

March 11, 2011

VIA SERFF AND E-MAIL

Mr. Christopher F. Koller
Health Insurance Commissioner
RI Office of the Health Insurance Commissioner
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02920

**Re: Blue Cross & Blue Shield of Rhode Island
Class DIR; Docket No. RH-2011-01**

Dear Commissioner Koller:

I am enclosing modified Direct Pay rates to take effect April 1, 2011 calculated in accordance with your Order and Decision of March 7, 2011. We request your prompt approval of these modified rates which you have found to be “consistent with the proper conduct of [Blue Cross’] business and in the interests of the public.” Specifically, the following factors were modified per your Order:

- Pool I – Hospital Outpatient Utilization Trend: modified to -2.5%
- Pool I – Surgical /Medical Utilization Trend: modified to 1.35%
- Pool II – Hospital Inpatient Utilization Trend: modified to -1.5%
- Removal of rating factor for State premium tax and assessments
- Removal of 1.0% reserve contribution and related tax effect

In addition, the Pool I rates for subscribers age 65 and over have been modified to be equal to the rates effective April 1, 2010. Pool I rates were renormalized to account for the reduction in age 65 and over rates.

Also enclosed are the applicable percentage increases or decreases for subscribers. The average rate increase is 1.9% as opposed to the 7.9% average Blue Cross sought at the hearings.

This submission is made without waiver of Blue Cross' right to appeal your Order and Decision. Blue Cross is still contemplating whether to exercise such right as it relates to the removal of the State gross premium tax and the State assessments from the rates. We disagree on the law on this point and believe a Court may ultimately need to determine the issue.

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If you should need anything else in order to approve these new rates effective April 1, 2011, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read "John Lynch", with a stylized flourish at the end.

John Lynch, F.S.A., M.A.A.A.
Chief Actuary

cc: Genevieve M. Martin, Esq. (via email)
Suzette Pintard, Esq. (via email)
Norman G. Benoit, Esq. (via email)

Approved Rates Effective April 1, 2011

Class DIR Basic (Pool I)

| | | HM 500 | HM 1000 | HM 2000 | HM for HSA 3000 | HM for HSA 5000 |
|----------|------------|------------|------------|------------|--------------------|--------------------|
| Under 25 | Individual | \$604.39 | \$538.11 | \$460.42 | \$394.14 | \$310.74 |
| | Family | \$1,137.86 | \$1,013.08 | \$866.82 | \$742.03 | \$585.03 |
| 25-29 | Individual | \$610.93 | \$543.93 | \$465.40 | \$398.41 | \$314.11 |
| | Family | \$1,149.86 | \$1,023.76 | \$875.96 | \$749.86 | \$591.20 |
| 30-34 | Individual | \$621.84 | \$553.65 | \$473.72 | \$405.52 | \$319.72 |
| | Family | \$1,170.59 | \$1,042.22 | \$891.75 | \$763.38 | \$601.86 |
| 35-39 | Individual | \$633.84 | \$564.33 | \$482.86 | \$413.35 | \$325.89 |
| | Family | \$1,193.50 | \$1,062.61 | \$909.20 | \$778.32 | \$613.64 |
| 40-44 | Individual | \$640.39 | \$570.16 | \$487.84 | \$417.62 | \$329.25 |
| | Family | \$1,205.50 | \$1,073.30 | \$918.34 | \$786.14 | \$619.81 |
| 45-49 | Individual | \$661.12 | \$588.61 | \$503.63 | \$431.13 | \$339.91 |
| | Family | \$1,244.77 | \$1,108.26 | \$948.26 | \$811.75 | \$640.00 |
| 50-54 | Individual | \$693.84 | \$617.75 | \$528.57 | \$452.48 | \$356.74 |
| | Family | \$1,305.87 | \$1,162.66 | \$994.80 | \$851.59 | \$671.41 |
| 55-59 | Individual | \$737.48 | \$656.61 | \$561.81 | \$480.93 | \$379.18 |
| | Family | \$1,388.78 | \$1,236.48 | \$1,057.96 | \$905.66 | \$714.04 |
| 60-64 | Individual | \$751.66 | \$669.23 | \$572.61 | \$490.18 | \$386.47 |
| | Family | \$1,414.96 | \$1,259.79 | \$1,077.91 | \$922.74 | \$727.50 |
| 65+ | Individual | \$1,117.31 | \$994.41 | \$851.16 | \$728.63 | \$574.47 |
| | Family | \$2,108.66 | \$1,876.71 | \$1,606.37 | \$1,375.12 | \$1,084.17 |

Class DIR Preferred (Pool II)

| | | HM 500 | HM 1000 | HM 2000 | HM for HSA 3000 | HM for HSA 5000 |
|----------|--------|------------|------------|----------|--------------------|--------------------|
| Under 25 | Male | \$199.04 | \$177.21 | \$151.63 | \$129.80 | \$102.34 |
| | Female | \$278.32 | \$247.79 | \$212.02 | \$181.49 | \$143.10 |
| | Family | \$666.92 | \$593.78 | \$508.05 | \$434.91 | \$342.90 |
| 25-29 | Male | \$220.15 | \$196.01 | \$167.71 | \$143.57 | \$113.19 |
| | Female | \$315.37 | \$280.78 | \$240.24 | \$205.66 | \$162.15 |
| | Family | \$747.06 | \$665.13 | \$569.10 | \$487.17 | \$384.10 |
| 30-34 | Male | \$250.74 | \$223.24 | \$191.01 | \$163.51 | \$128.92 |
| | Female | \$374.82 | \$333.71 | \$285.53 | \$244.43 | \$192.71 |
| | Family | \$792.30 | \$705.40 | \$603.56 | \$516.67 | \$407.36 |
| 35-39 | Male | \$286.93 | \$255.46 | \$218.58 | \$187.11 | \$147.53 |
| | Female | \$371.81 | \$331.03 | \$283.24 | \$242.46 | \$191.16 |
| | Family | \$836.24 | \$744.53 | \$637.04 | \$545.32 | \$429.95 |
| 40-44 | Male | \$306.75 | \$273.11 | \$233.68 | \$200.04 | \$157.72 |
| | Female | \$406.70 | \$362.10 | \$309.82 | \$265.22 | \$209.11 |
| | Family | \$854.77 | \$761.02 | \$651.15 | \$557.40 | \$439.48 |
| 45-49 | Male | \$370.94 | \$330.26 | \$282.58 | \$241.90 | \$190.72 |
| | Female | \$450.65 | \$401.22 | \$343.30 | \$293.87 | \$231.70 |
| | Family | \$900.87 | \$802.07 | \$686.27 | \$587.47 | \$463.18 |
| 50-54 | Male | \$470.04 | \$418.49 | \$358.07 | \$306.52 | \$241.67 |
| | Female | \$526.47 | \$468.73 | \$401.06 | \$343.32 | \$270.69 |
| | Family | \$1,003.40 | \$893.36 | \$764.38 | \$654.33 | \$515.90 |
| 55-59 | Male | \$602.30 | \$536.24 | \$458.82 | \$392.77 | \$309.67 |
| | Female | \$601.01 | \$535.09 | \$457.84 | \$391.93 | \$309.01 |
| | Family | \$1,123.17 | \$999.99 | \$855.62 | \$732.44 | \$577.48 |
| 60-64 | Male | \$644.09 | \$573.45 | \$490.66 | \$420.02 | \$331.16 |
| | Female | \$644.09 | \$573.45 | \$490.66 | \$420.02 | \$331.16 |
| | Family | \$1,220.54 | \$1,086.68 | \$929.79 | \$795.93 | \$627.54 |

Approved Rate Increases Effective April 1, 2011

Class DIR Basic (Pool I)

| | | HM 500 | HM 1000 | HM 2000 | HM for HSA 3000 | HM for HSA 5000 |
|----------|------------|--------|---------|---------|--------------------|--------------------|
| Under 25 | Individual | -5.5% | -5.5% | -5.5% | -5.5% | -5.5% |
| | Family | -5.5% | -5.5% | -5.5% | -5.5% | -5.5% |
| 25-29 | Individual | -4.5% | -4.5% | -4.5% | -4.5% | -4.5% |
| | Family | -4.5% | -4.5% | -4.5% | -4.5% | -4.5% |
| 30-34 | Individual | -2.8% | -2.8% | -2.8% | -2.8% | -2.8% |
| | Family | -2.8% | -2.8% | -2.8% | -2.8% | -2.8% |
| 35-39 | Individual | -0.9% | -0.9% | -0.9% | -0.9% | -0.9% |
| | Family | -0.9% | -0.9% | -0.9% | -0.9% | -0.9% |
| 40-44 | Individual | -5.1% | -5.1% | -5.1% | -5.1% | -5.1% |
| | Family | -5.2% | -5.1% | -5.2% | -5.2% | -5.2% |
| 45-49 | Individual | -2.1% | -2.0% | -2.1% | -2.1% | -2.1% |
| | Family | -2.1% | -2.1% | -2.1% | -2.1% | -2.1% |
| 50-54 | Individual | -2.3% | -2.3% | -2.3% | -2.3% | -2.3% |
| | Family | -2.4% | -2.4% | -2.4% | -2.4% | -2.4% |
| 55-59 | Individual | 3.8% | 3.8% | 3.8% | 3.8% | 3.8% |
| | Family | 3.8% | 3.8% | 3.8% | 3.8% | 3.8% |
| 60-64 | Individual | 5.8% | 5.8% | 5.8% | 5.8% | 5.8% |
| | Family | 5.7% | 5.8% | 5.7% | 5.7% | 5.7% |
| 65+ | Individual | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Family | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Class DIR Preferred (Pool II)

| | | HM 500 | HM 1000 | HM 2000 | HM for HSA 3000 | HM for HSA 5000 |
|----------|--------|--------|---------|---------|--------------------|--------------------|
| Under 25 | Male | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Female | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Family | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| 25-29 | Male | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Female | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Family | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| 30-34 | Male | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Female | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Family | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| 35-39 | Male | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Female | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Family | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| 40-44 | Male | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Female | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Family | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| 45-49 | Male | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Female | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Family | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| 50-54 | Male | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Female | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Family | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| 55-59 | Male | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Female | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Family | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| 60-64 | Male | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Female | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |
| | Family | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |