

State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
TOI/Sub-TOI: MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.012 Multi-Plan 2010
Product Name: Plan 65 Group
Project Name/Number: 2020 Plan 65 Group Rating Factors/PL65GRP2020-2021

Filing at a Glance

Company: Blue Cross & Blue Shield of Rhode Island
Product Name: Plan 65 Group
State: Rhode Island
TOI: MS08G Group Medicare Supplement - Standard Plans 2010
Sub-TOI: MS08G.012 Multi-Plan 2010
Filing Type: Rate
Date Submitted: 03/16/2020
SERFF Tr Num: BCBS-132262922
SERFF Status: Pending Industry Response
State Tr Num:
State Status: Open-Pending Actuary Review
Co Tr Num: PL65GRP2020-2021

Implementation: 07/01/2020
Date Requested:
Author(s): Jessie Knowles, Sam Chhay, Huy Ho, Seth Lawlor
Reviewer(s): John Garrett (primary), Charles DeWeese, bela gorman, Alyssa Metivier, Victor Woods, Courtney Miner, Jennifer Smagula

Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

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General Information

Project Name: 2020 Plan 65 Group Rating Factors	Status of Filing in Domicile: Not Filed
Project Number: PL65GRP2020-2021	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Group
Submission Type: New Submission	Group Market Size: Small and Large
Group Market Type: Employer, Association	Overall Rate Impact:
Filing Status Changed: 03/17/2020	
State Status Changed: 03/17/2020	Deemer Date:
Created By: Jessie Knowles	Submitted By: Jessie Knowles
Corresponding Filing Tracking Number: BCBS-126755351	

Filing Description:
 Rating Factors Applicable to Plan 65 Group Rates Effective July 2020 - June 2021.

Company and Contact

Filing Contact Information

Jessie Knowles, Actuarial Analyst	Jessie.Knowles@BCBSRI.ORG
500 Exchange Street	401-459-1000 [Phone] 5382 [Ext]
Providence, RI 02903	

Filing Company Information

Blue Cross & Blue Shield of Rhode Island	CoCode: 53473	State of Domicile: Rhode Island
500 Exchange Street	Group Code:	Island
Providence, RI 02903	Group Name:	Company Type: Health Insurance
(401) 459-1000 ext. [Phone]	FEIN Number: 05-0158952	State ID Number:

Filing Fees

Fee Required?	Yes
Fee Amount:	\$75.00
Retaliatory?	No
Fee Explanation:	Three plans at \$25 each = \$75.
Per Company:	Yes

Company	Amount	Date Processed	Transaction #
Blue Cross & Blue Shield of Rhode Island	\$75.00	03/16/2020	175583134

SERFF Tracking #:

BCBS-132262922

State Tracking #:

Company Tracking #:

PL65GRP2020-2021

State:

Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI:

MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.012 Multi-Plan 2010

Product Name:

Plan 65 Group

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2020 Plan 65 Group Rating Factors/PL65GRP2020-2021

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Awaits Company Response	Charles DeWeese	03/17/2020	03/17/2020

Response Letters

Responded By	Created On	Date Submitted
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State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
TOI/Sub-TOI: MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.012 Multi-Plan 2010
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Objection Letter

Objection Letter Status	Awaits Company Response
Objection Letter Date	03/17/2020
Submitted Date	03/17/2020
Respond By Date	03/30/2020

Dear Jessie Knowles,

Introduction:

1. In past years you provided a trend and comparison supplement as a response to a question I asked. It would be helpful if you could provide an update to that page.
2. In past years you provided me an exhibit illustrating the administrative expense calculation for Basic Benefits and SNF Benefits. It would be helpful to have an update for that exhibit.
3. Can you explain the increase in the administrative expense for Major Medical/Pharmacy Rider benefits as compared to last year? It appears to be about 30% higher. Also, the administrative expense for SNF Rider benefits is about half of what it was last year. Can you explain generally what these riders are?
4. Can you provide an experience analysis, perhaps on an actual-to-expected basis, that would help explain how the application of health care cost increase factors is expected to result in the proposed rate actions? This is also an explanation you provided last year.
5. I understand that there are approximately 7,504 individuals covered by BCBSRI under Group Med Supp. How many groups are there?

Conclusion:

Sincerely,
Charles DeWeese

SERFF Tracking #:

BCBS-132262922

State Tracking #:

Company Tracking #:

PL65GRP2020-2021

State: Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

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Product Name: Plan 65 Group

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Rate Information

Rate data applies to filing.

Filing Method: Review and Approve

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 5.700%

Effective Date of Last Rate Revision: 07/01/2019

Filing Method of Last Filing: Review and Approve

SERFF Tracking Number of Last Filing: BCBS-131813245

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Blue Cross & Blue Shield of Rhode Island	4.900%	4.900%	\$882,600	7,504	\$18,023,000	22.200%	-3.000%

SERFF Tracking #:

BCBS-132262922

State Tracking #:**Company Tracking #:**

PL65GRP2020-2021

State:

Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI:

MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.012 Multi-Plan 2010

Product Name:

Plan 65 Group

Project Name/Number:

2020 Plan 65 Group Rating Factors/PL65GRP2020-2021

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Consumer Narrative		New		Group P65 Consumer Narrative.pdf,
2		Filing Letter and Factors		New		Group Plan 65 Filing Letter.pdf,

Consumer Disclosure – Group Plan 65

Blue Cross & Blue Shield of Rhode Island (“BCBSRI”) has submitted its annual rate filing for Group Medicare Supplement plans. This document gives an overview of that filing.

Scope and Range of the Rate Change:

BCBSRI has proposed rate increases for Group Medicare Supplement plans for Rhode Island members. These rate changes, once approved, will apply to about 7,504 members. The new monthly premium rates will apply to members upon the group’s renewal, beginning July 1, 2020.

The average rate change for these plans is expected to be 4.9%. The range of rate changes groups will experience is expected to be -3.0% to 22.2%.

The actual change experienced by a group and its employees may vary based upon updated members’ claims experience in this market.

Key Drivers for this Filing:

The proposed rate change is mainly due to the continuing increase in the total cost of health care in Rhode Island.

Healthcare expenses are driven by:

- how often and how much health care is received (utilization); and
- year to year changes in Medicare deductibles and copayments.

Increases in the cost of medical services continue to drive the increase in overall healthcare expenses. Increasing utilization is also a part of the increase in healthcare expenses. The number of medical services our members receive continues to grow year over year.

Medicare deductibles and copayments that are covered under these plans are expected to increase as well. Administrative costs factor into this filing, as do premium taxes paid to the State of Rhode Island.

BCBSRI recognizes that providing affordable healthcare coverage is very important to our members. We continue to work to improve internal operations to moderate both medical and administrative expense trends. And we are teaming up with our healthcare delivery system partners to develop and implement new ways to transform our business.

March 16, 2020

Office of the Health Insurance Commissioner
1511 Pontiac Avenue, Bldg. 69-1
Cranston, RI 02920

Subject: Rating factors applicable to Plan 65 group plans with effective dates of July 1, 2020 through June 30, 2021

Dear Commissioner Ganim:

This letter and the attached exhibits comprise a filing by Blue Cross & Blue Shield of Rhode Island (BCBSRI) of rating factors for Plan 65 group plans with effective dates of July 1, 2020 through June 30, 2021.

Based on current membership, approximately 7,504 members will be affected by this filing.

This filing represents an expected average increase of 4.9% for the Plan 65 medical and rider rates with effective dates of July 2020 through June 2021. This average rate change is an estimate utilizing the latest available claims experience base. Actual rates will be determined using updated claims experience, and thus the resulting average rate change is not guaranteed. The expected loss ratio is 82.1%.

Exhibit I displays the filed annual incurred claims projection factors for calendar years 2019-2022 by benefit for all of the Basic Benefits. Exhibit II displays the comparable annual incurred claims projection factors for the Skilled Nursing Facility (SNF), Major Medical, Prescription Drug, and Vision riders. The price assumptions for the projection of incurred claims expense for Basic Benefits and the SNF rider have been developed utilizing the latest information published by CMS and actuarial assumptions where final published numbers are not available. The utilization/mix projection factors for Basic Benefits and the SNF rider have been developed utilizing BCBSRI's standard methodology that has been employed in rate filings submitted to the Office of the Health Insurance Commissioner in the past.

The projection factors for Major Medical and Prescription Drug riders are consistent with the analogous large group and small group approved projection factors (weighted 65/35).

Exhibits I and II display the administrative expense per contract per month values to be utilized for Plan 65 group rates and riders effective in CY 2020, CY 2021, and CY 2022.

We request approval in this filing for a reserve contribution factor at 3.25% of premium, consistent with the current approved rating factors in this segment, as displayed in Exhibits I and II.

Exhibits I and II both display the Tax Liability Factor of 2.00% for prospective premium accounts. This factor reflects the state premium tax assessment, which is currently 2.00% of premium, per R.I. General Laws § 44-17-1.

Commissioner Ganim

March 16, 2020

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Finally, Exhibits I and II display an investment income credit factor of -0.32% of premium to be utilized for the rating of Plan 65 group plans.

In accordance with the filing fee requirements contained in Rhode Island General Laws section 42-14-18, a fee of \$75 has been included with this submission via electronic funds transfer (EFT). The policy form pertaining to this filing is Grp Plan 65 (01/20).

We respectfully ask for your early consideration and approval of the proposed rating factors. Approval by April 15, 2020 would be greatly appreciated to ensure adequate lead-time to accommodate the notification of Plan 65 group rates effective in the third quarter of 2020.

Sincerely,

A handwritten signature in blue ink that reads "Scott Lucarelli". The signature is written in a cursive style and is positioned above a short horizontal line.

Scott Lucarelli, ASA, MAAA

Lead Health Data Analyst

cc: Ms. Monica Auciello, Esquire

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

PLAN 65 – BASIC BENEFITS

**Group Plan 65 Basic Benefit Rating Factors for Group Prospective Rates
 For Plan Years with Effective Dates of July 1, 2020 through June 30, 2021**

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>CY 2019</u>	<u>CY 2020</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>Factor</u>	<u>Application</u>
Annual Incurred Claims Projection Factor ^(A)						
Part A Deductible	1.0383	1.0219	1.0294	1.0252		X
Part A Copayments/365 Add'l Days	1.0179	1.0323	1.0398	1.0355		X
Part B Deductible	1.0109	1.0703	1.0505	1.0577		X
Part B Physician Coinsurance	1.0442	1.0318	1.0324	1.0322		X
Part B Outpatient Coinsurance	1.0821	1.0814	1.0883	1.0855		X
Basic Benefits	1.0478	1.0460	1.0474	1.0473		X
Benefit Adjustment Factor ^(B)						
Group Plan C w/o SNF					1.0000	X
Group Plan G w/o SNF					0.8741	X
Group Plan N w/o SNF					0.7170	X
Administrative Expense PCPM ^(C)						
Group Plan C, G, and N w/o SNF		\$24.01	\$24.71	\$22.25		+
Reserve Factor					3.25%	
Tax Liability Factor ^(D)					2.00%	
Investment Income Credit					-0.32%	
Total Variable Retention Factor ^(E)					0.9507	/

- (A) Provides for changes in Medicare benefits, provider fees, utilization/mix, or pure premium. The Basic Benefits factor represents a weighted average of all benefit categories for basic coverage.
- (B) For each plan, the projected claims expense is multiplied by the appropriate Benefit Adjustment Factor. The Benefit Adjustment Factors reflect cost sharing and utilization differences from the base experience. They were developed using BCBSRI experience and data from Milliman's Health Cost Guidelines.
- (C) Based on Administrative Expense per Contract per Month (PCPM) derived from Administrative Expense Budgets for anticipated expenses as estimated at the time of rate calculation and applied to projected membership for the three filed plan types.
- (D) Tax Liability Factor for prospective premium accounts includes the 2.00% state premium tax liability. In the event that Rhode Island or the federal government enacts increases to taxes and/or assessments, BCBSRI reserves the right to modify the Tax Liability Factor component to fund such increases going forward.
- (E) Total Variable Retention Factor is 1 minus the sum of the Reserve Factor plus the Tax Liability Factor plus the Investment Income Credit. The Required Premium is the sum of the Projected Experience Claims PCPM plus the Administrative Expense PCPM, that quantity divided by the Total Variable Retention Factor.

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

PLAN 65 – RIDERS

**Group Plan 65 Rider Rating Factors for Group Prospective Rates
 For Plan Years with Effective Dates of July 1, 2020 through June 30, 2021**

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>CY 2019</u>	<u>CY 2020</u>	<u>CY 2021</u>	<u>CY 2022</u>	<u>Factor</u>	<u>Application</u>
Annual Incurred Claims Projection Factor ^(A)						
Skilled Nursing Facility Benefits	0.9019	0.9043	0.9108	0.9071		X
Major Medical/Pharmacy Benefits ^(B)	1.0368	1.0750	1.0750	1.0750		X
Vision Benefits	1.0000	1.0000	1.0000	1.0000		X
Administrative Expense PCPM ^(C)						
Skilled Nursing Facility Benefits		\$1.55	\$1.38	\$1.08		+
Major Medical/Pharmacy Benefits		\$43.84	\$46.31	\$42.79		+
Vision Benefits		\$0.30	\$0.29	\$0.25		+
Reserve Factor					3.25%	
Tax Liability Factor ^(D)					2.00%	
Investment Income Credit					-0.32%	
Total Variable Retention Factor ^(E)					0.9507	/

- (A) Provides for changes in Medicare benefits, provider fees, price, utilization/mix, or other expected changes in pure premium.
- (B) The factor for CY 2019 represents six months of trend, because the base period runs through June 2019.
- (C) Based on Administrative Expense per Contract per Month (PCPM) derived from Administrative Expense Budgets for anticipated expenses as estimated at the time of rate calculation.
- (D) Tax Liability Factor for prospective premium accounts includes 2.00% state premium tax liability. In the event that Rhode Island or the federal government enacts increases to taxes and/or assessments, BCBSRI reserves the right to modify the Tax Liability Factor component to fund such increases going forward.
- (E) Total Variable Retention Factor is 1 minus the sum of the Reserve Factor plus the Tax Liability Factor plus the Investment Income Credit. The Required Premium is the sum of the Projected Experience Claims PCPM plus the Administrative Expense PCPM, that quantity divided by the Total Variable Retention Factor.

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Supporting Document Schedules

Bypassed - Item:	A&H Experience
Bypass Reason:	See attached filing letter and enclosures.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Certification - Life & A&H
Bypass Reason:	Not Required
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Memorandum - A&H Rate Revision Filing
Bypass Reason:	See attached filing letter and enclosures.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	*Medicare Supplement-Group
Bypass Reason:	See attached filing letter and enclosures
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Premium Rate Sheets - Life & A&H
Bypass Reason:	See attached filing letter and enclosures.
Attachment(s):	
Item Status:	
Status Date:	