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

IN RE: ANTHEM BLUE CROSS AND BLUE SHIELD 2013 INDIVIDUAL RATE FILING FOR GRANDFATHERED HEALTHCHOICE, HEALTHCHOICE STANDARD AND BASIC, HEALTHCHOICE HDHP, HMO STANDARD AND BASIC, AND LUMENOS CONSUMER DIRECTED HEALTH PLAN PRODUCTS Docket No. INS-13-1000	**ORDER**

I. INTRODUCTION

Eric Cioppa, Superintendent of Insurance ("Superintendent"), issues this Order after consideration of the Anthem Blue Cross and Blue Shield ("Anthem") 2013 rate filing for grandfathered ("GF")[1] HealthChoice, HealthChoice Standard, HealthChoice Basic, HealthChoice HDHP, HMO Standard, HMO Basic, and Lumenos Consumer Directed Health Plan products.

In its initial filing, Anthem asserted that the proposed revised rates for the GF products would produce an average increase of 16.5%. As identified in the filing, the increases varied from a 4.5% decrease to a 29.7% increase depending on deductible level and type of contract. As of August 9, 2013, there were 4,977 GF policyholders who would be affected by the proposed rate revisions. Anthem requested that its proposed GF rate revisions become effective on January 1, 2014.

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[1] Congress enacted the Affordable Care Act effective March 23, 2010 ("ACA") pursuant to which policyholders with policies in effect prior to the enactment of the ACA were "grandfathered," meaning they had the right to retain their existing policies even if those policies did not contain all of the benefits and deductible levels required by the ACA.

Anthem's existing individual business in Maine contains both GF and non-grandfathered ("NGF") policyholders.[2] At the time of submitting its GF rate filing in August, 2013, Anthem requested rates that would be established for the GF policyholders (who hold non-ACA compliant plans) separate and apart from the NGF policyholders (who were to be migrated to ACA-compliant plans effective January 1, 2014).

On November 14, 2013, President Obama announced that Insurance Departments and carriers would have the option of renewing NGF policies purchased on or before October 1, 2013, as described in a letter from the Center for Medicare and Medicaid Services to Insurance Regulators dated November 14, 2013.

A hearing in this proceeding commenced on November 22, 2013. Public comments were received on the proposed GF rates, and evidence was offered by the parties and admitted into the record by the Superintendent. The hearing was then recessed so that the parties and the Superintendent could consider an alternative rating approach, consistent with the new federal guidance, under which rates for Anthem's entire individual block (both NGF and GF) would be established on a combined basis.

On November 26, 2013, Anthem filed proposed combined rates for its GF and NGF policies (the "Combined Rates") for approval with the Superintendent, and provided notice of the filing to the Attorney General. Anthem further provided documentation supporting those proposed rates to the Superintendent and the Attorney General. The Combined Rates will produce an average increase of 12.6% on an annual basis (*i.e.*, for the 12-month period 1/1/14 through 12/31/14) but, due to the fact that the rate change will be implemented effective

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[2] The ACA required all those with NGF plans—that is, individuals who purchased or changed their policies after March 23, 2010—to purchase an ACA-compliant plan to be effective on January 1, 2014.

February 1, 2014 (thus calculated on an 11-month period, 2/1/14 through 12/31/14), will result in a 13.75% average increase for policyholders.

III. LEGAL STANDARD

Anthem is required by 24-A M.R.S. § 2736(1) to file proposed policy rates for its individual health insurance products with the Superintendent. The Superintendent may approve the filed rates only if they are not excessive, inadequate, or unfairly discriminatory. 24-A M.R.S. § 2736(2). Pursuant to 24-A M.R.S.A. § 2736-C(5), the rates must be likely to yield a loss ratio of at least 80% as determined in accordance with accepted actuarial principles and practices. That is, expected claims payments must be at least 80% of premium.

IV. HEARING CLOSED

By a Rate Determination Order issued on November 26, 2013, which is hereby incorporated into the record of this proceeding, the Superintendent notified the Attorney General of her opportunity to request that the hearing in this proceeding be kept open. *See* Rate Determination Order at ¶ 3. The Attorney General did not request that the hearing be kept open, and the hearing was thereupon closed as of 5:01pm on November 26. *Id.*

V. COMBINED RATES

Anthem's November 26, 2013, filing of Combined Rates is hereby incorporated into the record of this proceeding. As set forth in the Rate Determination Order, the Superintendent finds that the Combined Rates are not excessive, inadequate, or unfairly discriminatory.

VI. ORDER

The Superintendent hereby ORDERS that the Combined Rates are APPROVED for GF subscribers effective February 1, 2014.

VII. NOTICE OF APPEAL RIGHTS

This Order is final agency action of the Superintendent of Insurance, within the meaning of the Maine Administrative Procedure Act, 5 M.R.S. § 8002(4). It may be appealed to the Superior Court in the manner provided for by 24-A M.R.S. § 236, 5 M.R.S. §§ 11001 through 11008, and M.R. Civ.P. 80C. Any party to the proceeding may initiate an appeal within thirty days after receiving this notice. Any aggrieved non-party whose interests are substantially and directly affected by this Order may initiate an appeal within forty days after the issuance of this Order. There is no automatic stay pending appeal. Application for stay may be made in the manner provided in 5 M.R.S. § 11004.

PER ORDER OF THE SUPERINTENDENT OF INSURANCE

December 3, 2013

ERIC A. CIOPPA
Superintendent of Insurance