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**Christopher T. Roach**

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June 28, 2017

Eric Cioppa, Superintendent  
Attn: Shari Gregory  
Docket No. INS-17-1000  
Bureau of Insurance  
Maine Department 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*

Dear Superintendent Cioppa:

Enclosed for filing please find the following:

SUBMITTED BY: Christopher T. Roach

DATE: June 28, 2017

DOCUMENT TITLE: Responses to Second Information Requests of the Superintendent

DOCUMENT TYPE: Responses to Information Requests

CONFIDENTIAL: **NO**

Thank you for your assistance in this matter.

Very truly yours,

/s/ Christopher T. Roach

cc: Attached service list

# NON-CONFIDENTIAL

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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 ) ANTHEM RESPONSES TO SECOND  
) INFORMATION REQUESTS OF THE  
Docket No. INS-17-1000 ) SUPERINTENDENT  
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) JUNE 28, 2017  
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1. Please explain how the plan-level rate changes were calculated. Do they reflect Anthem’s age distribution?

Response	Plan Level increases are calculated using current membership data including age and area. The plan’s 2017 current rate is calculated using the current membership, current age factor and current area factor. The plan’s 2018 rate is then calculated using the current membership, same age but with updated 2018 age factors, and same area but with updated 2018 area factors. The plan-level rate increase includes all factor changes but does not include aging of the population.
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2. Please explain why the first paragraph of the Part II Justification states the range of rate changes based on plan-level rate changes rather than the full range reflecting variations due to differences in age and rating area. If this is not changed, please revise the first paragraph of the Part II Justification by reversing the order of the last two sentences.

Response	As discussed in our response to Question 1, the plan-level rate changes listed in the Part II Justification include variations due to differences in age factors and area factors. It does not include aging of the population.
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3. Please identify the numbers that will be put into the second and third green blanks on the draft notice of rate filing.

Response	<p>The draft notice that we sent to the Bureau on June 9, 2017 included all of the numbers and reads as follows:</p> <p>“The average proposed increase is 21.2%, but the actual rate change varies from -0.6% to 35.0% depending on your age, where you live, and the type of plan you have. Additionally, your final premium will be lower if you are eligible for subsidies under a Marketplace plan.”</p> <p>The range of rate changes listed was the same as the Part II Justification, -0.6% to 35%.</p>
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4. Please explain the differences between the weighted average AV and Cost-sharing

adjustment of 0.6916 shown on the URRT Supplement and the Paid to Allowed Average Factor of 0.693 shown in the URRT.

Response	<p>These calculations are not expected to be the same. The paid to allowed average factor is simply that: the calculation of the paid to allowed claims ratio. By contrast, per CMS guidance, the AV and cost-sharing adjustment (plan level adjustment) would take into account the benefit differences, utilization differences due to differences in cost-sharing and an adjustment for non-tobacco user status.</p>
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5. Please provide quantitative support for each of the three factors shown in your response to Question 4 of the First Information Request of the Superintendent.

Response	<p>Please see attached Excel file.</p> <p>Please note that the market contraction impact and lapse rates shown in the exhibit are on a combined basis for 2017 and 2018. As stated in our response to Question 4 of the First Information Request of the Superintendent, based on information available at the time from CMS, we estimated that the market enrollment decline for 2017 would be 5.5%, and the corresponding market contraction impact we derived from this was 4.6%. Newly released effectuated enrollment reports from CMS now indicate that the market enrollment decline for 2017 was higher than originally anticipated at 7.7%. This means that our calculated morbidity change from the 2017 market contraction may be underestimated given that the actual 2017 contraction was greater than we assumed in the filing. We are continuing to evaluate the effect of this change on our filed rates. For 2018, we estimated that the market enrollment decline would be 10.9%, and the corresponding market contraction impact we derived from this was 7.8%.</p>
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6. Please explain how the risk adjustment estimate used in the filing compares to the information CMS released on June 16, 2017 regarding 2016 risk adjustment payments. Will any difference be reflected in a revised filing?

Response	<p>Please see our response to AG's First Information Request, Question 5. We assumed \$23.56 PMPM in our filing and the final CMS assessment is \$26.64 PMPM. Our 2016 assumption will be updated to actuals in our revised filing on</p>
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7. Please explain how you arrived at the 92.9% pure loss ratio identified in your response to Question 10 of the First Information Request of the Superintendent. It appears inconsistent with the incurred claims and earned premiums set forth on page three (3) of the actuarial memorandum for experience period premium and claims.

Response	Pure Loss Ratio of 92.9% is claims over premium. The claims listed on page three of the actuarial memorandum include adjustments for Rx rebates, Capitation, and CSR receivables. This loss ratio would be 80.7%.
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**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
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Docket No. INS-17-1000	)	
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The undersigned counsel hereby certifies that on this date I caused to be mailed by electronic mail, copies of Anthem’s Responses to the Second Information Requests of the Superintendent on the persons and at the addresses indicated below.

<p>Thomas C. Sturtevant, Jr., Assistant Attorney General OFFICE OF THE ATTORNEY GENERAL 6 State House Station Augusta, Maine 04333-0006 <a href="mailto:Thomas.C.Sturtevant@maine.gov">Thomas.C.Sturtevant@maine.gov</a></p>	<p>Shari L. Gregory Maine Bureau of Insurance 6 State House Station Augusta, Maine 04333-0006 <a href="mailto:Shari.L.Gregory@maine.gov">Shari.L.Gregory@maine.gov</a></p> <p>Christina Moylan Assistant Attorney General OFFICE OF THE ATTORNEY GENERAL 6 State House Station Augusta, Maine 04333-0006 <a href="mailto:Christina.Moylan@maine.gov">Christina.Moylan@maine.gov</a></p>
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DATED: June 28, 2017

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