

Documentation of Decision and Order Spreadsheet

**Note:** Redacted information is designated confidential.

The starting point is Exhibits I, III, IV, V, and VI of the Excel version of the filing submitted with Anthem's prefiled testimony. Three additional tabs (worksheets) are added:

- The "hearing request response 3&4" tab of Anthem's "2007 DirigoChoice Hearing Requests 12082006.xls" spreadsheet. This has been renamed "hrg req response 3&4 (modified)."
- The "Spread Large Claims" tab of Beth Fritchen's "Rolling 12 Month Development.xls" spreadsheet.
- The "30% LC Trend" tab of Beth Fritchen's "Trend Analysis - Spread Large Claims.xls." This has been renamed by changing "30%" to 34.4%."

The Exhibits were modified as follows:

<u>Tab</u>	<u>Change</u>	<u>Reason</u>	<u>Source</u>
Exhibit I	Adjust cell B9 by subtracting [REDACTED]*1.026	Remove Medicaid	Fritchen Exhibits A and G
	Adjust cell B10 by subtracting 674	Remove Medicaid	Fritchen Exhibit A
	Set cell B12 equal to '34.4% LC Trend'!H55	Adjust trend based on pooling large claims	Modification of Fritchen methodology
	Change cell B22 to 3.0%	Reduce profit margin	Decision and Order
	Adjust cell B28 by subtracting [REDACTED]	Remove Medicaid	Fritchen Exhibit A
	Set cell B33 equal to 'hrg req response 3&4 (modified)!AF1	Corrected methodology for firm size factor	Response to hearing request 4
	Add "(single)" at end of cell A40	Increases will now vary by contract type due to change in factor for two-adult contracts	

<u>Tab</u>	<u>Change</u>	<u>Reason</u>	<u>Source</u>
Exhibit I	Insert 5 new rows between Rows 45 and 46	To include summary information in Exhibit I	
	Put "Before Benefit Modification" and "After Benefit Modification" in cells B46 and B47	To include summary information in Exhibit I	
	Put "Avg Increase", "Min Increase", and "Max Increase" in cells A47 - A49	To include summary information in Exhibit I	
	Set cell B47 equal to hrg req response 3&4 (modified)!AA1	To include summary information in Exhibit I	"hrg req response 3&4 (modified)" tab
	Set cell B48 equal to MIN('hrg req response 3&4 (modified)!AA3:AA4794)	To include summary information in Exhibit I	"hrg req response 3&4 (modified)" tab
	Set cell B49 equal to MAX('hrg req response 3&4 (modified)!AA3:AA4794)	To include summary information in Exhibit I	"hrg req response 3&4 (modified)" tab
	Set cell C47 to $(1+B47)*0.96-1$	To include summary information in Exhibit I	Factor from response to inquiry 12 of Superintendent's First Information Request
	Set cell C48 to $(1+B48)*0.96-1$	To include summary information in Exhibit I	Factor from response to inquiry 12 of Superintendent's First Information Request
	Set cell C49 to $(1+B49)*0.96-1$	To include summary information in Exhibit I	Factor from response to inquiry 12 of Superintendent's First Information Request
Exhibit III	Set cells F64 - F68 equal to 0.96 times cells B64 - B68	Maintain proper rate relationship among plans	Factor from response to inquiry 12 of Superintendent's First Information Request
	Set cell F78 equal to 0.944 times cells B68	Maintain proper rate relationship among plans	Factor from response to inquiry 12 of Superintendent's First Information Request

<u>Tab</u>	<u>Change</u>	<u>Reason</u>	<u>Source</u>
Exhibit III	Set cells F74 - F778 equal cell F78 times 1.281, 1.178, 1.107, and 1.047 respectively	Maintain proper rate relationship among plans	Factors from response to inquiry 12 of Superintendent's First Information Request
Exhibit IV	Change cell M10 from 2.1 to 2.0	Cap ratio of 2-adult rate to 1-adult rate at 2.0	Decision and Order
"hrg req response 3&4 (modified)" tab	Sort range A4:AD4794 by Column D Ascending	To facilitate next step	
"hrg req response 3&4 (modified)" tab	For "Subscriber and Spouse" contracts (lines 3 and 3193 - 4100), change formula in column M by multiplying by 2/2.1	Cap ratio of 2-adult rate to 1-adult rate at 2.0	Decision and Order
	Set cell O3 equal to cell AA1 + 1	Correct calculation of average increase	Response to hearing request 3
	Set column AA to equal Column Z / Column Y - 1 (starting with Row 3)	Calculate increase for each contract for use in determining minimum and maximum	
	Put "single" in cell AI12	Increases will now vary by contract type due to change in factor for two-adult contracts	
	Put "quarterly increase factor" in cell AP14	Label for next step	
	Set cell AQ14 equal to 1+'Exhibit I'!B65 (after making changes to Exhibit I)	For use in following steps	
	Put "increases (single) by quarter before cap" in cell AP16	Label for next steps	
	Put "1Q2007" - "4Q2007" in cells AP17 - AP20	Label for next steps	
	Set cell AQ18 equal to $AQ17 * \$AQ\$14 / (AL\$6 / AI\$6)$	Determine 2 <sup>nd</sup> quarter increase before cap	

<u>Tab</u>	<u>Change</u>	<u>Reason</u>	<u>Source</u>
"hrg req response 3&4 (modified)" tab	Set cell AQ19 equal to $AQ18 * \$AQ\$14 / (AO\$6 / AL\$6)$	Determine 3 <sup>rd</sup> quarter increase before cap	
	Set cell AQ20 equal to $AQ19 * \$AQ\$14 / (AR\$6 / AO\$6)$	Determine 4 <sup>th</sup> quarter increase before cap	
	Remove rounding function form cell W1	To improve accuracy of next step	
	Set cell AQ 17 so that cell W1 = Exhibit I cell B37	To set increases in community rates to produce needed average increase calculated in Exhibit I	
	Set cell AI15 to $MIN(AQ17, 1.366)$	Apply 36.6% cap to 1 <sup>st</sup> quarter increase	Decision and Order
	Set cell AI18 to $MIN(AQ18, 1.366)$	Apply 36.6% cap to 2 <sup>nd</sup> quarter increase	Decision and Order
	Set cell AI21 to $MIN(AQ19, 1.366)$	Apply 36.6% cap to 3 <sup>rd</sup> quarter increase	Decision and Order
	Set cell AI24 to $MIN(AQ20, 1.366)$	Apply 36.6% cap to 4 <sup>th</sup> quarter increase	Decision and Order
"Spread Large Claims" tab	Deleted Columns C, F - AG	Not used	
	Change cell F3 from 30% to 34.4%	Increase large claim trend	Decision and Order
	Set cell F7 such that cell G4 = cell F4	Fritchen methodology	Prefiled testimony of Beth Fritchen
"34.4% LC Trend" tab	Delete Rows 2, 3	Not used	
	Delete columns G,H,I,K,O	Not used	
	Set column D equal to Column K of the "Spread Large Claims" tab	Fritchen methodology	Prefiled testimony of Beth Fritchen
	Set cell H55 equal to cell H54 + 2%; round to 3 decimal places	Leveraging adjustment	Prefiled testimony of Beth Fritchen