

State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
TOI/Sub-TOI: MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.003 Plan C 2010
Product Name: Plan 65 Group
Project Name/Number: 2016 Plan 65 Group Rating Factors/PL65GRP2016

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.003 Plan C 2010
Filing Type: Rate
Date Submitted: 09/02/2015
SERFF Tr Num: BCBS-130210810
SERFF Status: Assigned
State Tr Num:
State Status: Open-Pending Actuary Review
Co Tr Num: PL65GRP2016

Implementation: 01/01/2016
Date Requested:
Author(s): Jessie Knowles, Sean Neylon, Sam Chhay, Huy Ho, Konrad Lech
Reviewer(s): Linda Johnson (primary), Sandra West, Maria Casale, Charles DeWeese
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

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General Information

Project Name: 2016 Plan 65 Group Rating Factors Status of Filing in Domicile: Not Filed
 Project Number: PL65GRP2016 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: 4.8%
 Filing Status Changed: 09/03/2015 Deemer Date:
 State Status Changed: 09/03/2015 Submitted By: Konrad Lech
 Created By: Matthew Merkel
 Corresponding Filing Tracking Number:

Filing Description:

Rating Factors Applicable to Plan 65 Group Rates Effective in the First, Second, Third, and Fourth Quarters of 2016

Company and Contact

Filing Contact Information

Konrad Lech, Associate Actuarial Analyst konrad.lech@bcbsri.org
 500 Exchange St. 401-459-1736 [Phone] 1736 [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: \$25.00
 Retaliatory? No
 Fee Explanation: In accordance with the filing fee requirements contained in Rhode Island General Laws section 42-14-18, a fee of \$25 has been included with this submission via electronic funds transfer (EFT). The policy forms pertaining to this filing are INTRODUCTION GRP65 (09-10), FRONT GRP65 (09-10), ELIGIBILITY GRP65 (09-10), COVERED GRP65 (09-10), EXCLUSIONS GRP65 (09-10), APPEAL GRP65 (09-10), and GLOSSARY GRP65 (09-10).
 Per Company: Yes

Company	Amount	Date Processed	Transaction #
Blue Cross & Blue Shield of Rhode Island	\$25.00	09/02/2015	99497102

SERFF Tracking #:

BCBS-130210810

State Tracking #:

Company Tracking #:

PL65GRP2016

State:

Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI:

MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.003 Plan C 2010

Product Name:

Plan 65 Group

Project Name/Number:

2016 Plan 65 Group Rating Factors/PL65GRP2016

Correspondence Summary

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Request for post-submission update for Form filing number	Note To Filer	Maria Casale	09/03/2015	09/03/2015

State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
TOI/Sub-TOI: MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.003 Plan C 2010
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Note To Filer

Created By:

Maria Casale on 09/03/2015 08:44 AM

Last Edited By:

Maria Casale

Submitted On:

09/03/2015 08:44 AM

Subject:

Request for post-submission update for Form filing number

Comments:

Request for post-submission update to filing for approved Form filing number on General Information tab in "Corresponding Filing Tracking Number field. Maria Casale, Office of Health Insurance Commissioner, 401-462-9640 or maria.casale@ohic.ri.gov

SERFF Tracking #:

BCBS-130210810

State Tracking #:

Company Tracking #:

PL65GRP2016

State: Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

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Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type: %

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

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	4.800%	4.800%	\$761,600	7,154	\$15,838,100	18.800%	-3.400%

SERFF Tracking #:

BCBS-130210810

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

PL65GRP2016

State:

Rhode Island

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Blue Cross & Blue Shield of Rhode Island

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MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.003 Plan C 2010

Product Name:

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2016 Plan 65 Group Rating Factors/PL65GRP2016

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Plan 65 Group 2015 Rate Factor Filing Letter	INTRODUCTION GRP65 (09-10), FRONT GRP65 (09-10), ELIGIBILITY GRP65 (09-10), COVERED GRP65 (09-10), EXCLUSIONS GRP65 (09-10), APPEAL GRP65 (09-10), and GLOSSARY GRP65 (09-10)	New		2016 Group Plan 65 Filing Letter and Exhibits - submitted 2015-09-02.pdf,

September 2, 2015

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

Subject: Rating factors applicable to Plan 65 group plans effective January 1, 2016 through December 1, 2016

Dear Commissioner Hittner:

This letter and the attached exhibits comprise a filing by Blue Cross & Blue Shield of Rhode Island (BCBSRI) of factors for the rating of Plan 65 group plans with effective dates of January 1, 2016 through December 1, 2016. Based on current membership, approximately 7,000 members will be affected by this filing. This filing represents an average increase of 4.8% overall for the Plan 65 medical and rider rates. 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.

Exhibit I displays the filed annual incurred claims projection factors for calendar years 2015-2017 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 approved large group and small group trends recently filed (weighted 65/35).

Exhibits I and II display the administrative expense per contract month values to be utilized for Plan 65 group rates and riders effective in CY 2016.

Consistent with our corporate target, a 4.0% reserve is included in the proposed rates, which includes the federal taxes on the reserve. This is also consistent with the current approved rating factors. We request approval in this filing for the reserve contribution factor at 4.0% of premium, 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. Finally, Exhibits I and II display an investment income credit factor of -0.37% of premium to be utilized for the rating of Plan 65 group renewals and new business.

In accordance with the filing fee requirements contained in Rhode Island General Laws section 42-14-18, a fee of \$25 has been included with this submission via electronic funds transfer (EFT). The policy forms pertaining to this filing are INTRODUCTION GRP65 (09-10), FRONT GRP65 (09-10), ELIGIBILITY GRP65 (09-10), COVERED GRP65 (09-10), EXCLUSIONS GRP65 (09-10), APPEAL GRP65 (09-10), and GLOSSARY GRP65 (09-10).

We respectfully ask for your early consideration and approval of the proposed rating factors. Approval by September 30, 2015 would be greatly appreciated to ensure adequate lead-time to accommodate the notification of Plan 65 group rates effective in the first quarter of 2016.

Sincerely,



Jeffrey McLane, F.S.A., M.A.A.A.
Chief Actuary

cc: Ms. Monica Neronha, Esquire

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

PLAN 65 – BASIC BENEFITS

**Group Plan 65 Basic Benefit Rating Factors for Group Prospective Rates
Effective for Calendar Year 2016**

	(1)	(2)	(3)	(4)	(5)
	<u>CY 2015</u>	<u>CY 2016</u>	<u>CY 2017</u>	<u>Factor</u>	<u>Application</u>
Annual Incurred Claims Projection Factor ^(A)					
Part A Deductible	1.0155	1.0111	1.0102		X
Part A Copayments/365 Add'l Days	1.0362	1.0317	1.0308		X
Part B Deductible	1.0000	1.1497	1.0000		X
Part B Physician Coinsurance	1.0050	1.0013	1.0050		X
Part B Outpatient Coinsurance	1.0742	1.0683	1.0723		X
Basic Benefits	1.0255	1.0361	1.0254		X
Administrative Expense PCPM ^(B)					
Basic Benefits		\$21.28	\$21.67		+
Reserve Factor				4.00%	
Tax Liability Factor ^(C)				2.00%	
Investment Income Credit				-0.37%	
Total Variable Retention Factor ^(D)				5.63%	X

Commissioner Hittner

September 2, 2015

Page 3

- (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) 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.
- (C) 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.
- (D) Total Variable Retention Factor is 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 divided by $(1 - \text{Total Variable Retention Factor})$.

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

PLAN 65 – RIDERS

**Group Plan 65 Rider Rating Factors for Group Prospective Rates
Effective for Calendar Year 2016**

	(1)	(2)	(3)	(4)	(5)
	<u>CY 2015</u>	<u>CY 2016</u>	<u>CY 2017</u>	<u>Factor</u>	<u>Application</u>
Annual Incurred Claims Projection Factor ^(A)					
<u>Skilled Nursing Facility Benefits</u>	1.0880	1.0833	1.0823		X
<u>Major Medical/Pharmacy Benefits</u> ^(B)	1.0656	1.1067	1.1032		X
<u>Vision Benefits</u>	1.0000	1.0000	1.0000		X
Administrative Expense PCPM ^(C)					
<u>Skilled Nursing Facility Benefits</u>		\$3.47	\$3.73		±
<u>Major Medical/Pharmacy Benefits</u>		\$34.94	\$37.99		±
<u>Vision Benefits</u>		\$0.23	\$0.23		±
Reserve Factor				4.00%	
Tax Liability Factor ^(D)				2.00%	
Investment Income Credit				-0.37%	
Total Variable Retention Factor ^(E)				5.63%	X

- (A) Provides for changes in Medicare benefits, provider fees, price, utilization/mix, or other expected changes in pure premium.
- (B) Anticipated PBM (Pharmacy Benefits Manager) Savings are included in the trend factors.
- (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 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 divided by (1 - 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:	Not Required
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:	