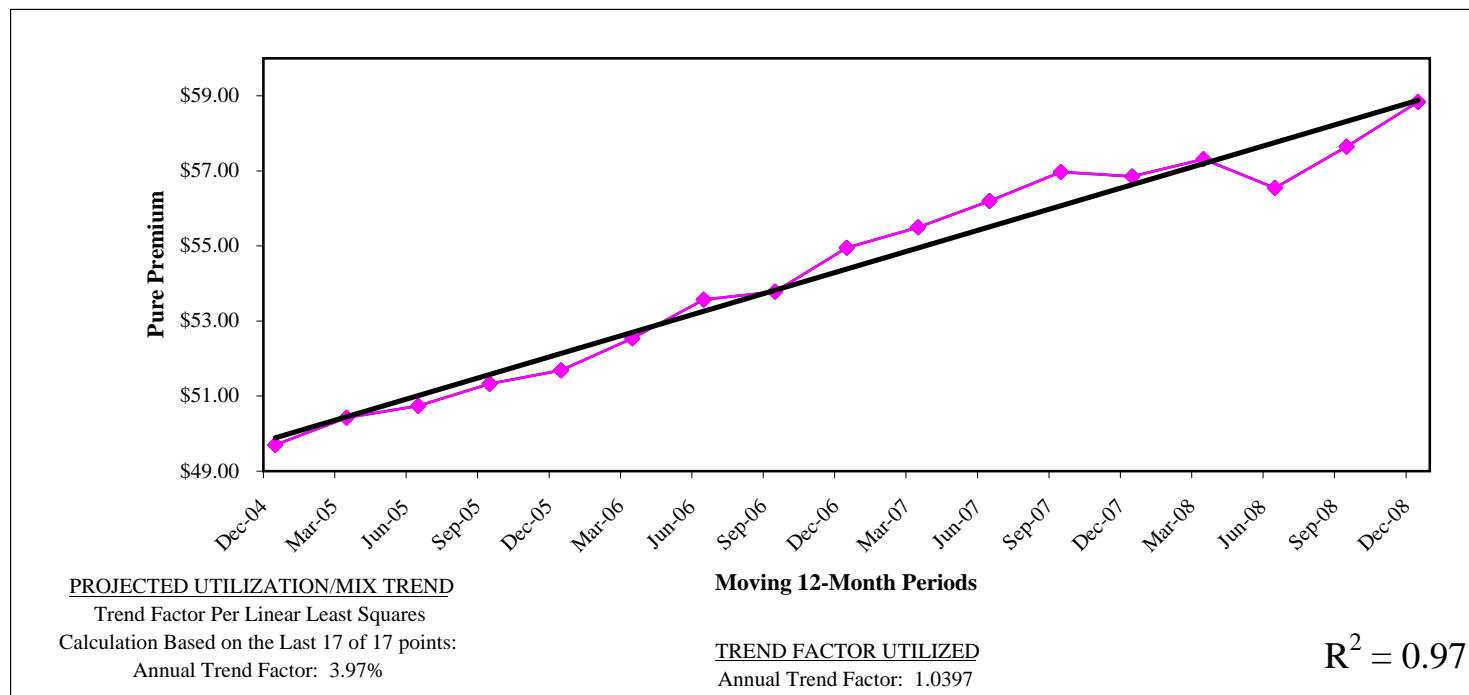


Note: Incurred claims expense per contract month is calculated with all periods adjusted to the 2004 deductible level.

Schedule 31

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
TOTAL PLAN 65

PART B COINSURANCE - PHYSICIAN: HISTORICAL PURE PREMIUM VALUES AND
PROJECTED UTILIZATION/MIX TREND



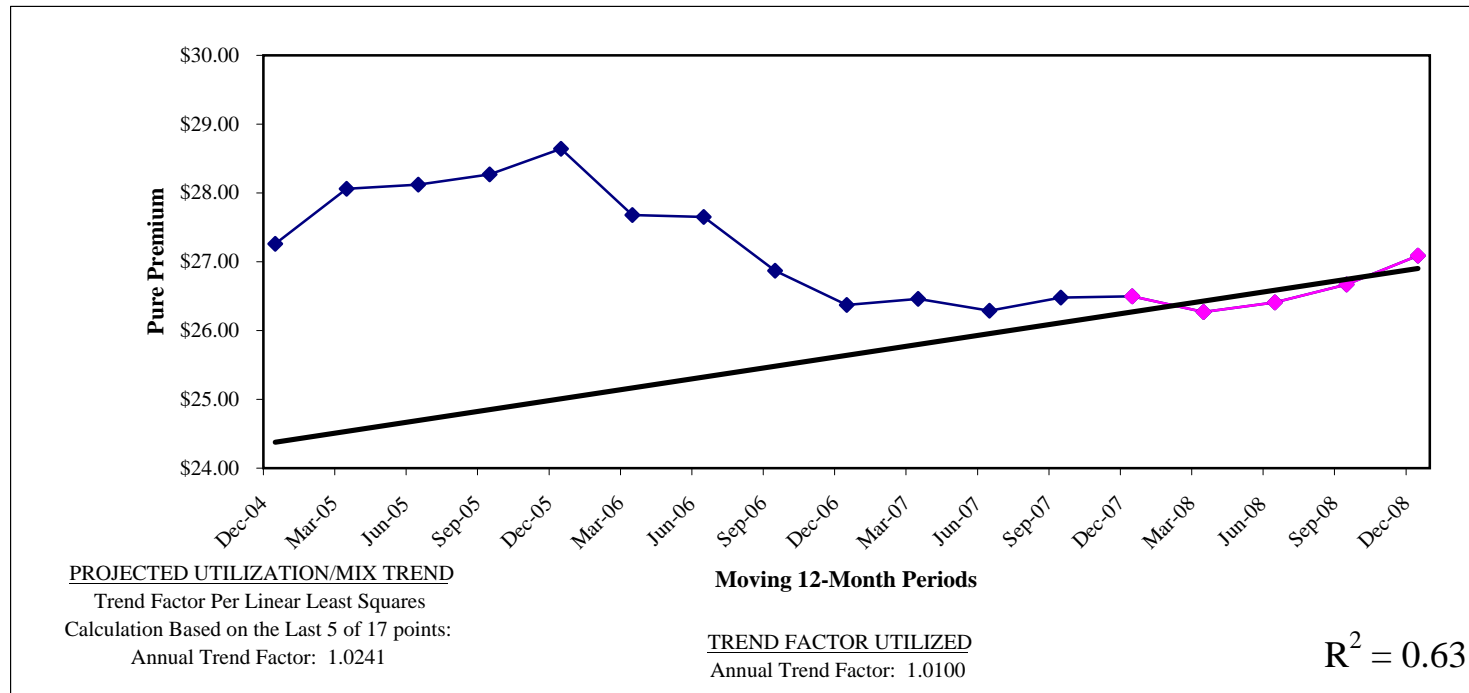
Note: Incurred claims expense per contract month is calculated with all periods adjusted to the 1/1/04 provider fee level.

Schedule 32

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

TOTAL PLAN 65

**PART B COINSURANCE - OUTPATIENT: HISTORICAL PURE PREMIUM VALUES AND
PROJECTED UTILIZATION/MIX TREND**



Note: Incurred claims expense per contract month is calculated with all periods adjusted to the 1/1/04 provider fee level.

Schedule 33

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
POINT VALUES UTILIZED IN DEVELOPMENT OF UTILIZATION/MIX TRENDS
TOTAL PLAN 65

| 12-Month Moving Incurred Period Ending | Part A Deductible (A) | Part A Copayments (A) | Skilled Nursing Facility Copayment (A) | Part B Deductible (A) | Part B Copay - PH (A) | Part B Copay - OP (A) |
|--|-----------------------------|-----------------------------|--|-----------------------------|-----------------------------|-----------------------------|
| Dec-04 | \$20.54 | \$1.56 | \$19.46 | \$8.04 | \$49.70 | \$27.26 |
| Mar-05 | \$20.94 | \$1.60 | \$19.28 | \$7.87 | \$50.42 | \$28.06 |
| Jun-05 | \$20.86 | \$1.48 | \$19.70 | \$7.99 | \$50.74 | \$28.12 |
| Sep-05 | \$21.19 | \$1.55 | \$19.50 | \$8.18 | \$51.33 | \$28.27 |
| Dec-05 | \$21.20 | \$1.81 | \$19.20 | \$8.37 | \$51.69 | \$28.64 |
| Mar-06 | \$20.90 | \$1.98 | \$19.79 | \$8.17 | \$52.54 | \$27.68 |
| Jun-06 | \$21.14 | \$1.92 | \$19.49 | \$8.21 | \$53.57 | \$27.65 |
| Sep-06 | \$21.12 | \$1.68 | \$19.98 | \$8.30 | \$53.78 | \$26.87 |
| Dec-06 | \$21.12 | \$1.52 | \$19.33 | \$8.38 | \$54.95 | \$26.37 |
| Mar-07 | \$21.06 | \$1.21 | \$18.83 | \$8.25 | \$55.50 | \$26.46 |
| Jun-07 | \$20.96 | \$1.21 | \$18.64 | \$8.25 | \$56.20 | \$26.29 |
| Sep-07 | \$20.69 | \$1.20 | \$17.67 | \$8.30 | \$56.97 | \$26.48 |
| Dec-07 | \$20.37 | \$1.16 | \$17.57 | \$8.33 | \$56.85 | \$26.50 |
| Mar-08 | \$20.51 | \$1.26 | \$17.55 | \$8.33 | \$57.31 | \$26.27 |
| Jun-08 | \$20.23 | \$1.30 | \$16.71 | \$8.25 | \$56.55 | \$26.41 |
| Sep-08 | \$20.41 | \$1.57 | \$16.35 | \$8.21 | \$57.65 | \$26.67 |
| Dec-08 | \$20.11 | \$1.52 | \$16.59 | \$8.20 | \$58.84 | \$27.09 |

(A) All periods adjusted to the 2004 benefit level.

Schedule 34

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF CALENDAR YEAR 2010 AND CALENDAR YEAR 2011
ADMINISTRATIVE EXPENSE PER CONTRACT MONTH
TOTAL PLAN 65

| | (1) | (2) | (3) | (4) |
|-------------------------|--------------------------|---|--------------------------|---|
| | <u>1/1/10 - 12/31/10</u> | | <u>1/1/11 - 12/31/11</u> | |
| | <u>Dollars</u> | <u>Dollars per</u> <u>Contract Month</u> | <u>Dollars</u> | <u>Dollars per</u> <u>Contract Month</u> |
| | (A) | (B) | (C) | (D) |
| Administrative Expenses | \$6,144,096 | \$19.84 | \$6,388,785 | \$20.66 |

(A) Per the projected calendar year 2010 total Plan 65 budget.

(B) Derived from the projected calendar year 2010 total Plan 65 budget divided by the projected calendar year 2010 contract months of 309,725.

(C) Per the projected calendar year 2011 total Plan 65 budget.

(D) Derived from the projected calendar year 2011 total Plan 65 budget divided by the projected calendar year 2011 contract months of 309,240.

Schedule 35

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
RECONCILIATION OF CALENDAR YEAR 2008
CLAIMS EXPENSE TO ANNUAL STATEMENT
TOTAL PLAN 65

INCURRED CALENDAR YEAR 2008 CLAIMS EXPENSE:

| | | |
|----|---|--------------|
| 1. | Non-Group Claims Expense Included in the Rate Filing: | |
| | 1a. Plan 65 Medigap A, B, and C Claims Expense | \$24,219,386 |
| | 1b. Plan 65 Select B, C, and L Claims Expense | \$8,616,757 |
| 2. | Differences Between Actual 2008 Non-Group Claims Expenses and Multi-Year Average Used for Projection Purposes for the Following Benefits: | |
| | 2a. 365 Additional Days Claims Expense Adjustment 2008 (A) | (\$495,832) |
| | 2b. Part A Copay Claims Expense Adjustment 2008 (B) | \$54,181 |
| | 2c. FTE Claims Expense Adjustment 2008 (B) | \$42,864 |
| 3. | Non-Group Claims Expense Excluded from the Rate Filing: | |
| | 3a. Plan 65 Select L Claims Expense Adjustment to Full Benefit for Rate Calculation (C) | (\$43,537) |
| | 3b. Prompt Payer Interest | \$824 |
| 4. | Prospective Group Claims Expense Excluded from the Rate Filing: | \$8,166,306 |
| 5. | Difference Between Claim Reserve and IBNR Calculation Method Utilized in this Rate Filing For Incurred CY 2008 Claims Expense (D) | (\$24,949) |
| 6. | Total | \$40,536,000 |

ADJUSTMENTS IN 2008:

| | | |
|-----|--|-------------|
| 7. | Claim Reserve Adjustment to Incurred Claims Expense for CY 2007 and Prior Made During 2008 | (\$855,136) |
| 8. | Change in Claim Reserve Margin from December 2007 to December 2008 | (\$18,200) |
| 9. | Financial Statement Accounting Adjustments | (\$13,048) |
| 10. | Other Adjustments | (\$118) |

ADJUSTMENTS IN 2009:

| | | |
|-----|---|---------------------|
| 11. | Claim Reserve Adjustment to Incurred Claims Expense for CY 2008 Made Through April 2009 | (\$523,000) |
| 12. | Annual Statement (E) | <u>\$39,126,498</u> |

(A) Actual expense for claims incurred during 2008 was replaced with the average of the 2004 through 2007 incurred claims expense per contract for that benefit projected to 2008 then multiplied by the 2008 contracts.

(B) Actual expense for claims incurred during 2008 was replaced with the average of the 2005 through 2008 incurred claims expense per contract for that benefit projected to 2008 then multiplied by the 2008 contracts.

(C) Select Plan L CY 2008 claims for the Part A deductible, SNF copayments, and Part B coinsurances were adjusted to the Select C level for rate calculation in order to pool all Select claims on a comparable level.

(D) The claim reserve liability reflected in the Annual Statements is calculated for all benefits in aggregate. The incurred claims expense utilized in this rate filing is calculated separately for each benefit.

(E) Per Part 2 of the Underwriting and Investment Exhibit, Column 3, Line 12.4 on page 9 of the 2008 Annual Statement as filed with the Department of Business Regulation on March 1, 2009.