

**ROACH|HEWITT|RUPRECHT
SANCHEZ & BISCHOFF PC**

Christopher T. Roach

66 Pearl Street, Suite 200
Portland, ME 04101

207-747-4875 voice
croach@roachhewitt.com

January 28, 2016

Eric Cioppa, Superintendent
Attn: Elena Crowley
Docket No. INS-15-802
Bureau of Insurance
Maine Department of Professional and Financial Regulation
34 State House Station
Augusta, Maine 04333-0034

*Re: Anthem Blue Cross and Blue Shield Request to Discontinue and Replace Legacy
Individual Health Plans*

Dear Superintendent Cioppa:

Enclosed for filing please find the following:

SUBMITTED BY: Christopher T. Roach

DATE: January 28, 2016

DOCUMENT TITLE: Responses to First Information Requests of the Attorney General

DOCUMENT TYPE: Responses to Information Requests

CONFIDENTIAL: **NO**

Thank you for your assistance in this matter.

Very truly yours,

/s/ Christopher T. Roach

cc: Attached service list

NON-CONFIDENTIAL

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

IN RE:)
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ANTHEM BLUE CROSS AND BLUE) ANTHEM RESPONSES TO FIRST
SHIELD'S REQUEST TO DISCONTINUE) INFORMATION REQUESTS OF THE
AND REPLACE LEGACY INDIVIDUAL) ATTORNEY GENERAL
HEALTH PLANS EFFECTIVE JANUARY 1,)
2017)
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Docket No. INS-15-802) JANUARY 28, 2016
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1. Please provide the following information relative to the assertion that the proposed migration is projected to produce a net premium savings of over \$7.6 million in 2017 (page 2 of Anthem Request).

a. Impact on Grandfathered policyholders only.

b. Impact on Grandmothered policyholders only.

c. Premium increase assumptions used in the analysis for the Legacy block and for the ACA block, separately.

d. Morbidity assumptions used in the analysis for the Legacy block and for the ACA block, separately.

Response	<p>a. The \$7.6 million impact reflected on page 2 is for Grandfathered policyholders only. Unlike the Grandfathered policyholders, the Grandmothered policyholders must by law transition to an ACA-compliant product by year-end 2016 and, accordingly, Anthem did not calculate the financial impact of those policyholders remaining on a Legacy plan in 2017.</p> <p>b. Please see response to (a) above.</p> <p>c. As reflected in our filing, Anthem did not calculate future premium rates for the Legacy and ACA blocks in the traditional manner of a rate filing. Instead, Anthem established a 2017 and 2018 implied rate differentials by assuming that 2016 approved rate increases would carry forward with some broad adjustments for the impact of transitioning grandmothered members. The table below provides the approved 2016 starting points and applicable adjustments to reflect the morbidity and/or MLR impact of grandmothered migration as well as proportionately larger administrative costs.</p>		
	ACA	Legacy	Notes
2016 Approved Rate Increase	4.80%	18.28%	Approved 2016 Rate Increases
Adjustments to Approved 2016 Rate Increase			
MLR (Morbidity) Impact	0%	8%	No change assumed for ACA. 2015 GF loss ratio divided by 2016 rate filing experience period (4/1/2014-3/31/2015) applied for Legacy.
Administrative Expense	0%	2%	No change assumed for ACA. Additional administrative cost charge applied for Legacy.
Imputed 2017 Rate Increase	5.00%	30%	Rounded 2017 Projected Increase for Demonstration Purposes Legacy Inc = $(1+18.28\%)*(1+8.22%)*(1+2\%)-1$

	2018+ Implied Rate Increase	5.00%	24.14%	No change assumed for ACA. Straight average of 2016 approved and imputed 2017 rate increases for Legacy.
d. Please see Anthem's response to item (c) above.				

2. Relative to the statement on page 15 of the Anthem Request that “Anthem assumed that the existing (*i.e.*, 2016) rate differential between legacy and ACA rates – with some objectively-necessary adjustments – would persist:”

- a. Please explain what rate differential is ultimately assumed in the 2017 analysis, and,
- b. Please list and provide the adjustments made to the premiums in this analysis.

Response	<ul style="list-style-type: none"> a. Please see the table submitted in response to Request 1(c). b. Please see the table submitted in response to Request 1(c).
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3. Please provide the following specific information regarding the calculation of the results depicted on page 16 of the Anthem Request (showing that approximately 74% of legacy members will pay lower premiums with ACA-compliant plans rather than the legacy plans in 2017, and that if cost sharing is taken into account, the number increases to 95%):

- a. What are the corresponding percentages of members in the Grandfathered plans?
- b. What are the corresponding percentages of members in the Grandmothered plans?
- c. What are the legacy plans/coverages which have lower premiums than the ACA-compliant plans used in the comparison to produce the results cited above?
- d. Please list the legacy plans, ACA-compliant plans, the premium rates for the legacy and ACA-compliant plans, area factors (if relevant) and other rating factors that impact the analysis.

Response	<ul style="list-style-type: none"> a. Please see Anthem's response to Request #1; the analysis referenced in the question is for grandfathered plans only. b. Please see Anthem's response to (a) above. c. While the 74% reflected in the referenced table was based on a member-by-member analysis, we understand your question to ask which plans, rather than which members, will cross over in 2017. As such, our response is based on the premiums associated with the average age of the Legacy plan members (42). With that understanding, please see the attached chart (see “AG 1st response”, tab “3.c 2017 Rates for Age 42 – GF”) reflecting those legacy plans that cross over in 2017 either through premiums only or with cost sharing taken into account. The cells that are highlighted reflect those plans that have not yet crossed-over; all other ACA plans are less expensive than the corresponding Legacy plan. d. Each of the items listed in the question impact the analysis. We started with mapping the legacy plans to the applicable ACA-compliant plans.
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	<p>We then determined the anticipated future premium rates for the applicable legacy and ACA-compliant plans based on our simplified premium rate differential analysis discussed above and in the filing, which includes the effects of area factors and morbidity. Finally, we determined which plans (and corresponding members) would benefit from the transition in 2017 based on premium alone and also when cost-sharing is considered. We applied the simplifying rate differential assumptions noted in the filing and above in response to Request #1 to perform the analysis for 2018.</p>
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4. Please detail the proposed mapping of each legacy plan to a corresponding ACA-compliant plan. This should include the following items: legacy plan, number of members in the plan, the proposed ACA-compliant plan or plans (if multiple mapping options), and the number of members expected to migrate.

Response	Please see Exhibits 1 and 3 of Anthem’s initial filing.
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5. Please provide a benefit summary description of each of the benefit plans. This should include the following: Deductible, copays, coinsurance and out of pocket maximums.

Response	Please see Exhibits 1 and 3 of Anthem’s initial filing. Please also see the “Benefit Limits” tabs on each of those exhibits for the differences between the legacy and ACA mapped plans.
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6. Please provide the most recent ACA-compliant individual rate filing and corresponding rates.

Response	Please see attached electronic copy of ACA memorandum and corresponding rates.
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