

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: 2014 Plan 65 Group Rating Factors/PL65GRP1Q2014

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: 07/08/2013
SERFF Tr Num: BCBS-129107024
SERFF Status: Assigned
State Tr Num:
State Status: Open-Pending Actuary Review
Co Tr Num: PL65GRP2014

Implementation: 01/01/2014
Date Requested:
Author(s): Monica Neronha, Jessie Knowles, Jeffrey McLane, Sean Neylon
Reviewer(s): Herbert Olson (primary), Adrienne Evans, Sandra West, Charles DeWeese, Maria Casale
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

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: 2014 Plan 65 Group Rating Factors/PL65GRP1Q2014

General Information

Project Name: 2014 Plan 65 Group Rating Factors Status of Filing in Domicile: Pending
 Project Number: PL65GRP1Q2014 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: Association, Employer Overall Rate Impact: 1.9%
 Filing Status Changed: 07/09/2013 Deemer Date:
 State Status Changed: 07/09/2013 Submitted By: Jessie Knowles
 Created By: Jessie Knowles
 Corresponding Filing Tracking Number:

Filing Description:

Rating Factors Applicable to Plan 65 Group Rates Effective in the First, Second, Third, and Fourth Quarters of 2014 and Required Early Notice January 2015 Renewals

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? No
 Retaliatory? No
 Fee Explanation:
 Per Company: Yes

Company	Amount	Date Processed	Transaction #
Blue Cross & Blue Shield of Rhode Island	\$25.00	07/08/2013	71708184

SERFF Tracking #:

BCBS-129107024

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

PL65GRP2014

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:

2014 Plan 65 Group Rating Factors/PL65GRP1Q2014

Correspondence Summary

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Proposed Medical Loss Ratio	Note To Reviewer	Jessie Knowles	07/23/2013	07/23/2013
Post Submission Update	Note To Reviewer	Jessie Knowles	07/12/2013	07/12/2013
Medical Loss Ratio	Note To Reviewer	Jessie Knowles	07/12/2013	07/12/2013

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: 2014 Plan 65 Group Rating Factors/PL65GRP1Q2014

Note To Reviewer

Created By:

Jessie Knowles on 07/23/2013 01:52 PM

Last Edited By:

Jessie Knowles

Submitted On:

07/23/2013 01:52 PM

Subject:

Proposed Medical Loss Ratio

Comments:

The Proposed Medical Loss Ratio for this product is 0.819.

<u>Proposed</u>	<u>Base</u>	<u>Riders</u>	<u>Total</u>
Premium	\$13,588,836	\$1,503,508	\$15,092,345
<u>Claims</u>	<u>\$11,116,755</u>	<u>\$1,249,661</u>	<u>\$12,366,415</u>
Loss Ratio	0.818	0.831	0.819

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: 2014 Plan 65 Group Rating Factors/PL65GRP1Q2014

Note To Reviewer

Created By:

Jessie Knowles on 07/12/2013 04:12 PM

Last Edited By:

Jessie Knowles

Submitted On:

07/12/2013 04:13 PM

Subject:

Post Submission Update

Comments:

I have corrected the Written Premium and Written Premium Change amounts on the Rate/Rule Schedule because the previous amounts shown were monthly amounts (rather than annual amounts).

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: 2014 Plan 65 Group Rating Factors/PL65GRP1Q2014

Note To Reviewer

Created By:

Jessie Knowles on 07/12/2013 03:35 PM

Last Edited By:

Jessie Knowles

Submitted On:

07/12/2013 03:42 PM

Subject:

Medical Loss Ratio

Comments:

The Medical Loss Ratio for this product for Calendar Year 2012 is 0.792.

<u>CY 2012</u>	<u>Base</u>	<u>Riders</u>	<u>Total</u>
Premium	\$12,459,154	\$1,726,969	\$14,186,122
<u>Claims</u>	<u>\$9,930,727</u>	<u>\$1,299,703</u>	<u>\$11,230,431</u>
Loss Ratio	0.797	0.753	0.792

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: 2014 Plan 65 Group Rating Factors/PL65GRP1Q2014

Post Submission Update Request Processed On 07/18/2013

Status: Allowed
Created By: Jessie Knowles
Processed By: Maria Casale
Comments: PSU allowed per Charlie DeWeese email July 17,2013.

General Information:

Field Name	Requested Change	Prior Value
Market Type	Group	Group
Group Market Type	Association Employer	Employer Association

Company Rate Information:

Company Name:Blue Cross & Blue Shield of Rhode Island

Field Name	Requested Change	Prior Value
Written Premium Change for this Program	\$270000	\$23000
Written Premium for this Program	\$14186000	\$1235000

SERFF Tracking #:

BCBS-129107024

State Tracking #:

Company Tracking #:

PL65GRP2014

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: 2014 Plan 65 Group Rating Factors/PL65GRP1Q2014

Rate Information

Rate data applies to filing.

Filing Method: Review and Approve
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: -4.500%
Effective Date of Last Rate Revision: 01/01/2013
Filing Method of Last Filing: Review and Approve

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# 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	1.900%	1.900%	\$270,000	6,910	\$14,186,000	5.200%	-0.600%

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: 2014 Plan 65 Group Rating Factors/PL65GRP1Q2014

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 2014 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), GLOSSARY GRP65 (09-10)	New		Filing Letter 1-1-14.pdf,

July 8, 2013

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

Subject: Rating factors applicable to Plan 65 group rates effective January 1, 2014 through December 1, 2014 and required early notice renewals effective January 1, 2015

Dear Commissioner Hittner:

This letter and the attached exhibits comprise a filing by Blue Cross & Blue Shield of Rhode Island of factors for the rating of Plan 65 groups with effective dates of January 1, 2014 through December 1, 2014 (CY 2014) and required early notice renewals effective January 1, 2015. Based on current membership, approximately 6,900 members will be affected by this filing. This filing represents an average increase of 1.9% 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 2013-2015 by benefit for all of the basic benefits. Exhibit II displays the comparable annual incurred claims projection factors for 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, Prescription Drug, and Vision riders are consistent with the analogous approved large group and small group trends recently filed (weighted 65/35).

Consistent with our corporate target, a 3% reserve is included in the proposed rates. This is also consistent with the current approved rating factors. We request approval in this filing to maintain the reserve contribution factor at 3% of premium, plus the previously approved 0.34% for the funding of the core operating system replacement project. Thus, the total reserve component factor in this filing is 0.9666, or 3.34%, as displayed in Exhibits I and II.

Exhibits I and II also display the administrative expense per contract month values to be utilized for Plan 65 group rates and riders effective in CY 2014 and required early notice January 2015 renewals. In addition, Exhibits I and II both display the Tax Liability Factor of 0.9725 for prospective premium accounts. This factor reflects the federal income tax and the state premium tax assessment, which is currently 2.00% of premium. Finally, Exhibits I and II display an investment income credit factor of 1.0055 to be utilized for the rating of Plan 65 group renewals.

Commissioner Hittner

July 8, 2013

Page 2

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 August 15, 2013 would be greatly appreciated to ensure adequate lead-time to accommodate the notification of Plan 65 group rates effective in the first quarter of 2014.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey McLane', written in a cursive style.

Jeffrey McLane, F.S.A, M.A.A.A.
Associate 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
 Calendar Year 2014 and Required Early Notice January 2015 Renewals**

	(1)	(2)	(3)	(4)	(5)
	CY 2013	CY 2014	CY 2015	Factor	Application
Annual Incurred Claims Projection Factor ^(A)					
Part A Deductible	1.0140	1.0201	1.0290		X
Part A Copayments/365 Add'l Days	1.0242	1.0304	1.0393		X
Part B Deductible	1.0500	1.0000	1.0544		X
Part B Physician Coinsurance	0.9975	1.0057	1.0086		X
Part B Outpatient Coinsurance	1.0796	1.0441	1.0426		X
Basic Benefits	1.0235	1.0166	1.0246		X
Reserve Contribution Factor				0.9666	/
Administrative Expense PCPM ^(B)					
Basic Benefits		\$19.82	\$20.04		+
Tax Liability Factor ^(C)				0.9725	/
Investment Income Credit				1.0055	/

- (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 federal tax liability and 2.00% state premium tax liability. The calculation of the tax liability factor is as follows: $0.9725 = 1 - [0.0075 \text{ (federal income tax)} + 0.0200 \text{ (state premium tax)}]$. 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.

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

PLAN 65 – RIDERS

**Group Plan 65 Rider Rating Factors for Group Prospective Rates Effective
 Calendar Year 2014 and Required Early Notice January 2015 Renewals**

	(1)	(2)	(3)	(4)	(5)
	<u>CY 2013</u>	<u>CY 2014</u>	<u>CY 2015</u>	<u>Factor</u>	<u>Application</u>
Annual Incurred Claims Projection Factor ^(A)					
Skilled Nursing Facility Benefits	1.0242	1.0304	1.0393		X
Major Medical/Pharmacy Benefits ^(B)	0.9435	1.0692	1.0635		X
Vision Benefits	1.0000	1.0000	1.0000		X
Reserve Contribution Factor				0.9666	/
Administrative Expense PCPM ^(C)					
Skilled Nursing Facility Benefits		\$3.43	\$3.52		+
Major Medical/Pharmacy Benefits		\$34.17	\$35.86		+
Vision Benefits		\$0.23	\$0.22		+
Tax Liability Factor ^(D)				0.9725	/
Investment Income Credit				1.0055	/

- (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 the federal tax liability and 2.00% state premium tax liability. The calculation of the tax liability factor is as follows: $0.9725 = 1 - [0.0075 \text{ (federal income tax)} + 0.0200 \text{ (state premium tax)}]$. 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.

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: 2014 Plan 65 Group Rating Factors/PL65GRP1Q2014

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:	Exhibit - Group Medicare Supplement
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:	