

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

IN RE: )  
)  
ANTHEM BLUE CROSS AND )  
BLUE SHIELD 2018 INDIVIDUAL ) **ORDER**  
RATE FILING )  
)  
Docket No. INS-17-1000 )

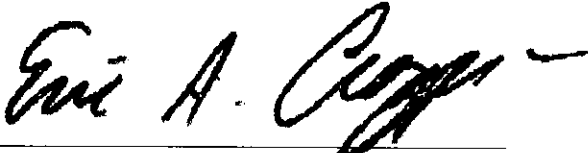
On August 14, 2017, Anthem Blue Cross and Blue Shield (“Anthem”) filed a Motion for Reconsideration of the Superintendent’s August 10 Decision and Order (the “Decision”) requesting that the Superintendent revise the morbidity factors to 1.1913 and 1.3005 for the Base and Unreimbursed Filings, respectively.<sup>1</sup> According to Anthem, applying these factors and using the Superintendent’s methodology to measure the percentage rate increase would result in an average increase of 19% for the Base Filing (versus the 18.8% specified in the Decision), and 27.2% for the Unreimbursed Filing (versus the 19.9% specified in the Decision).<sup>2</sup>

Anthem asserts that by reducing the morbidity factors in the Base and Unreimbursed rates from the factors Anthem had proposed, the Superintendent appears to have overcorrected. Specifically, when calculating the rates that would be approved, the Superintendent substituted the morbidity factors from the initial Base and Unreimbursed filings. The Superintendent rejected the higher factors in Anthem’s July 14 updated filings because they were based (in part) on an increased estimate of market contraction in 2017. The Superintendent’s estimate was closer to that originally assumed by Anthem. However, Anthem’s motion points out that its July 14 changes to the morbidity factors also reflect increased estimates of the impact of new sales on the Base rates and of higher-cost legacy members on the Unreimbursed rates. These changes were described in Anthem’s prefiled testimony. As a result, the rates that would be approved as specified in the Decision ignore these additional effects on Anthem’s morbidity.

Upon reconsideration, the Superintendent agrees with Anthem’s analysis, and the motion is GRANTED. Accordingly, Anthem is authorized to use the requested morbidity factors in its compliance filing (1.1913 for the Base rates and 1.3005 for the Unreimbursed rates). The compliance filing should describe the assumptions and provide quantitative support for the factors used to calculate the revised morbidity factors. The compliance filing should also provide the average rate increases based on actual member enrollment information for each plan, and provide quantitative support for the calculation of these averages.

PER ORDER OF THE SUPERINTENDENT OF INSURANCE

August 15, 2017

  
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ERIC A. CIOPPA, Superintendent

<sup>1</sup> In the Decision, the Superintendent had specified morbidity factors of 1.1866 and 1.2289, respectively.

<sup>2</sup> According to Anthem, these average rate increases would be 18.0% and 25.2%, respectively, if calculated based on actual member enrollment information for each plan.