

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

IN RE:)
)
 ANTHEM BLUE CROSS AND BLUE SHIELD)
 2006 INDIVIDUAL RATE FILING FOR)
 HEALTHCHOICE AND HEALTHCHOICE) DECISION AND ORDER
 STANDARD AND BASIC PRODUCTS)
 Docket No. INS-05-820)
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)

I. INTRODUCTION

By Decision and Order dated December 19, 2005, Superintendent of Insurance, Alessandro A. Iuppa denied the request of Anthem Blue Cross and Blue Shield ("Anthem") for approval of its rate filing for 2006 HealthChoice but granted Anthem an opportunity to submit a revised filing consistent with the findings and conclusions set forth in Part V of the Decision and Order. Anthem made a revised electronic filing, on January 6, 2006, that it further revised on January 13, 2006. The revised filing provides for rates ranging from 12.8 % to 35.1%, depending upon the benefit design of the plan selected. The average proposed rate increase is 16.2%.

II. SUPERINTENDENT'S REVIEW

After examination of Anthem's January 6, 2006, revised rate filing, the Bureau of Insurance requested further clarification of specific issues via an information request dated January 11, 2006, in order to insure that the revised filing was not inconsistent with the Decision and Order. Specifically, the Superintendent requested an explanation as to why on plans with the PCSA Rider, Anthem did not adjust the rider rates on these plans for the timing difference of the change in the effective date of the rates to March 1, 2006. The Superintendent also requested an explanation of several issues pertaining to how Anthem was adjusting its revised rates for the Savings Offset Payment ("SOP").

III. ANTHEM'S RESPONSE

On January 13, 2006, Anthem electronically filed a Response to the Information Request and further revisions to its rates. In this response, Anthem admitted that it had erroneously failed to make the time adjustment for the PCSA Rider and, therefore, made adjustments to the revised rates to correct this error. Anthem also explained how it arrived at its value for paid claims for purposes of determining the SOP. Finally,

Anthem admitted that it had erroneously failed to remove claims paid to out-of-state providers when it determined the SOP. Anthem, therefore, made corresponding corrections resulting in a lower savings offset payment applied in the rate calculation.

IV. FINDINGS AND CONCLUSIONS

The Superintendent finds that Anthem's revised filing, as further adjusted by its Information Response and rate visions dated January 13, 2006, is not inconsistent with the December 19, 2005, Decision and Order. The revised rates now: (1) credit the pharmaceutical rebates Anthem received for the years 2001 through 2005; (2) account appropriately for investment income; and (3) apply paid claims for purposes of determining the SOP in a manner that satisfactorily rectifies the original proposed rates and render the rates not excessive.

V. ORDER

Pursuant to 24-A M.R.S.A. §§ 2736 and 2736-B, the Superintendent hereby ORDERS that Anthem's revised rate filing of January 13, 2006, is APPROVED, effective March 1, 2006.

VI. NOTICE of APPELLATE RIGHTS

This Decision and Order is final agency action of the Superintendent of Insurance, within the meaning of the Maine Administrative Procedure Act, 5 M.R.S.A. § 8002(4). It may be appealed to the Superior Court in the manner provided for by 24-A M.R.S.A. § 236, 5 M.R.S.A. §§ 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 Decision and Order may initiate an appeal within forty days of the issuance of this decision. There is no automatic stay pending appeal. Application for stay may be made in the manner provided in 5 M.R.S.A. § 11004.

Dated this 13th day of January 2006 at Gardiner, Maine.

ALESSANDRO A. IUPPA
Superintendent of Insurance