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Blue Cross and Blue Shield of Rhode Island Direct Pay Rate Filing Effective April 1, 2009 Table of Contents

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Schedule 4

Section I:

Basic Required Rates (Pool I)

Schedule 5

**Blue Cross & Blue Shield Of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of HealthMate Direct 400
Required Monthly Subscription Rates
for April 1, 2009 Billing Cycle**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
				<u>Individual</u>		<u>Family</u>	
	<u>Monthly</u>	<u>Rate Tier</u>	<u>Normalized</u>	<u>Rate</u>	<u>Monthly</u>	<u>Rate</u>	<u>Monthly</u>
	<u>Base Rate</u>	<u>Factor</u>	<u>Base Rate</u>	<u>Factor</u>	<u>Rate</u>	<u>Factor</u>	<u>Subscription</u>
	(A)	(B)	(C)	(D)	(E)	(D)	(F)
<i>Required Rate</i>							
Under 65	\$885.55	0.9720	\$911.06	0.784	\$714.27	1.477	\$1,345.64
Ages 65 and Over	\$885.55	0.9720	\$911.06	1.233	\$1,123.34	2.327	\$2,120.04

(A) Per schedule 17, column 7 for HealthMate Direct 400.

(B) Factor to adjust monthly base rates to reflect enrollment distribution by age, contract type, and product. Factor is developed in schedule 9, line 9.

(C) Column 1 divided by column 2.

(D) Factor to convert monthly normalized base rate to monthly subscription rates for individual and family, and under 65 and ages 65 and over rating categories. Factors are unchanged from the previous direct pay rate filing.

(E) Column 3 times column 4.

(F) Column 3 times column 6.

Schedule 6

**Blue Cross & Blue Shield Of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of HealthMate Direct 2000
Required Monthly Subscription Rates
for April 1, 2009 Billing Cycle**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
				<u>Individual</u>		<u>Family</u>	
	<u>Monthly Base Rate</u>	<u>Rate Tier Normalization Factor</u>	<u>Normalized Monthly Base Rate</u>	<u>Rate Factor</u>	<u>Monthly Subscription Rate</u>	<u>Rate Factor</u>	<u>Monthly Subscription Rate</u>
	(A)	(B)	(C)	(D)	(E)	(D)	(F)
Required Rate							
Under 65	\$664.42	0.9720	\$683.56	0.784	\$535.91	1.477	\$1,009.62
Ages 65 and Over	\$664.42	0.9720	\$683.56	1.233	\$842.83	2.327	\$1,590.64

(A) Per schedule 17, column 7 for HealthMate Direct 2000.

(B) Factor to adjust monthly base rates to reflect enrollment distribution by age, contract type, and product. Factor is developed in schedule 9, line 9.

(C) Column 1 divided by column 2.

(D) Factor to convert monthly normalized base rate to monthly subscription rates for individual and family, and under 65 and ages 65 and over rating categories. Factors are unchanged from the previous direct pay rate filing.

(E) Column 3 times column 4.

(F) Column 3 times column 6.

Schedule 7

Blue Cross & Blue Shield Of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of HealthMate for HSA 3000 Required
Monthly Subscription Rates
for April 1, 2009 Billing Cycle

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
				<u>Individual</u>		<u>Family</u>	
	<u>Monthly</u> <u>Base Rate</u>	<u>Rate Tier</u> <u>Normalization</u> <u>Factor</u>	<u>Normalized</u> <u>Monthly</u> <u>Base Rate</u>	<u>Rate</u> <u>Factor</u>	<u>Monthly</u> <u>Subscription</u> <u>Rate</u>	<u>Rate</u> <u>Factor</u>	<u>Monthly</u> <u>Subscription</u> <u>Rate</u>
	(A)	(B)	(C)	(D)	(E)	(D)	(F)
<i>Required Rate</i>							
Under 65	\$542.65	0.9720	\$558.28	0.784	\$437.69	1.477	\$824.58
Ages 65 and Over	\$542.65	0.9720	\$558.28	1.233	\$688.36	2.327	\$1,299.12

(A) Per schedule 17, column 7 for HealthMate for HSA 3000.

(B) Factor to adjust monthly base rates to reflect enrollment distribution by age, contract type, and product. Factor is developed in schedule 9, line 9.

(C) Column 1 divided by column 2.

(D) Factor to convert monthly normalized base rate to monthly subscription rates for individual and family, and under 65 and ages 65 and over rating categories. Factors are unchanged from the previous direct pay rate filing.

(E) Column 3 times column 4.

(F) Column 3 times column 6.

Schedule 8

**Blue Cross & Blue Shield Of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of HealthMate for HSA 5000 Required
Monthly Subscription Rates
for April 1, 2009 Billing Cycle**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
				<u>Individual</u>		<u>Family</u>	
	<u>Monthly</u>	<u>Rate Tier</u>	<u>Normalized</u>	<u>Rate</u>	<u>Monthly</u>	<u>Rate</u>	<u>Monthly</u>
	<u>Base Rate</u>	<u>Factor</u>	<u>Base Rate</u>	<u>Factor</u>	<u>Rate</u>	<u>Factor</u>	<u>Subscription</u>
	(A)	(B)	(C)	(D)	(E)	(D)	(F)
Required Rate							
Under 65	\$427.76	0.9720	\$440.08	0.784	\$345.02	1.477	\$650.00
Ages 65 and Over	\$427.76	0.9720	\$440.08	1.233	\$542.62	2.327	\$1,024.07

(A) Per schedule 17, column 7 for HealthMate for HSA 5000.

(B) Factor to adjust monthly base rates to reflect enrollment distribution by age, contract type, and product. Factor is developed in schedule 9, line 9.

(C) Column 1 divided by column 2.

(D) Factor to convert monthly normalized base rate to monthly subscription rates for individual and family, and under 65 and ages 65 and over rating categories. Factors are unchanged from the previous direct pay rate filing.

(E) Column 3 times column 4.

(F) Column 3 times column 6.

Schedule 9
Blue Cross & Blue Shield Of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of Rate Tier Normalization Factor

	(1)	(2)	(3)	(4)	(5)	(6)
	Base Period Contract Months					
		HealthMate	HealthMate	HealthMate	HealthMate	
		Direct	Direct	for HSA	for HSA	
Rate Tier	Rate	400	2000	3000	5000	Total
	Factor					
	(A)					
1. Individual: Under 65	0.784	20,303	9,001	8,633	3,389	
2. Family: Under 65	1.477	7,535	3,532	3,088	1,004	
3. Individual: 65 and Over	1.233	12	74	96	76	
4. <u>Family: 65 and Over</u>	2.327	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	
5. Total		27,850	12,607	11,817	4,471	56,745
6. Rate Relativity Factor (B)		0.8610	0.6460	0.5276	0.4159	
7. Rate Tier and Rate Relativity Adjusted Contract Months (C)		23,300	7,988	6,040	1,763	39,091
8. Rate Relativity Adjusted Contract Months (D)		23,979	8,144	6,235	1,859	40,217
9. Rate Tier Normalization Factor (E)						0.9720

(A) Factors are unchanged from the previous direct pay rate filing.

(B) Per schedule 17, column 6.

(C) The sum of the products of column 1 and columns 2 through 5 times the rate relativity factor (line 6) for each respective insurance product.

(D) Line 5 times line 6.

(E) Line 7 divided by line 8.

Schedule 10

Section II:

Preferred Required Rates (Pool II)

Schedule 11
Blue Cross & Blue Shield Of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of HealthMate Direct 400 Required Monthly Subscription Rates
for April 1, 2009 Billing Cycle

(i)	Required Monthly Base Rate	\$442.33 (A)
(ii)	Rate Tier Normalization Factor	1.0447 (B)
(iii)	Normalized Required Monthly Base Rate	\$423.40 (C)

Age Category	(1)		(2)		(3)		(4)		(5)		(6)	
	Individual						Family					
	Male			Female			Male/Female					
	Rate Factor (D)	Required Monthly Subscription Rate (E)	Rate Factor (D)	Required Monthly Subscription Rate (F)	Rate Factor (D)	Required Monthly Subscription Rate (G)	Rate Factor (D)	Required Monthly Subscription Rate (G)	Rate Factor (D)	Required Monthly Subscription Rate (G)	Rate Factor (D)	Required Monthly Subscription Rate (G)
Under 25	0.462	\$195.61	0.646	\$273.52	1.548	\$655.42						
25-29	0.511	\$216.36	0.732	\$309.93	1.734	\$734.18						
30-34	0.582	\$246.42	0.870	\$368.36	1.839	\$778.63						
35-39	0.666	\$281.98	0.863	\$365.39	1.941	\$821.82						
40-44	0.712	\$301.46	0.944	\$399.69	1.984	\$840.03						
45-49	0.861	\$364.55	1.046	\$442.88	2.091	\$885.33						
50-54	1.091	\$461.93	1.222	\$517.39	2.329	\$986.10						
55-59	1.398	\$591.91	1.395	\$590.64	2.607	\$1,103.80						
60-64	1.495	\$632.98	1.495	\$632.98	2.833	\$1,199.49						

(A) Per schedule 18, column 7 for HealthMate Direct 400.

(B) Factor to adjust monthly base rates to reflect enrollment distribution by age, gender, contract type, and product. Factor is developed in schedule 15, line 32.

(C) Item (i) divided by item (ii).

(D) Factor to convert normalized required monthly base rate to required monthly subscription rates for each age/gender and individual/family rating category. Factors are unchanged from the previous direct pay rate filing.

(E) Item (iii) times column 1.

(F) Item (iii) times column 3.

(G) Item (iii) times column 5.

Schedule 12
Blue Cross & Blue Shield Of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of HealthMate Direct 2000 Required Monthly Subscription Rates
for April 1, 2009 Billing Cycle

(i)	Required Monthly Base Rate	\$331.88 (A)
(ii)	Rate Tier Normalization Factor	1.0447 (B)
(iii)	Normalized Required Monthly Base Rate	\$317.68 (C)

<u>Age Category</u>	(1)	(2)	(3)	(4)	(5)	(6)
	Individual			Family		
	Male		Female		Male/Female	
	Rate Factor (D)	Required Monthly Subscription Rate (E)	Rate Factor (D)	Required Monthly Subscription Rate (F)	Rate Factor (D)	Required Monthly Subscription Rate (G)
Under 25	0.462	\$146.77	0.646	\$205.22	1.548	\$491.77
25-29	0.511	\$162.33	0.732	\$232.54	1.734	\$550.86
30-34	0.582	\$184.89	0.870	\$276.38	1.839	\$584.21
35-39	0.666	\$211.57	0.863	\$274.16	1.941	\$616.62
40-44	0.712	\$226.19	0.944	\$299.89	1.984	\$630.28
45-49	0.861	\$273.52	1.046	\$332.29	2.091	\$664.27
50-54	1.091	\$346.59	1.222	\$388.20	2.329	\$739.88
55-59	1.398	\$444.12	1.395	\$443.16	2.607	\$828.19
60-64	1.495	\$474.93	1.495	\$474.93	2.833	\$899.99

(A) Per schedule 18, column 7 for HealthMate Direct 2000.

(B) Factor to adjust monthly base rates to reflect enrollment distribution by age, gender, contract type, and product. Factor is developed in schedule 15, line 32.

(C) Item (i) divided by item (ii).

(D) Factor to convert normalized required monthly base rate to required monthly subscription rates for each age/gender and individual/family rating category. Factors are unchanged from the previous direct pay rate filing.

(E) Item (iii) times column 1.

(F) Item (iii) times column 3.

(G) Item (iii) times column 5.

Schedule 13
Blue Cross & Blue Shield Of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of HealthMate for HSA 3000 Required Monthly Subscription Rates
for April 1, 2009 Billing Cycle

(i)	Required Monthly Base Rate	\$271.05 (A)
(ii)	Rate Tier Normalization Factor	1.0447 (B)
(iii)	Normalized Required Monthly Base Rate	\$259.45 (C)

<u>Age Category</u>	(1)	(2)	(3)	(4)	(5)	(6)
	Individual			Family		
	Male		Female		Male/Female	
	Rate Factor (D)	Required Monthly Subscription Rate (E)	Rate Factor (D)	Required Monthly Subscription Rate (F)	Rate Factor (D)	Required Monthly Subscription Rate (G)
Under 25	0.462	\$119.87	0.646	\$167.60	1.548	\$401.63
25-29	0.511	\$132.58	0.732	\$189.92	1.734	\$449.89
30-34	0.582	\$151.00	0.870	\$225.72	1.839	\$477.13
35-39	0.666	\$172.79	0.863	\$223.91	1.941	\$503.59
40-44	0.712	\$184.73	0.944	\$244.92	1.984	\$514.75
45-49	0.861	\$223.39	1.046	\$271.38	2.091	\$542.51
50-54	1.091	\$283.06	1.222	\$317.05	2.329	\$604.26
55-59	1.398	\$362.71	1.395	\$361.93	2.607	\$676.39
60-64	1.495	\$387.88	1.495	\$387.88	2.833	\$735.02

(A) Per schedule 18, column 7 for HealthMate for HSA 3000.

(B) Factor to adjust monthly base rates to reflect enrollment distribution by age, gender, contract type, and product. Factor is developed in schedule 15, line 32.

(C) Item (i) divided by item (ii).

(D) Factor to convert normalized required monthly base rate to required monthly subscription rates for each age/gender and individual/family rating category. Factors are unchanged from the previous direct pay rate filing.

(E) Item (iii) times column 1.

(F) Item (iii) times column 3.

(G) Item (iii) times column 5.

Schedule 14
Blue Cross & Blue Shield Of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of HealthMate for HSA 5000 Required Monthly Subscription Rates
for April 1, 2009 Billing Cycle

(i)	Required Monthly Base Rate	\$213.67 (A)
(ii)	Rate Tier Normalization Factor	1.0447 (B)
(iii)	Normalized Required Monthly Base Rate	\$204.53 (C)

Age Category	(1)	(2)	(3)	(4)	(5)	(6)
	Individual			Family		
	Male		Female		Male/Female	
	Rate Factor (D)	Required Monthly Subscription Rate (E)	Rate Factor (D)	Required Monthly Subscription Rate (F)	Rate Factor (D)	Required Monthly Subscription Rate (G)
Under 25	0.462	\$94.49	0.646	\$132.13	1.548	\$316.61
25-29	0.511	\$104.51	0.732	\$149.72	1.734	\$354.66
30-34	0.582	\$119.04	0.870	\$177.94	1.839	\$376.13
35-39	0.666	\$136.22	0.863	\$176.51	1.941	\$396.99
40-44	0.712	\$145.63	0.944	\$193.08	1.984	\$405.79
45-49	0.861	\$176.10	1.046	\$213.94	2.091	\$427.67
50-54	1.091	\$223.14	1.222	\$249.94	2.329	\$476.35
55-59	1.398	\$285.93	1.395	\$285.32	2.607	\$533.21
60-64	1.495	\$305.77	1.495	\$305.77	2.833	\$579.43

(A) Per schedule 18, column 7 for HealthMate for HSA 5000.

(B) Factor to adjust monthly base rates to reflect enrollment distribution by age, gender, contract type, and product. Factor is developed in schedule 15, line 32.

(C) Item (i) divided by item (ii).

(D) Factor to convert normalized required monthly base rate to required monthly subscription rates for each age/gender and individual/family rating category. Factors are unchanged from the previous direct pay rate filing.

(E) Item (iii) times column 1.

(F) Item (iii) times column 3.

(G) Item (iii) times column 5.

Schedule 15
Blue Cross & Blue Shield Of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of Rate Tier Normalization Factor

	(1)	(2)	(3)	(4)	(5)	(6)
		<u>Base Period Contract Months</u>				
	<u>Rate</u>	<u>HealthMate</u>	<u>HealthMate</u>	<u>HealthMate</u>	<u>HealthMate</u>	
<u>Rate Tier</u>	<u>Factor</u>	<u>Direct</u>	<u>Direct</u>	<u>for HSA</u>	<u>for HSA</u>	<u>Total</u>
	<u>(A)</u>	<u>400</u>	<u>2000</u>	<u>3000</u>	<u>5000</u>	
1. Individual Male: Under 25	0.462	3,303	1,350	1,064	430	
2. Individual Male: 25-29	0.511	2,856	1,119	1,360	298	
3. Individual Male: 30-34	0.582	1,306	325	450	150	
4. Individual Male: 35-39	0.666	1,266	348	399	92	
5. Individual Male: 40-44	0.712	1,407	361	530	142	
6. Individual Male: 45-49	0.861	1,033	423	596	236	
7. Individual Male: 50-54	1.091	1,052	422	461	329	
8. Individual Male: 55-59	1.398	613	316	520	394	
9. Individual Male: 60-64	1.495	564	214	316	197	
10. Individual Female: Under 25	0.646	2,074	1,291	541	346	
11. Individual Female: 25-29	0.732	1,719	988	771	256	
12. Individual Female: 30-34	0.870	695	388	214	157	
13. Individual Female: 35-39	0.863	666	336	298	162	
14. Individual Female: 40-44	0.944	725	400	388	249	
15. Individual Female: 45-49	1.046	844	226	565	279	
16. Individual Female: 50-54	1.222	751	397	510	283	
17. Individual Female: 55-59	1.395	822	355	567	305	
18. Individual Female: 60-64	1.495	1,004	505	852	410	
19. Family: Under 25	1.548	9	18	0	2	
20. Family: 25-29	1.734	131	78	0	27	
21. Family: 30-34	1.839	458	207	78	54	
22. Family: 35-39	1.941	717	489	169	88	
23. Family: 40-44	1.984	952	489	286	135	
24. Family: 45-49	2.091	846	466	477	183	
25. Family: 50-54	2.329	641	236	352	156	
26. Family: 55-59	2.607	414	198	244	104	
27. <u>Family: 60-64</u>	<u>2.833</u>	<u>191</u>	<u>133</u>	<u>110</u>	<u>81</u>	
28. Total		27,059	12,078	12,118	5,545	56,800
29. Rate Relativity Factor (B)		0.8610	0.6460	0.5276	0.4159	
30. Rate Tier and Rate Relativity Adjusted Contract Months (C)		23,664	8,317	6,919	2,679	41,579
31. Rate Relativity Adjusted Contract Months (D)		23,298	7,802	6,393	2,306	39,799
32. Rate Tier Normalization Factor (E)						1.0447

(A) Factors are unchanged from the previous direct pay rate filing.

(B) Per schedule 18, column 6.

(C) The sum of the products of column 1 and columns 2 through 5 times the rate relativity factor (line 29) for each respective insurance product.

(D) Line 28 times line 29.

(E) Line 30 divided by line 31.

Section III:

**Calculation of Monthly Base Rates for
Basic and Preferred (Pool I and Pool II)**

Schedule 17

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of Required Monthly Base Rates
for April 1, 2009 Billing Cycle**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>Contract Months</u>	<u>Composite Required Monthly Base Rate</u>	<u>Current Plan Relativity Factor</u>	<u>Current Plan Relativity Monthly Base Rate</u>	<u>Redistribution Factor</u>	<u>Proposed Plan Relativity Factor</u>	<u>Proposed Monthly Base Rate</u>
	(A)	(B)		(E)	(F)		(I)
HealthMate Direct 400	27,850	\$728.91	0.861 (C)	\$877.01	1.000	0.8610 (G)	\$885.55
HealthMate Direct 2000	12,607	\$728.91	0.646 (C)	\$658.02	1.000	0.6460 (G)	\$664.42
HealthMate for HSA 3000	11,817	\$728.91	0.553 (C)	\$563.29	0.954	0.5276 (G)	\$542.65
<u>HealthMate for HSA 5000</u>	<u>4,471</u>	<u>\$728.91</u>	<u>0.436 (C)</u>	<u>\$444.11</u>	0.954	<u>0.4159 (G)</u>	<u>\$427.76</u>
Composite	56,745	\$728.91	0.7156 (D)	\$728.91		0.7087 (H)	\$728.91

(A) Base period contract months.

(B) Per schedule 19, column 6, for Basic rates (Pool I).

(C) Plan relativities used in last years rate filing.

(D) Column 3 weighted by contract months in column 1.

(E) Column 2 times column 3 divided by the composite of column 3.

(F) These factors are used to modify the current plan relativity factors in column 3. The factors were chosen to reduce the cross-subsidy between the HealthMate Direct plans and the HealthMate for HSA plans. Also, the 0.954 factor was chosen to keep the overall Pool II rate change for HealthMate for HSA 5000 at 0.0%.

(G) Column 3 times column 5.

(H) Column 6 weighted by contract months in column 1.

(I) Column 2 times column 6 divided by the composite of column 6.

Schedule 18
Blue Cross and Blue Shield of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of Required Monthly Base Rates
for April 1, 2009 Billing Cycle

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>Contract</u> <u>Months</u>	<u>Composite</u> <u>Required</u> <u>Monthly</u> <u>Base Rate</u>	<u>Current</u> <u>Plan</u> <u>Relativity</u> <u>Factor</u>	<u>Current</u> <u>Plan</u> <u>Relativity</u> <u>Monthly</u> <u>Base Rate</u>	<u>Redistribution</u> <u>Factor</u>	<u>Proposed</u> <u>Plan</u> <u>Relativity</u> <u>Factor</u>	<u>Proposed</u> <u>Monthly</u> <u>Base Rate</u>
	(A)	(B)		(E)	(F)		(I)
HealthMate Direct 400	27,059	\$359.98	0.861 (C)	\$437.71	1.000	0.8610 (G)	\$442.33
HealthMate Direct 2000	12,078	\$359.98	0.646 (C)	\$328.41	1.000	0.6460 (G)	\$331.88
HealthMate for HSA 3000	12,118	\$359.98	0.553 (C)	\$281.13	0.954	0.5276 (G)	\$271.05
<u>HealthMate for HSA 5000</u>	<u>5,545</u>	<u>\$359.98</u>	<u>0.436 (C)</u>	<u>\$221.65</u>	0.954	<u>0.4159 (G)</u>	<u>\$213.67</u>
Composite	56,800	\$359.98	0.7081 (D)	\$359.98		0.7007 (H)	\$359.98

- (A) Base period contract months.
(B) Per schedule 19, column 6, for Preferred rates (pool II).
(C) Plan relativities used in last years rate filing.
(D) Column 3 weighted by contract months in column 1.
(E) Column 2 times column 3 divided by the composite of column 3.
(F) These factors are used to modify the current plan relativity factors in column 3. The factors were chosen to reduce the cross-subsidy between the HealthMate Direct plans and the HealthMate for HSA plans. Also, the 0.954 factor was chosen to keep the overall Pool II rate change for HealthMate for HSA 5000 at 0.0%.
(G) Column 3 times column 5.
(H) Column 6 weighted by contract months in column 1.
(I) Column 2 times column 6 divided by the composite of column 6.

Schedule 19
Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Composite Required Monthly Base Rates
for April 1, 2009 Billing Cycle

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>Contract Months</u> (A)	<u>Projected Incurred Claims Including Mandates</u> (B)	<u>Required Loss Ratio</u>			<u>Composite Required Monthly Base Rate</u> (G)
			<u>Full Experience Basis</u> (C)	<u>Current Pool Rate Alignment Basis</u> (D)	<u>Experience Adjusted Basis</u> (E)	
Basic Rates (Pool I)	56,745	\$726.43	0.8910	1.0046	0.9966 (E)	\$728.91
<u>Preferred Rates (Pool II)</u>	<u>56,800</u>	<u>\$208.57</u>	<u>0.7622</u>	<u>0.5702</u>	<u>0.5794 (F)</u>	<u>\$359.98</u>
Composite	113,545	\$467.37	0.8586	0.8586	0.8586	\$544.36

- (A) Base period contract months.
- (B) Per schedule 21, column 4.
- (C) Per schedule 21, column 11.
- (D) Per schedule 20, column 6.
- (E) Required loss ratio after adjustment to current pool rate alignment basis loss ratio. Calculated to target a 6.8% rate increase for Basic (Pool I).
- (F) Loss ratio required to achieve the composite required loss ratio after Basic rates (Pool I) loss ratio is experience adjusted.
- (G) Column 2 divided by column 5.

Schedule 20
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 April 1, 2009 Billing Cycle

	(1)	(2)	(3)	(4)	(5)	(6)
				<u>Current Pool Rate Alignment Basis</u>		
	<u>Contract Months</u>	<u>Projected Incurred Claims Including Mandates</u>	<u>Required Income PCPM</u>	<u>Present Rate Income PCPM</u>	<u>Required Income PCPM</u>	<u>Required Loss Ratio</u>
	(A)	(B)	(C)		(G)	(H)
Basic Rates (Pool I)	56,745	\$726.43		\$682.51 (D)	\$723.12	1.0046
<u>Preferred Rates (Pool II)</u>	<u>56,800</u>	<u>\$208.57</u>		<u>\$345.23 (E)</u>	<u>\$365.77</u>	<u>0.5702</u>
Composite	113,545	\$467.37	\$544.36	\$513.79 (F)	\$544.36	0.8586

(A) Base period contract months.

(B) Per schedule 21, column 4.

(C) Per schedule 21, column 10.

(D) Weighted average present rate income for Basic rates (Pool I) effective April 1, 2008.

(E) Weighted average present rate income for Preferred rates (Pool II) 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.

(H) Column 2 divided by column 5.

Schedule 21

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 April 1, 2009 Billing Cycle

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
		Projected Incurred Claims Expense PCPM	State Assessments Impact	Projected Incurred Claims Including Assessments	Administrative Expense PCPM	Projected Incurred Claims and Administrative Expense PCPM	Investment Income Credit PCPM	New System Expense	Contribution to Reserve/ Tax Liability PCPM	Full Experience Basis	
	Contract Months (A)		(E)	(F)	(G)	(H)	(I)	(J)	(K)	Required Income PCPM (L)	Required Loss Ratio (M)
Basic Rates (Pool I)	56,745	\$719.17 (B)	1.0101	\$726.43	\$53.04	\$779.47	(\$1.48)	\$2.69	\$34.65	\$815.33	0.8910
<u>Preferred Rates (Pool II)</u>	<u>56,800</u>	<u>\$206.48 (C)</u>	1.0101	<u>\$208.57</u>	<u>\$53.04</u>	<u>\$261.61</u>	<u>(\$0.50)</u>	<u>\$0.90</u>	<u>\$11.63</u>	<u>\$273.64</u>	<u>0.7622</u>
Composite	113,545	\$462.70 (D)		\$467.37	\$53.04	\$520.41	(\$0.99)	\$1.80	\$23.14	\$544.36	0.8586

- (A) Base period contract months.
- (B) Per schedule 28, composite of column 2.
- (C) Per schedule 28, composite of column 4.
- (D) Weighted by contract months in column 1.
- (E) Per schedule 23, line 5.
- (F) Column 2 times column 3.
- (G) Per schedule 38, column 2.
- (H) Column 4 plus column 5.
- (I) Reduction of required subscription income per contract month due to anticipated return on invested funds. Assumed to be 0.19% of projected incurred claims and administrative expense (column 6 times -0.0019).
- (J) Rating component for new core payment system which is 0.33% of the required income. Calculated as: 0.33% times (column 6 + column 7) divided by (1.0000 minus 0.0200 (reserve contribution) minus 0.0050 (federal tax liability) minus 0.0175 (state premium tax assessment) minus 0.0033 (new system expense)).
- (K) A 2.00% reserve contribution plus 0.50% federal tax liability plus 1.75% state premium assessment. Calculated as: (column 6 + column 7 + column 8) divided by (1.0000 minus 0.0200 (reserve contribution) minus 0.0050 (federal tax liability) minus 0.0175 (state premium tax assessment)) minus (column 6 + column 7 + column 8)
- (L) Sum of columns 6 through 9.
- (M) Column 4 divided by column 10.

Section IV:

**Calculation of Claims Impact of
State Assessments**

Schedule 23

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Claims Impact of State Assessments**

1. Calculated Claims Impact of Child Immunization Assessments (A)	0.51%
2. Calculated Claims Impact of Adult Immunization Assessment (B)	0.15%
3. Calculated Claims Impact of CEDARR, CIS, Home Services (C)	0.35%
4. Total Calculated Claims Impact of State Assessments (D)	1.01%
5. State Assessment Claims Impact Factor (E)	1.0101

(A) Per schedule 24, line 7.

(B) Per schedule 25, line 7.

(C) Per schedule 26, line 7.

(D) Sum of lines 1 through 3.

(E) Claims impact factor reflecting increase in claims due to state assessments,
which is equal to 1 plus line 4.

Schedule 24

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Claims Impact of Child Immunization Assessment

	(1)	(2)	(3)	(4)
	<u>Number of</u> <u>Months</u>	<u>Direct Pay</u> <u>Premium</u>	<u>Assessment</u> <u>Rate</u> (A)	<u>Assessment</u> <u>Dollars</u> (B)
1. Assessment Based on CY 2007 Premium	3	\$53,698,000	0.50%	\$268,490
2. <u>Assessment Based on CY 2008 Premium</u>	9	\$56,792,000	0.50%	<u>\$283,960</u>
3. Rate Period Assessment (C)				\$280,093
4. Rate Period Projected Contract Months				117,528
5. Rate Period Per Contract Per Month (D)				\$2.38
6. Rate Period Projected Claims Expense (E)				\$462.70
7. Claims Impact of Child Immunization Assessment (F)				0.51%

(A) Percentage of premium for child immunization assessment under Sections 23-1-44 through 23-1-46 of the RI General Laws based on June 2, 2008 invoice from the RI Department of Health.

(B) Column 2 times column 3.

(C) Weighted average of lines 1 and 2 weighted by column 1 months.

(D) Line 3 divided by line 4.

(E) Weighted average of the projected claims expense for the rating year from schedule 28.

(F) Line 5 divided by line 6.

Schedule 25
Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Claims Impact of Adult Immunization Assessment

	(1)	(2)	(3)	(4)
	<u>Number of Months</u>	<u>Direct Pay Premium</u>	<u>Assessment Rate (A)</u>	<u>Assessment Dollars (B)</u>
1. Assessment Based on CY 2007 Premium	3	\$53,698,000	0.15%	\$80,547
2. <u>Assessment Based on CY 2008 Premium</u>	9	\$56,792,000	0.15%	<u>\$85,188</u>
3. Rate Period Assessment (C)				\$84,028
4. Rate Period Projected Contract Months				117,528
5. Rate Period Per Contract Per Month (D)				\$0.71
6. Rate Period Projected Claims Expense (E)				\$462.70
7. Claims Impact of Adult Immunization Assessment (F)				0.15%

(A) Percentage of premium for adult immunization assessment under Sections 23-1-44 through 23-1-46 of the RI General Laws based on June 2, 2008 invoice from the RI Department of Health.

(B) Column 2 times column 3.

(C) Weighted average of lines 1 and 2 weighted by column 1 months.

(D) Line 3 divided by line 4.

(E) Weighted average of the projected claims expense for the rating year from schedule 28.

(F) Line 5 divided by line 6.

Schedule 26
Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Claims Impact of CEDARR, CIS, and Home Services

	(1)	(2)	(3)	(4)
	<u>Number of Months</u>	<u>Direct Pay Premium</u>	<u>Assessment Rate</u> (A)	<u>Assessment Dollars</u> (B)
1. Assessment Based on CY 2007 Premium	3	\$53,698,000	0.345%	\$185,258
2. <u>Assessment Based on CY 2008 Premium</u>	9	\$56,792,000	0.345%	<u>\$195,932</u>
3. Rate Period Assessment (C)				\$193,264
4. Rate Period Projected Contract Months				117,528
5. Rate Period per Contract per Month (D)				\$1.64
6. Rate Period Projected Claims Expense (E)				\$462.70
7. Claims Impact of CEDARR, CIS, and Home Services (F)				0.35%

(A) Percentage of premium for CEDARR assessment under Sections 42-12-29 of the RI General Laws based on September 17, 2008 invoice from the RI Department of Human Services.

(B) Column 2 times column 3.

(C) Weighted average of lines 1 and 2 weighted by column 1 months.

(D) Line 3 divided by line 4.

(E) Weighted average of the projected claims expense for the rating year from schedule 28.

(F) Line 5 divided by line 6.

Section V:

**Calculation of Projected Paid Claims
for Basic and Preferred (Pool I and
Pool II) Rate Development**

Schedule 28

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Composite Paid Claims Expense Per Contract Month
for April 1, 2009 Billing Cycle

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>Pool I</u>		<u>Pool II</u>		<u>Total</u>	
	<u>Base</u> <u>Period</u> <u>Contract</u> <u>Months</u> (A)	<u>Projected</u> <u>Paid</u> <u>Claims</u> <u>PCPM</u> (B)	<u>Base</u> <u>Period</u> <u>Contract</u> <u>Months</u> (A)	<u>Projected</u> <u>Paid</u> <u>Claims</u> <u>PCPM</u> (B)	<u>Base</u> <u>Period</u> <u>Contract</u> <u>Months</u> (A)	<u>Projected</u> <u>Paid</u> <u>Claims</u> <u>PCPM</u> (C)
HealthMate Direct 400	27,850	\$920.67	27,059	\$292.89	54,909	\$611.30
HealthMate Direct 2000	12,607	\$476.22	12,078	\$173.98	24,685	\$328.34
HealthMate for HSA 3000	11,817	\$674.48	12,118	\$118.32	23,935	\$392.90
<u>HealthMate for HSA 5000</u>	<u>4,471</u>	<u>\$267.19</u>	<u>5,545</u>	<u>\$48.28</u>	<u>10,016</u>	<u>\$146.00</u>
TOTAL	56,745	\$719.17	56,800	\$206.48	113,545	\$462.70

(A) Base period contract months.

(B) Per schedules 29-36, column 7.

(C) Weighted average of column 2 and column 4.

Schedule 29
Blue Cross & Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of Projected Paid Claims per Contract Month
for April 1, 2009 Billing Cycle for HealthMate Direct 400

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Incurred Allowed Claims	Incurred Allowed Claims PCPM	Projection Factor	Claims Adjustment Factor	Projected Allowed Claims PCPM	Net-to- Allowed Factor	Projected Paid Claims PCPM
	(A)	(B)	(C)	(D)	(E)		(H)
Inpatient	\$6,292,550	\$225.94	1.1393	1.0006	\$257.57	0.8518	(F) \$219.40
Outpatient	\$5,978,728	\$214.68	1.2193	0.9968	\$260.92	0.8518	(F) \$222.25
Surgical/Medical	\$8,745,123	\$314.01	1.1449	0.9968	\$358.36	0.8518	(F) \$305.25
<u>Pharmacy</u>	\$6,214,188	\$223.13	1.1321	0.9412	<u>\$237.75</u>	0.7309	(G) <u>\$173.77</u>
Total					\$1,114.60		\$920.67

(A) Incurred allowed claims (prior to subscriber cost sharing) for Basic rate (Pool I) HealthMate Direct 400 for 06/1/07-05/31/08 estimated to 100% complete.

(B) Column 1 divided by 27,850 Basic rate (Pool I) HealthMate Direct 400 contract months for 06/1/07-05/31/08.

(C) Per schedule 41, column 3 submitted under seal.

(D) Factor to adjust claims expenses for anticipated policy changes, contract changes, and one time claims impacts that are not reflected in utilization or pure price trends. Includes adjustments for Radiology Management Program, direct payments to pathologists, Wellpoint contract savings, and anticipated increases in the generic dispensing rate.

(E) Column 2 times column 3 times column 4.

(F) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate Direct 400 non-pharmacy claims.

(G) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate Direct 400 pharmacy claims.

(H) Column 5 times column 6.

Schedule 30
Blue Cross & Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of Projected Paid Claims per Contract Month
for April 1, 2009 Billing Cycle for HealthMate Direct 2000

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Incurred Allowed Claims	Incurred Allowed Claims PCPM	Projection Factor	Claims Adjustment Factor	Projected Allowed Claims PCPM	Net-to- Allowed Factor	Projected Paid Claims PCPM
	(A)	(B)	(C)	(D)	(E)		(H)
Inpatient	\$1,649,803	\$130.86	1.1393	1.0006	\$149.18	0.6771	(F) \$101.01
Outpatient	\$1,343,429	\$106.56	1.2193	0.9968	\$129.51	0.6771	(F) \$87.69
Surgical/Medical	\$2,683,916	\$212.89	1.1449	0.9968	\$242.96	0.6771	(F) \$164.51
<u>Pharmacy</u>	\$2,039,922	\$161.81	1.1321	0.9412	<u>\$172.41</u>	0.7135	(G) <u>\$123.01</u>
Total					\$694.06		\$476.22

- (A) Incurred allowed claims (prior to subscriber cost sharing) for Basic rate (Pool I) HealthMate Direct 2000 for 06/1/07-05/31/08 estimated to 100% complete.
- (B) Column 1 divided by 12,607 Basic rate (Pool I) HealthMate Direct 2000 contract months for 06/1/07-05/31/08.
- (C) Per schedule 41, column 3 submitted under seal.
- (D) Factor to adjust claims expenses for anticipated policy changes, contract changes, and one time claims impacts that are not reflected in utilization or pure price trends. Includes adjustments for Radiology Management Program, direct payments to pathologists, Wellpoint contract savings, and anticipated increases in the generic dispensing rate.
- (E) Column 2 times column 3 times column 4.
- (F) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate Direct 2000 non-pharmacy claims.
- (G) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate Direct 2000 pharmacy claims.
- (H) Column 5 times column 6.

Schedule 31

**Blue Cross & Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of Projected Paid Claims per Contract Month
for April 1, 2009 Billing Cycle for HealthMate for HSA 3000**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Incurred Allowed Claims	Incurred Allowed Claims PCPM	Projection Factor	Claims Adjustment Factor	Projected Allowed Claims PCPM	Net-to- Allowed Factor	Projected Paid Claims PCPM
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Inpatient	\$1,978,168	\$167.40	1.1393	1.0006	\$190.83	0.7532	\$143.73
Outpatient	\$2,447,717	\$207.14	1.2193	0.9968	\$251.76	0.7532	\$189.63
Surgical/Medical	\$3,008,815	\$254.62	1.1449	0.9968	\$290.58	0.7532	\$218.86
<u>Pharmacy</u>	\$1,787,835	\$151.29	1.1321	0.9477	<u>\$162.32</u>	0.7532	<u>\$122.26</u>
Total					\$895.49		\$674.48

(A) Incurred allowed claims (prior to subscriber cost sharing) for Basic rate (Pool I) HealthMate for HSA 3000 for 06/1/07-05/31/08 estimated to 100% complete.

(B) Column 1 divided by 11,817 Basic rate (Pool I) HealthMate for HSA 3000 contract months for 06/1/07-05/31/08.

(C) Per schedule 41, column 3 submitted under seal.

(D) Factor to adjust claims expenses for anticipated policy changes, contract changes, and one time claims impacts that are not reflected in utilization or pure price trends. Includes adjustments for Radiology Management Program, direct payments to pathologists, Wellpoint contract savings, and anticipated increases in the generic dispensing rate.

(E) Column 2 times column 3 times column 4.

(F) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate for HSA 3000 claims.

(G) Column 5 times column 6.

Schedule 32

**Blue Cross & Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I)
Calculation of Projected Paid Claims per Contract Month
for April 1, 2009 Billing Cycle for HealthMate for HSA 5000**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Incurred Allowed Claims	Incurred Allowed Claims PCPM	Projection Factor	Claims Adjustment Factor	Projected Allowed Claims PCPM	Net-to- Allowed Factor	Projected Paid Claims PCPM
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Inpatient	\$456,111	\$102.02	1.1393	1.0006	\$116.30	0.6097	\$70.91
Outpatient	\$439,653	\$98.33	1.2193	0.9968	\$119.51	0.6097	\$72.87
Surgical/Medical	\$596,225	\$133.35	1.1449	0.9968	\$152.18	0.6097	\$92.78
<u>Pharmacy</u>	\$209,321	\$46.82	1.1321	0.9477	<u>\$50.23</u>	0.6097	<u>\$30.63</u>
Total					\$438.22		\$267.19

(A) Incurred allowed claims (prior to subscriber cost sharing) for Basic rate (Pool I) HealthMate for HSA 5000 for 06/1/07-05/31/08 estimated to 100% complete.

(B) Column 1 divided by 4,471 Basic rate (Pool I) HealthMate for HSA 5000 contract months for 06/1/07-05/31/08.

(C) Per schedule 41, column 3 submitted under seal.

(D) Factor to adjust claims expenses for anticipated policy changes, contract changes, and one time claims impacts that are not reflected in utilization or pure price trends. Includes adjustments for Radiology Management Program, direct payments to pathologists, Wellpoint contract savings, and anticipated increases in the generic dispensing rate.

(E) Column 2 times column 3 times column 4.

(F) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate for HSA 5000 claims.

(G) Column 5 times column 6.

Schedule 33
Blue Cross & Blue Shield of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of Projected Paid Claims per Contract Month
for April 1, 2009 Billing Cycle for HealthMate Direct 400

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Incurred Allowed Claims	Incurred Allowed Claims PCPM	Projection Factor	Claims Adjustment Factor	Projected Allowed Claims PCPM	Net-to- Allowed Factor	Projected Paid Claims PCPM
	(A)	(B)	(C)	(D)	(E)		(H)
Inpatient	\$1,602,779	\$59.23	1.1393	1.0006	\$67.52	0.7837	(F) \$52.92
Outpatient	\$1,890,610	\$69.87	1.2193	0.9968	\$84.92	0.7837	(F) \$66.55
Surgical/Medical	\$3,877,907	\$143.31	1.1449	0.9968	\$163.55	0.7837	(F) \$128.17
<u>Pharmacy</u>	\$1,592,984	\$58.87	1.1321	0.9412	<u>\$62.73</u>	0.7214	(G) <u>\$45.25</u>
Total					\$378.72		\$292.89

(A) Incurred allowed claims (prior to subscriber cost sharing) for Preferred rate (Pool II) HealthMate Direct 400 for 06/1/07-05/31/08 estimated to 100% complete.

(B) Column 1 divided by 27,059 Preferred rate (Pool II) HealthMate Direct 400 contract months for 06/1/07-05/31/08.

(C) Per schedule 41, column 3 submitted under seal.

(D) Factor to adjust claims expenses for anticipated policy changes, contract changes, and one time claims impacts that are not reflected in utilization or pure price trends. Includes adjustments for Radiology Management Program, direct payments to pathologists, Wellpoint contract savings, and anticipated increases in the generic dispensing rate.

(E) Column 2 times column 3 times column 4.

(F) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate Direct 400 non-pharmacy claims.

(G) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate Direct 400 pharmacy claims.

(H) Column 5 times column 6.

Schedule 34
Blue Cross & Blue Shield of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of Projected Paid Claims per Contract Month
for April 1, 2009 Billing Cycle for HealthMate Direct 2000

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Incurred Allowed Claims	Incurred Allowed Claims PCPM	Projection Factor	Claims Adjustment Factor	Projected Allowed Claims PCPM	Net-to- Allowed Factor	Projected Paid Claims PCPM
	(A)	(B)	(C)	(D)	(E)	(F)	(H)
Inpatient	\$503,246	\$41.67	1.1393	1.0006	\$47.50	0.6030 (F)	\$28.64
Outpatient	\$625,867	\$51.82	1.2193	0.9968	\$62.98	0.6030 (F)	\$37.98
Surgical/Medical	\$1,313,318	\$108.74	1.1449	0.9968	\$124.10	0.6030 (F)	\$74.83
<u>Pharmacy</u>	\$510,505	\$42.27	1.1321	0.9412	<u>\$45.04</u>	0.7223 (G)	<u>\$32.53</u>
Total					\$279.62		\$173.98

- (A) Incurred allowed claims (prior to subscriber cost sharing) for Preferred rate (Pool II) HealthMate Direct 2000 for 06/1/07-05/31/08 estimated 100% complete.
- (B) Column 1 divided by 12,078 Preferred rate (Pool II) HealthMate Direct 2000 contract months for 06/1/07-05/31/08.
- (C) Per schedule 41, column 3 submitted under seal.
- (D) Factor to adjust claims expenses for anticipated policy changes, contract changes, and one time claims impacts that are not reflected in utilization or pure price trends. Includes adjustments for Radiology Management Program, direct payments to pathologists, Wellpoint contract savings, and anticipated increases in the generic dispensing rate.
- (E) Column 2 times column 3 times column 4.
- (F) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate Direct 2000 non-pharmacy claims.
- (G) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate Direct 2000 pharmacy claims.
- (H) Column 5 times column 6.

Schedule 35

**Blue Cross & Blue Shield of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of Projected Paid Claims per Contract Month
for April 1, 2009 Billing Cycle for HealthMate for HSA 3000**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Incurred Allowed Claims	Incurred Allowed Claims PCPM	Projection Factor	Claims Adjustment Factor	Projected Allowed Claims PCPM	Net-to- Allowed Factor	Projected Paid Claims PCPM
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Inpatient	\$317,987	\$26.24	1.1393	1.0006	\$29.91	0.5629	\$16.84
Outpatient	\$509,282	\$42.03	1.2193	0.9968	\$51.08	0.5629	\$28.75
Surgical/Medical	\$1,083,889	\$89.44	1.1449	0.9968	\$102.07	0.5629	\$57.46
<u>Pharmacy</u>	\$306,442	\$25.29	1.1321	0.9477	<u>\$27.13</u>	0.5629	<u>\$15.27</u>
Total					\$210.19		\$118.32

- (A) Incurred allowed claims (prior to subscriber cost sharing) for Preferred rate (Pool II) HealthMate for HSA 3000 for 06/1/07-05/31/08 estimated to 100% complete.
- (B) Column 1 divided by 12,118 Preferred rate (Pool II) HealthMate for HSA 3000 contract months for 06/1/07-05/31/08.
- (C) Per schedule 41, column 3 submitted under seal.
- (D) Factor to adjust claims expenses for anticipated policy changes, contract changes, and one time claims impacts that are not reflected in utilization or pure price trends. Includes adjustments for Radiology Management Program, direct payments to pathologists, Wellpoint contract savings, and anticipated increases in the generic dispensing rate.
- (E) Column 2 times column 3 times column 4.
- (F) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate for HSA 3000 claims.
- (G) Column 5 times column 6.

Schedule 36

**Blue Cross & Blue Shield of Rhode Island
Class DIR Preferred Rate (Pool II)
Calculation of Projected Paid Claims per Contract Month
for April 1, 2009 Billing Cycle for HealthMate for HSA 5000**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Incurred Allowed Claims	Incurred Allowed Claims PCPM	Projection Factor	Claims Adjustment Factor	Projected Allowed Claims PCPM	Net-to- Allowed Factor	Projected Paid Claims PCPM
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Inpatient	\$126,188	\$22.76	1.1393	1.0006	\$25.95	0.3153	\$8.18
Outpatient	\$178,944	\$32.27	1.2193	0.9968	\$39.22	0.3153	\$12.37
Surgical/Medical	\$374,580	\$67.55	1.1449	0.9968	\$77.09	0.3153	\$24.31
<u>Pharmacy</u>	\$56,001	\$10.10	1.1321	0.9477	<u>\$10.84</u>	0.3153	<u>\$3.42</u>
Total					\$153.10		\$48.28

- (A) Incurred allowed claims (prior to subscriber cost sharing) for Preferred rate (Pool II) HealthMate for HSA 5000 for 06/1/07-05/31/08 estimated to 100% complete.
- (B) Column 1 divided by 5,545 Preferred rate (Pool II) HealthMate for HSA 5000 contract months for 06/1/07-05/31/08.
- (C) Per schedule 41, column 3 submitted under seal.
- (D) Factor to adjust claims expenses for anticipated policy changes, contract changes, and one time claims impacts that are not reflected in utilization or pure price trends. Includes adjustments for Radiology Management Program, direct payments to pathologists, Wellpoint contract savings, and anticipated increases in the generic dispensing rate.
- (E) Column 2 times column 3 times column 4.
- (F) Ratio of projected incurred allowed claims minus member liability, to projected incurred allowed claims, for HealthMate for HSA 5000 claims
- (G) Column 5 times column 6.

Section VI:
Administrative Expenses

Schedule 38

Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Administrative Expense per
Contract Month for April 1, 2009 Billing Cycle

	(1)	(2)
	Number of <u>Months</u>	Administrative Expense per Contract <u>Month</u>
<u>April 1, 2009 Billing Cycle</u>		
April 1 - December 31, 2009	9	\$52.57 (A)
<u>January 1 - March 31, 2010</u>	3	<u>\$54.46</u> (B)
Total		\$53.04 (C)

(A) Per schedule 39, column 3 for calendar year 2009.

(B) Per schedule 39, column 3 for calendar year 2010.

(C) Sum of column 1 times column 2 divided by 12.

Schedule 39

**Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Calculation of Calendar Year 2009 and Calendar Year 2010
Administrative Expense per Contract Month**

	(1)	(2)	(3)
	Administrative Expense <u>Budget</u>	Projected Contract <u>Months</u>	Administrative Expense Budget <u>PCPM</u> (C)
CY 2009	\$6,178,686 (A)	117,528	\$52.57
CY 2010	\$6,400,134 (B)	117,528	\$54.46

(A) Derived from the 2009 budget for Direct Pay. Includes fees paid to vendors.

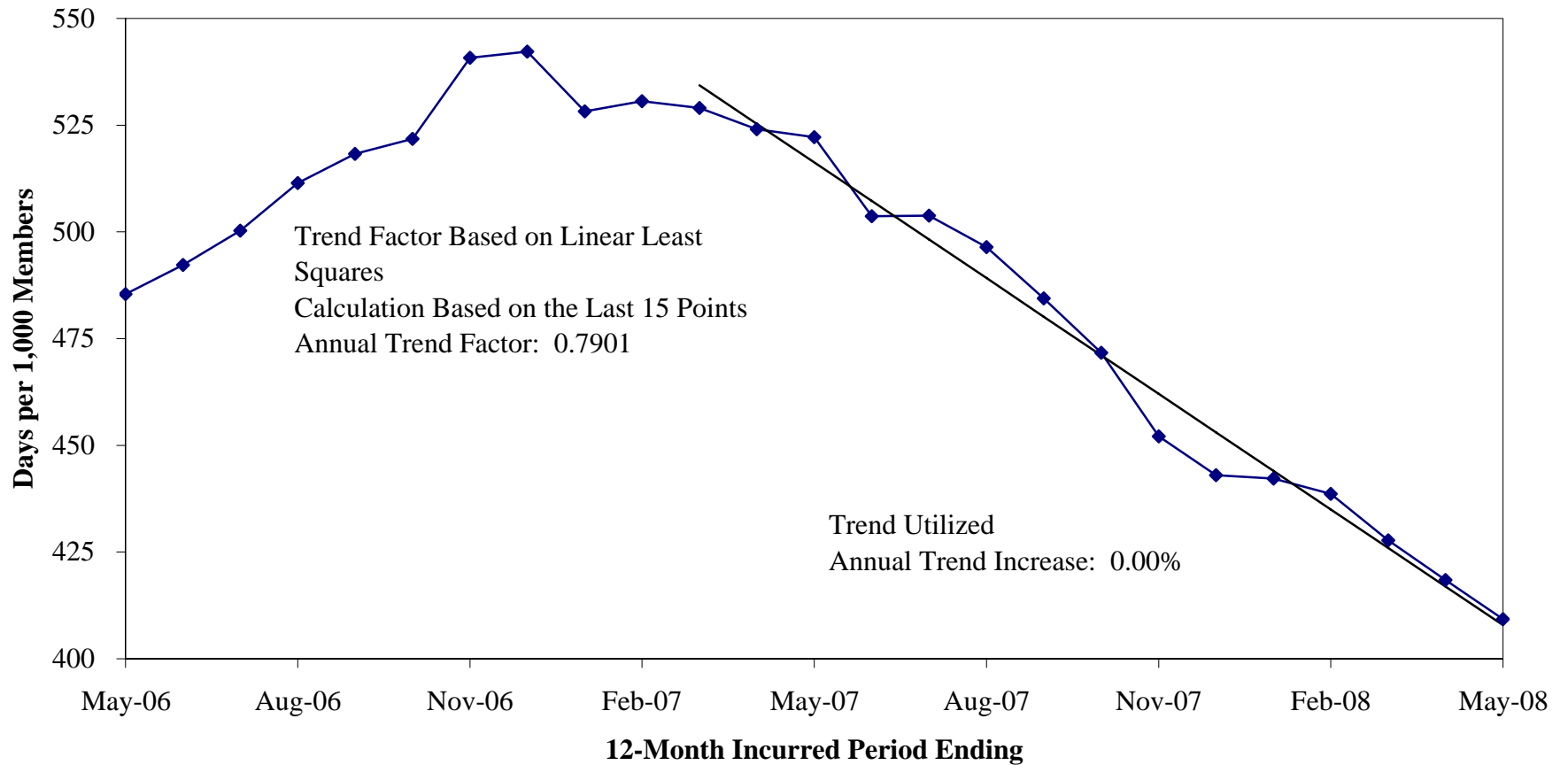
(B) Derived from the 2010 budget for Direct Pay. Includes fees paid to vendors.

(C) Column 1 divided by column 2.

Section VII:
Trends and Projection Factors

**Blue Cross and Blue Shield of Rhode Island
Total Class DIR**

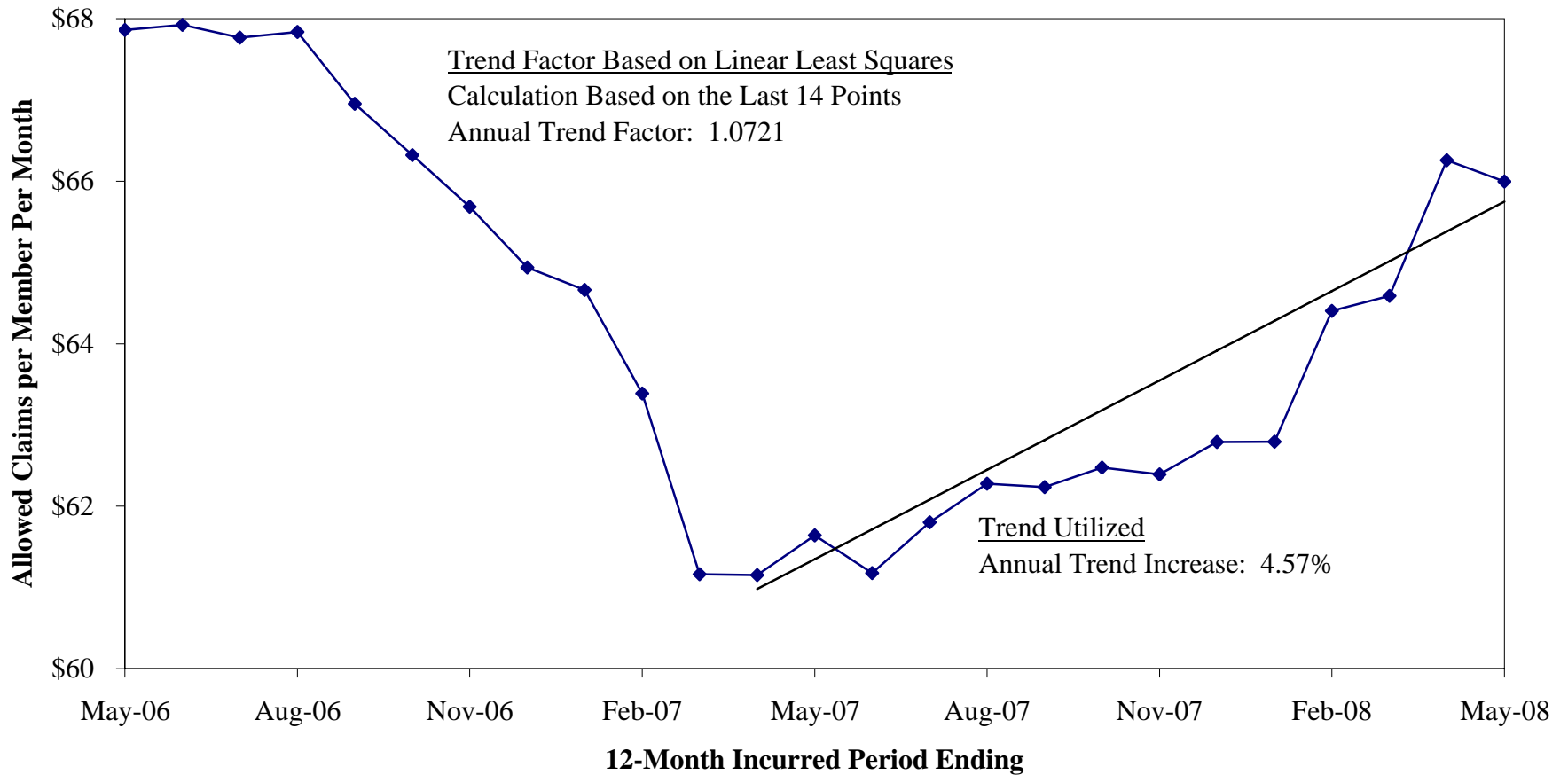
**Hospital Inpatient: Historical Days per 1,000 Members and
Utilization Trends**



Schedule 43

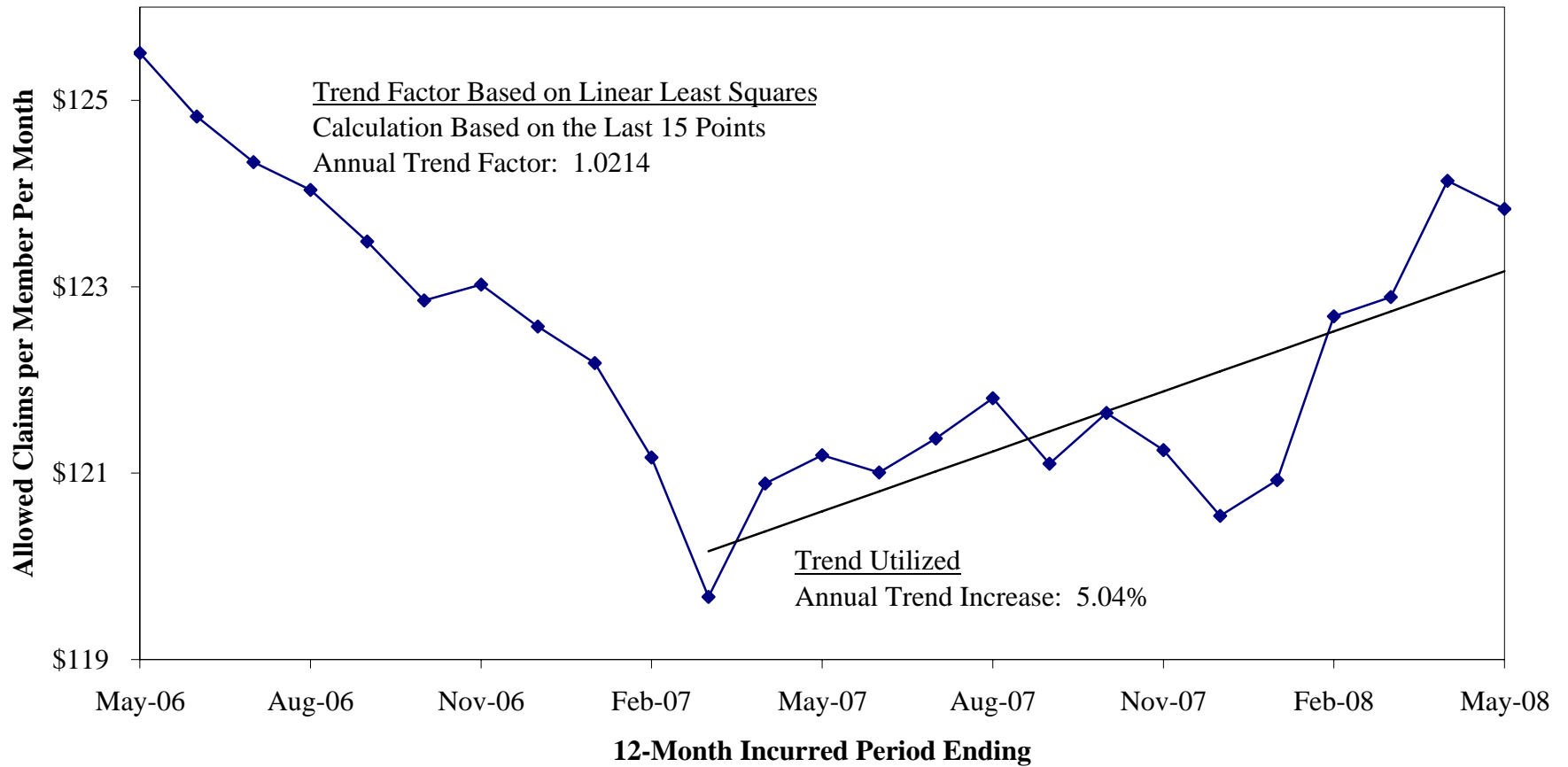
**Blue Cross and Blue Shield of Rhode Island
Total Class DIR**

**Hospital Outpatient: Historical Allowed Claims PMPM and
Utilization/Mix Trends**



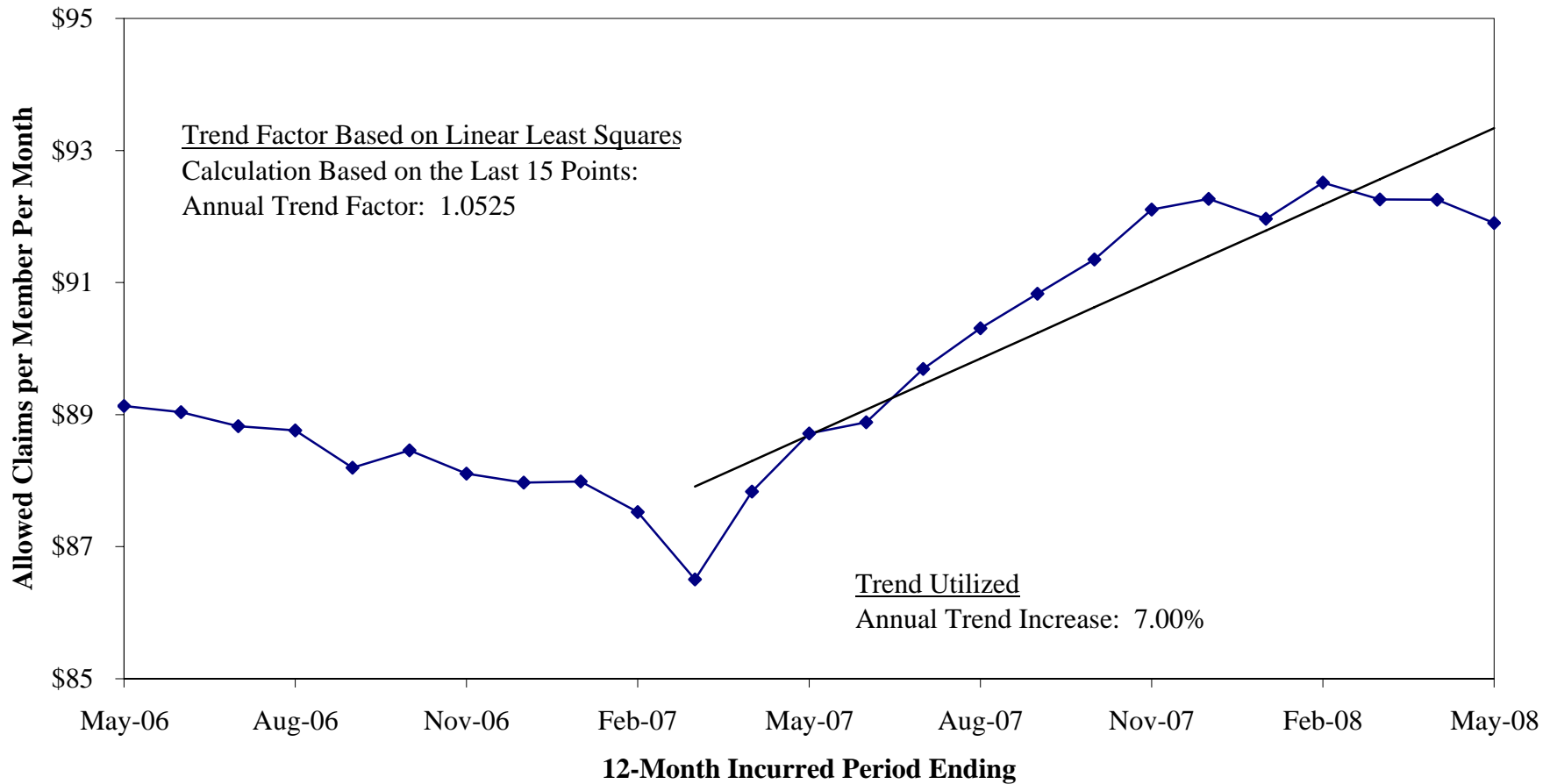
**Blue Cross and Blue Shield of Rhode Island
Total Class DIR**

**Surgical/Medical: Historical Allowed Claims PMPM and
Utilization/Mix Trends**



**Blue Cross and Blue Shield of Rhode Island
Total Class DIR**

**Pharmacy: Historical Allowed Claims PMPM
and Allowed Claims PMPM Trends**



Schedule 46
Blue Cross and Blue Shield of Rhode Island
Class DIR Basic Rate (Pool I) and Preferred Rate (Pool II)
Point Values Utilized in Development of Trends

12-Month Incurred Period Ending	Hospital Inpatient Days Per 1,000 Members	Hospital Outpatient Allowed Claims PMPM (A)	Surgical/ Medical Allowed Claims PMPM (A)	Pharmacy Allowed Claims PMPM
May-06	485.41	\$67.86	\$125.51	\$89.13
Jun-06	492.29	\$67.92	\$124.83	\$89.04
Jul-06	500.28	\$67.76	\$124.34	\$88.82
Aug-06	511.44	\$67.84	\$124.04	\$88.76
Sep-06	518.27	\$66.95	\$123.48	\$88.20
Oct-06	521.76	\$66.32	\$122.85	\$88.46
Nov-06	540.76	\$65.68	\$123.02	\$88.11
Dec-06	542.22	\$64.94	\$122.57	\$87.97
Jan-07	528.20	\$64.66	\$122.18	\$87.99
Feb-07	530.63	\$63.39	\$121.17	\$87.53
Mar-07	529.01	\$61.16	\$119.67	\$86.50
Apr-07	524.06	\$61.15	\$120.89	\$87.83
May-07	522.16	\$61.64	\$121.19	\$88.72
Jun-07	503.68	\$61.18	\$121.01	\$88.89
Jul-07	503.83	\$61.80	\$121.37	\$89.69
Aug-07	496.44	\$62.28	\$121.80	\$90.31
Sep-07	484.41	\$62.24	\$121.10	\$90.83
Oct-07	471.71	\$62.48	\$121.64	\$91.35
Nov-07	452.10	\$62.39	\$121.25	\$92.11
Dec-07	443.01	\$62.79	\$120.54	\$92.27
Jan-08	442.20	\$62.79	\$120.93	\$91.97
Feb-08	438.60	\$64.40	\$122.68	\$92.51
Mar-08	427.76	\$64.59	\$122.89	\$92.26
Apr-08	418.42	\$66.26	\$124.14	\$92.25
May-08	409.29	\$66.00	\$123.83	\$91.90

(A) All periods adjusted to the June 2005 provider fee level.