

Schedule 1A

**Blue Cross and Blue Shield of Rhode Island
Direct Pay HealthMate Direct 1000 Plan Effective July 1, 2010
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Schedule 2A

**Blue Cross & Blue Shield Of Rhode Island
Class DIR Basic Rate (Pool I)**

**Calculation of HealthMate Direct 1000 Required Monthly Subscription Rates
for July 1, 2010 Billing Cycle**

(i)	Required Monthly Base Rate	\$903.40 (A)
(ii)	Rate Reduction Factor	0.9000 (B)
(iii)	Proposed Monthly Base Rate	\$813.06 (C)
(iv)	Rate Tier Normalization Factor	0.9989 (D)
(v)	Normalized Proposed Monthly Base Rate	\$813.96 (E)

	(1)	(2)	(3)	(4)
	<u>Individual</u>		<u>Family</u>	
<u>Age Category</u>	<u>Rate Factor</u> (F)	<u>Proposed Monthly Subscription Rate</u> (G)	<u>Rate Factor</u> (F)	<u>Proposed Monthly Subscription Rate</u> (H)
Under 25	0.682	\$555.12	1.363	\$1,109.43
25-29	0.693	\$564.07	1.392	\$1,133.03
30-34	0.709	\$577.10	1.408	\$1,146.06
35-39	0.715	\$581.98	1.424	\$1,159.08
40-44	0.725	\$590.12	1.431	\$1,164.78
45-49	0.744	\$605.59	1.447	\$1,177.80
50-54	0.775	\$630.82	1.484	\$1,207.92
55-59	0.812	\$660.94	1.526	\$1,242.10
60-64	0.827	\$673.14	1.561	\$1,270.59
65+	1.301	\$1,058.96	2.462	\$2,003.97

(A) Per Schedule 4A, Column 5 for Pool I.

(B) This discount factor recognizes the behavioral changes we hope to see due the new onboarding process.

(C) Item (i) multiplied by Item (ii).

(D) Factor to adjust monthly base rates to reflect enrollment distribution by age, contract type and product.
Factor is developed in Exhibit 2, Schedule 9, Line 25.

(E) Item (iii) divided by Item (iv).

(F) Factor to convert normalized proposed monthly base rate to proposed monthly subscription rates for each Pool I age and individual/family rating category. Factors for ages under 65 are based on Pool II factors, but have a flatter slope.

(G) Item (v) times Column 1.

(H) Item (v) times Column 3.

Schedule 3A

**Blue Cross & Blue Shield Of Rhode Island
Class DIR Preferred Rate (Pool II)**

**Calculation of HealthMate Direct 1000 Required Monthly Subscription Rates
for July 1, 2010 Billing Cycle**

(i)	Required Monthly Base Rate	\$455.13 (A)
(ii)	Rate Reduction Factor	0.9000 (B)
(iii)	Proposed Monthly Base Rate	\$409.62 (C)
(iv)	Rate Tier Normalization Factor	1.0521 (D)
(v)	Normalized Proposed Monthly Base Rate	\$389.34 (E)

<u>Age Category</u>	(1)		(2)		(3)		(4)		(5)		(6)	
	Individual						Family					
	Male			Female			Male/Female					
	Proposed Rate Factor	Proposed Monthly Subscription Rate	Proposed Rate Factor	Proposed Monthly Subscription Rate	Proposed Rate Factor	Proposed Monthly Subscription Rate	Proposed Rate Factor	Proposed Monthly Subscription Rate	Proposed Rate Factor	Proposed Monthly Subscription Rate	Proposed Rate Factor	Proposed Monthly Subscription Rate
	(F)	(G)	(F)	(H)	(F)	(I)	(F)	(I)	(F)	(I)	(F)	(I)
Under 25	0.462	\$179.88	0.646	\$251.51	1.548	\$602.70						
25-29	0.511	\$198.95	0.732	\$285.00	1.734	\$675.12						
30-34	0.582	\$226.60	0.870	\$338.73	1.839	\$716.00						
35-39	0.666	\$259.30	0.863	\$336.00	1.941	\$755.71						
40-44	0.712	\$277.21	0.944	\$367.54	1.984	\$772.45						
45-49	0.861	\$335.22	1.046	\$407.25	2.091	\$814.11						
50-54	1.091	\$424.77	1.222	\$475.77	2.329	\$906.77						
55-59	1.398	\$544.30	1.395	\$543.13	2.607	\$1,015.01						
60-64	1.495	\$582.06	1.495	\$582.06	2.833	\$1,103.00						

(A) Per Schedule 4A, Column 5 for Pool II.

(B) This discount factor recognizes the behavioral changes we hope to see due the new onboarding process.

(C) Item (i) multiplied by Item (ii).

(D) Factor to adjust monthly base rates to reflect enrollment distribution by age, gender, contract type, and product. Factor is developed in Exhibit 2, Schedule 15, Line 32.

(E) Item (iii) divided by Item (iv).

(F) Factor to convert normalized proposed monthly base rate to proposed monthly subscription rates for each Pool II age/gender and individual/family rating category. Factors are unchanged from the previous Direct Pay rate filing.

(G) Item (v) times Column 1.

(H) Item (v) times Column 3.

(I) Item (v) times Column 5.

Schedule 4A
Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Required Loss Ratios on Current Pool Rate Alignment Basis
for July 1, 2010 Billing Cycle for HealthMate Direct 1000

	(1)	(2)	(3)	(4)	(5)	(6)
				<u>Current Pool Rate Alignment Basis</u>		
	<u>Projected Contract Months</u> (A)	<u>Projected Incurred Claims Including Mandates</u> (B)	<u>Required Income PCPM</u> (C)	<u>Present Rate Income PCPM</u> (D)	<u>Required Income PCPM</u> (G)	<u>Required Loss Ratio</u> (H)
Basic Rates (Pool I)	50,799	\$873.45		\$684.81 (D)	\$903.40	0.9668
<u>Preferred Rates (Pool II)</u>	<u>69,567</u>	<u>\$357.76</u>		<u>\$345.01 (E)</u>	<u>\$455.13</u>	<u>0.7861</u>
Composite	120,366	\$575.40	\$644.32	\$488.42 (F)	\$644.32	0.8930

(A) Per Exhibit 2, Schedule 19.

(B) Per Schedule 5A, Column 4.

(C) Per Schedule 5A, Column 10.

(D) Weighted average present rate of income for Basic Rates effective April 1, 2008.

(E) Weighted average present rate of income for Preferred Rates effective April 1, 2008.

(F) Weighted by contract months in Column 1.

(G) Required Income PCPM, adjusted to reflect current rate alignment between Pools I and II. Calculated as: (Column 3 composite) times (Column 4 divided by Column 4 composite).

(H) Column 2 divided by Column 5.

Schedule 5A

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Required Loss Ratios on Full Experience Basis
for July 1, 2010 Billing Cycle for HealthMate Direct 1000

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10) (11) Full Experience Basis	
	Projected Contract Months (A)	Projected Incurred Claims Expense PCPM (B)	State Assessments Impact (E)	Projected Incurred Claims Including Assessments (F)	Administrative Expense PCPM (G)	Projected Incurred Claims and Administrative Expense PCPM (H)	Investment Income Credit PCPM (I)	New System Expense (J)	Contribution to Reserve/ Tax Liability PCPM (K)	Required Income PCPM (L)	Required Loss Ratio (M)
Basic Rates (Pool I)	50,799	\$862.58	1.0126	\$873.45	\$53.84	\$927.29	\$0.00	3.23	18.99	\$949.51	0.9199
<u>Preferred Rates (Pool II)</u>	<u>69,567</u>	<u>\$353.31</u>	1.0126	<u>\$357.76</u>	<u>\$53.84</u>	<u>\$411.60</u>	<u>\$0.00</u>	<u>1.43</u>	<u>8.43</u>	<u>\$421.46</u>	<u>0.8489</u>
Composite	120,366	\$568.24		\$575.40	\$53.84	\$629.24	\$0.00	2.19	12.89	\$644.32	0.8930

- (A) Per Exhibit 2, Schedule 19.
- (B) Per Schedule 6A, Composite of Column 6.
- (C) Per Schedule 7A, Composite of Column 6.
- (D) Weighted by contract months in Column 1.
- (E) Per Exhibit 2, Schedule 22, Line 8.
- (F) Column 2 times Column 3.
- (G) Per Exhibit 2, Schedule 34, Line 3.
- (H) Column 4 plus Column 5.
- (I) No Investment Income credit given in this filing.
- (J) Rating component for new 'core payment system' which is 0.34% of the required income.
- (K) This amount reflects only the 2.00% state premium assessment, since the reserve contribution is 0.00% for this filing.
- (L) Sum of Columns 6 through 9.
- (M) Column 4 divided by Column 10.

Schedule 6A

**Blue Cross & Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of Projected Paid Claims Per Contract Month
for July 1, 2010 Billing Cycle for HealthMate Direct 1000**

	(1)	(2)	(3)	(4)	(5)	(6)
	Base Year Contract Months	Projected Allowed Claims PCPM	Trend Adjustment	Net-to- Allowed Factor	Utilization Adjustment	HealthMate 1000 Projected Paid Claims PCPM
	(A)	(B)	(C)		(F)	(G)
Non-Pharmacy						
HealthMate Direct 400	24,437	\$889.50	1.0107	0.8481 (D)	0.972	\$741.11
<u>HealthMate Direct 2000</u>	<u>13,459</u>	<u>\$591.13</u>	1.0107	0.8481 (D)	1.057	<u>\$535.58</u>
Total HealthMate Non-Pharmacy	37,896	\$783.53				\$668.11
Pharmacy						
HealthMate Direct 400	24,437	\$262.96	1.0124	0.7919 (E)	1.031	\$217.36
<u>HealthMate Direct 2000</u>	<u>13,459</u>	<u>\$184.98</u>	1.0124	0.7919 (E)	1.031	<u>\$152.90</u>
Total HealthMate Pharmacy	37,896	\$235.26				\$194.47
Grand Total						\$862.58

(A) Base Year (6/1/2008-5/31/2009) contract months.

(B) Per Exhibit 2, Schedules 25 and 26, Column 5.

(C) Trend adjustment for an average 1.5 months later effective period (7/10-3/11, rather than 4/10-3/11).

(D) Ratio of Projected Incurred Allowed Non-Pharmacy Claims minus Member Liability for HealthMate 1000, to Projected Incurred Allowed Non-Pharmacy Claims, for the Direct Pay HealthMate population.

(E) Ratio of Projected Incurred Allowed Pharmacy Claims minus Member Liability for HealthMate 1000, to Projected Incurred Allowed Pharmacy Claims, for the Direct Pay HealthMate population.

(F) Expected Change in Utilization due to benefit changes.

(G) Column 2 times Column 3 times Column 4 times Column 5.

Schedule 7A

Blue Cross & Blue Shield of Rhode Island
 Class DIR Preferred Rate (Pool II)
 Calculation of Projected Paid Claims Per Contract Month
 for July 1, 2010 Billing Cycle for HealthMate Direct 1000

	(1)	(2)	(3)	(4)	(5)	(6)
	Base Year	Projected	Trend	Net-to-	Utilization	HealthMate 1000
	Contract	Allowed	Adjustment	Allowed	Adjustment	Projected Paid
	<u>Months</u>	<u>Claims PCPM</u>		<u>Factor</u>		<u>Claims PCPM</u>
	(A)	(B)	(C)		(F)	(G)
Non-Pharmacy						
HealthMate Direct 400	27,722	\$385.11	1.0114	0.8481 (D)	0.972	\$321.09
<u>HealthMate Direct 2000</u>	<u>15,124</u>	<u>\$301.44</u>	1.0114	0.8481 (D)	1.057	<u>\$273.30</u>
Total HealthMate Non-Pharmacy	42,846	\$355.58				\$304.22
Pharmacy						
HealthMate Direct 400	27,722	\$65.44	1.0111	0.7919 (E)	1.031	\$54.02
<u>HealthMate Direct 2000</u>	<u>15,124</u>	<u>\$48.50</u>	1.0111	0.7919 (E)	1.031	<u>\$40.04</u>
Total Pharmacy	42,846	\$59.46				\$49.09
Grand Total						\$353.31

(A) Base Year (6/1/2008-5/31/2009) contract months.

(B) Per Exhibit 2, Schedules 29 and 30, Column 5.

(C) Trend adjustment for an average 1.5 months later effective period (7/10-3/11, rather than 4/10-3/11).

(D) Ratio of Projected Incurred Allowed Non-Pharmacy Claims minus Member Liability for HealthMate 1000, to Projected Incurred Allowed Non-Pharmacy Claims, for the Direct Pay HealthMate population.

(E) Ratio of Projected Incurred Allowed Pharmacy Claims minus Member Liability for HealthMate 1000, to Projected Incurred Allowed Pharmacy Claims, for the Direct Pay HealthMate population.

(F) Expected Change in Utilization due to benefit changes.

(G) Column 2 times Column 3 times Column 4 times Column 5.