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June 19, 2017

Eric Cioppa, Superintendent of Insurance  
Attn: Shari Gregory  
Docket No. INS-17-1000  
Bureau of Insurance  
Maine Dept. of Professional and Financial Regulation  
34 State House Station  
Augusta, Maine 04333-0034

Re: *Anthem Blue Cross and Blue Shield 2018 Rate Filing for Individual Health Plans*  
Docket No. INS-17-1000

Dear Superintendent Cioppa:

Enclosed for filing please find two hard copies of the following:

SUBMITTED BY: Scott W. Boak, AAG  
DATE: June 19, 2017  
DOCUMENT TITLE: Attorney General's First Information Request  
DOCUMENT TYPE: Information Request  
CONFIDENTIAL: No

Copies are also being served this date in the manner indicated on the enclosed Certificate of Service. Thank you for your attention.

Sincerely,

/s/ Scott W. Boak

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SWB/s

Enc.

cc: Service list

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

IN RE: )  
)  
ANTHEM BLUE CROSS AND BLUE )  
SHIELD 2018 INDIVIDUAL RATE FILING ) **ATTORNEY GENERAL'S**  
) **FIRST INFORMATION REQUEST**  
)  
Docket No. INS-17-1000 )  
)

To: Christopher T. Roach, Esq.  
Roach Hewitt Ruprecht Sanchez & Bischoff PC  
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Instructions

Pursuant to Bureau of Insurance Rules, Chapter 350, § 10(B), and paragraph V of the Superintendent's June 6, 2017, Notice of Pending Proceeding and Public Hearing, the Attorney General serves the following discovery request upon Anthem Health Plans of Maine, Inc. dba Anthem Blue Cross and Blue Shield ("Anthem"). If any of the information sought hereby is not known by Anthem but is known by other persons and is obtainable by reasonable means, then Anthem is requested to obtain and provide that information. The Attorney General further asks that Anthem supplement its response immediately, should additional information become available after its initial response to this request.

Requests

1. The Actuarial Memorandum states that the trend is developed by *"normalizing historical benefit expense for changes in the underlying population and known cost drivers, which are then projected forward to develop the pricing trend."*
  - a) Please provide the historical monthly allowed and paid claims (including IBNR estimates) and membership data which were utilized in the trend development for the time period of January 2014 to December 2016, with the monthly allowed claims split by medical and pharmacy.
  - b) To the extent a different time period was utilized in the Company's historical trend analysis, please specify the time period which was considered and provide any additional monthly membership and claims information corresponding to that time period which was not provided in (a).
  - c) Please provide any normalization adjustments which should be applied to the monthly claims data to appropriately normalize for changes in the underlying population and known cost drivers.

- d) If the proposed trend assumption for this filing is significantly different than the historical claims experience would suggest, please provide the specific reasons future trends are expected to be different than historical levels and the assumed quantitative impact associated with each of those differences.
2. The URRT shows annualized trends broken down by service category, cost, and utilization. These trends appear to produce a weighted average allowed trend of about 7.9%. The actuarial memorandum and Exhibit E show trends applied to paid claims of 9.4%. Please reconcile the difference between the allowed trends by service category, cost, and utilization to the 9.4% trend. Please also provide detailed workpapers showing the development of any components of trend that are included in the 9.4% trend that are in addition to the trends shown in the URRT.
  3. Exhibit D shows the components of the 1.0216 Normalization Factor.
    - a) Please provide the quantitative development of each of the six factors shown for the Experience Period Population and the Future Population. This should include distributions of the population by age/gender, area/network, and benefit plan as well as the factors applied to each portion of the population.
    - b) Please also provide similar quantitative development of the calibration factors for age and area, showing that the distribution of the projected population used in developing the calibration factors is the same as the distribution of the "Future Population" shown in response to 3.a.
  4. Please provide support for the increase in the pre-tax profit target as compared to the target included in the final approved 2017 rates.
  5. The following questions are related to the projected risk adjustment payment equal to \$13.71 PMPM:
    - a) Please provide the quantitative development of this assumption, including in your response the projected statewide average premium, PLRS, ARF, and AV, as well as the projected company specific PLRS, ARF, and AV.
    - b) Please explicitly show how the projected statewide average premium was adjusted downward by a factor of 0.860 to account for the change to the risk transfer formula as outlined in the 2018 Benefit and Payment Parameters Notice.
    - c) Please demonstrate how the PLRS and other assumptions are consistent with the PLRS and other assumptions used in developing the morbidity adjustment.
  6. Please provide the following additional financial related information:
    - a) YTD 2017 Earned Premium, Loss Ratio, and Pre-Tax Underwriting Gain/Loss for the Individual ACA plans;

- b) Projected 2017 Earned Premium, Loss Ratio, and Pre-Tax Underwriting Gain/Loss for the Individual ACA plans; and
  - c) Current company-level Surplus and RBC levels.
7. Provide the estimated incremental change in rates that would be proposed if the decision were made to eliminate CSR funding for calendar year 2018. Additionally, please provide a description of whether any proposed increase to reflect the elimination of CSR funding would be applied on an overall basis (i.e. all Metal plans) or specific to certain plans (i.e. Silver only).
8. Per the URRT it is currently being projected that the company's total volume of member months associated with the individual ACA plans will be 325,201 in calendar year 2018. Based on updated information which has become available since this rate filing was submitted such as knowledge of the 2018 rate increases being proposed and carrier participation in the market, please describe whether the company now anticipates a different volume of membership in 2018.
- a) If so, please provide a description of how the company's 2018 membership projections would differ from those included in this filing.
  - b) If not, please explain why the projections currently included in the rate filing remain reasonable.

Dated: June 19, 2017

/s/ Scott W. Boak  
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Counsel for Attorney General

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

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

The undersigned counsel for the Attorney General hereby certifies that on this date I caused to be mailed by electronic mail copies of the Attorney General’s First Information Request upon the persons and at the addresses indicated below.

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Dated: June 19, 2017

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