

State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
TOI/Sub-TOI: MS08I Individual Medicare Supplement - Standard Plans 2010/MS08I.012 Multi-Plan 2010
Product Name: 2013 Plan 65 Non-Group
Project Name/Number: 2013 Plan 65 Non-group Rate Extension/2013PL65NG

Filing at a Glance

Company: Blue Cross & Blue Shield of Rhode Island
Product Name: 2013 Plan 65 Non-Group
State: Rhode Island
TOI: MS08I Individual Medicare Supplement - Standard Plans 2010
Sub-TOI: MS08I.012 Multi-Plan 2010
Filing Type: Rate
Date Submitted: 07/13/2012
SERFF Tr Num: BCBS-128551820
SERFF Status: Pending State Action
State Tr Num:
State Status: Open- Pending Management Review
Co Tr Num: 2013PL65NG

Implementation: 01/01/2013
Date Requested:
Author(s): Jessie Knowles, Jeffrey McLane
Reviewer(s): Herbert Olson (primary), Adrienne Evans, Sandra West, Charles DeWeese, Maria Casale
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:
Assigned to Herb, Maria and Charlie 7-16-12

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General Information

Project Name: 2013 Plan 65 Non-group Rate Extension Status of Filing in Domicile:
 Project Number: 2013PL65NG Date Approved in Domicile:
 Requested Filing Mode: Informational Domicile Status Comments:
 Explanation for Combination/Other: Market Type: Individual
 Submission Type: New Submission Individual Market Type:
 Overall Rate Impact: Filing Status Changed: 08/09/2012
 State Status Changed: 08/03/2012
 Deemer Date: Created By: Scott Lucarelli
 Submitted By: Scott Lucarelli Corresponding Filing Tracking Number:
 Filing Description:
 Informational filing regarding the extension of current Plan 65 non-group rates through December 31, 2013

Company and Contact

Filing Contact Information

Scott Lucarelli, Team Leader, scott.lucarelli@bcbsri.org
 Individual/Senior Market
 500 Exchange Street 401-459-5429 [Phone]
 Providence, RI 02903 401-459-5405 [FAX]

Filing Company Information

Blue Cross & Blue Shield of Rhode Island CoCode: 53473 State of Domicile: Rhode Island
 500 Exchange Street Group Code: Island
 Providence, RI 02903 Group Name: Company Type: Health Insurance
 (401) 459-1000 ext. [Phone] FEIN Number: 05-0158952 State ID Number:

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:
 Per Company: Yes

Company	Amount	Date Processed	Transaction #
Blue Cross & Blue Shield of Rhode Island	\$0.00	07/13/2012	

SERFF Tracking #:

BCBS-128551820

State Tracking #:

Company Tracking #:

2013PL65NG

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Rate Information

Rate data applies to filing.

Filing Method: Informational

Rate Change Type: Neutral

Overall Percentage of Last Rate Revision: 9.200%

Effective Date of Last Rate Revision: 02/01/2011

Filing Method of Last Filing: Review and Approve

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Blue Cross & Blue Shield of Rhode Island	0.000%	0.000%	\$0	18,300	\$40,774,000	0.000%	0.000%

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Blue Cross & Blue Shield of Rhode Island

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Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action*	Rate Action Information	Attachments				
1		2012 Plan 65 Non-group Informational Filing	Plan 65 A (01-11), Plan 65 B (01-11), Plan 65 C (01-11), Plan 65 Select B (01-11), Plan 65 Select C (01-11), Plan 65 Select L (01-11)	Other	<table border="1"> <tr> <td>Previous State Filing Number:</td> <td></td> </tr> <tr> <td>Percent Rate Change Request:</td> <td></td> </tr> </table>	Previous State Filing Number:		Percent Rate Change Request:		Extension of Rates Letter to OHIC.pdf
Previous State Filing Number:										
Percent Rate Change Request:										
2		Backup Exhibits		Other	<table border="1"> <tr> <td>Previous State Filing Number:</td> <td></td> </tr> <tr> <td>Percent Rate Change Request:</td> <td></td> </tr> </table>	Previous State Filing Number:		Percent Rate Change Request:		Mini Filing Effective January 2013-Redistributed PRI.pdf
Previous State Filing Number:										
Percent Rate Change Request:										

July 13, 2012

Commissioner Christopher F. Koller
Office of the Health Insurance Commissioner
1511 Pontiac Avenue, Bldg. 69-1
Cranston, RI 02920

Subject: Extension of Current Plan 65 Non-Group Subscription Rates for 2013

Dear Commissioner Koller:

The purpose of this letter is to inform you of Blue Cross & Blue Shield of Rhode Island's intention to extend the current subscription rates in effect for its Plan 65 non-group products through December 31, 2013. There are currently 18,000 Plan 65 non-group subscribers. The current subscription rates were filed on July 16, 2010 and approved by the Commissioner's office on August 27, 2010 to be effective from February 1, 2011 through December 31, 2011. On August 30, 2011 the Commissioner approved the continuation of these rates through December 31, 2012 (SERFF Tr Num BCBS – 127361821).

A recent rating projection analysis indicates that current subscription rates should continue to be adequate to support the expected claims and administrative expenses through December 31, 2013. In addition, the minimum loss ratio standard of 65% set forth in Regulation 8, applicable to non-group Medigap coverage, would continue to be exceeded based on the current premium levels and expected claims for January 1, 2013 through December 31, 2013. The expected loss ratios for this period by plan are displayed in the table below.

Expected Loss Ratios				
	Plan A	Plan B	Plan C	Plan L
Plan 65 Medigap	73.2%	97.8%	80.0%	--
Plan 65 Select	--	81.7%	86.4%	80.4%

Blue Cross is also making a change to its age-in credit program related to individuals eligible for Medicare due to disability or End Stage Renal Disease (ESRD). Currently, Blue Cross offers a credit (30% in the first year) to individuals enrolling within six months of becoming eligible for Medicare Part B as primary payer, regardless of the event which triggers Medicare eligibility. Effective for members applying January 1, 2013 or later, the age-in credit will be extended only to those members eligible for Medicare due to attaining age 65 and those members retiring from active Commercial group coverage after age 65. Members eligible for Medicare due to disability or ESRD will not be eligible for age-in credits when they enroll. Note that members eligible due to disability or ESRD will still be offered coverage on a guaranteed issue basis if they enroll within six months of Medicare eligibility.

Since we are requesting no revision to subscription rates or benefits, this is an informational filing only and thus no filing fee is required.

As always, we shall be pleased to provide any additional information that you and/or the consulting actuary may require.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey McLane". The signature is fluid and cursive, with the first name "Jeffrey" written in a larger, more prominent script than the last name "McLane".

Jeffrey McLane, F.S.A., M.A.A.A
Associate Actuary

cc: Ms. Monica Neronha, Esquire

Sch 1

**BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF REQUIRED MEDIGAP PLAN A, MEDIGAP PLAN B, MEDIGAP PLAN C, AND SELECT PLAN L
RATE ADJUSTMENT FACTORS EFFECTIVE JANUARY 1, 2013
PLAN 65 MEDIGAP AND SELECT**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	CY 2013 Projected Member Months	2013 Projected Claims Expense	Administrative Expense	Total Incurred Claims and Administrative Expense (A)	System Replacement Expenses (B)	Investment Income Credit (C)	Contribution to Reserve/ Tax (D)	Required Subscription Income (E)	Present Weighted Average Subscription Income (F)	Required Rate Adjustment Factor (G)	Loss Ratio at Current Rates (H)
Medigap Plan A	3,024	\$105.59	\$21.65	\$127.24	\$0.46	(\$0.56)	\$7.76	\$134.90	\$144.19	-6.4%	73.2%
Medigap Plan B	859	\$132.67	\$21.65	\$154.32	\$0.56	(\$0.68)	\$9.41	\$163.61	\$135.63	20.6%	97.8%
Medigap Plan C	102,581	\$175.21	\$21.65	\$196.86	\$0.71	(\$0.87)	\$12.00	\$208.70	\$219.06	-4.7%	80.0%
Select Plan L	1,653	\$103.15	\$21.65	\$124.80	\$0.45	(\$0.55)	\$7.61	\$132.31	\$128.23	3.2%	80.4%
Select Plan B	664	\$100.59	\$21.65	\$122.24	\$0.44	(\$0.54)	\$7.45	\$129.59	\$123.19	5.2%	81.7%
<u>Select Plan C</u>	<u>104,415</u>	<u>\$134.85</u>	<u>\$21.65</u>	<u>\$156.50</u>	<u>\$0.56</u>	<u>(\$0.69)</u>	<u>\$9.54</u>	<u>\$165.91</u>	<u>\$155.99</u>	<u>6.4%</u>	<u>86.4%</u>
Grand Total	213,196	\$153.49	\$21.65	\$175.14	\$0.63	(\$0.77)	\$10.68	\$185.68	\$185.77	0.0%	82.6%

(A) Sum of columns 2 and 3.

(B) System replacement expenses allocated to Plan 65 rates, which is 0.34% of premium.

(C) Reduction of required subscription income per contract per month due to anticipated return on invested funds, which is 0.44% of claims and administrative expense.

(D) At 3.00% reserve loading plus 0.75% federal tax liability plus 2.00% for state premium assessment: (Column 4 + Column 5 + Column 6) / 0.9425 - (Column 4 + Column 5 + Column 6). The premium tax assessment is levied pursuant to section 44-17-1 of the Rhode Island General Laws.

(E) Sum of column 4 through column 7.

(F) Based on contract month distribution as of May 2012 in column 1. The present rate of income calculation shown on schedule 4.

(G) (Column 8 divided by column 9) minus 1.

(H) Column 2 divided by column 9.

Sch 2

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2013
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR MEDIGAP PLANS A, B, AND C AND SELECT PLAN L

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			Projection Factors		Projected Incurred Claims Expense per Contract Month 1/1/13 - 12/31/13				
	Incurred Claims Expense <u>2011</u>	Incurred Claims Expense per Contract Month	CY 2012 over <u>CY 2011</u>	CY 2013 over <u>CY 2012</u>	All Benefits	Medigap Plan A	Medigap Plan B	Medigap Plan C	Select Plan L*
<u>Plan 65 Benefit</u>									
Part A Deductible	\$3,286,177	\$26.87	1.0008	1.0071	\$27.08	-	\$27.08	\$27.08	\$0.81
Part A Copay/365 Add'l Days	\$348,526	\$2.78	1.0212	1.0277	\$2.92	\$2.92	\$2.92	\$2.92	\$0.09
Skilled Nursing Facility Copayment	\$3,367,023	\$27.28	1.0416	1.0483	\$29.79	-	-	\$29.79	\$22.34
Part B Deductible	\$1,636,956	\$13.50	0.8642	1.0929	\$12.75	-	-	\$12.75	-
Part B Coinsurance - Physician	\$9,141,503	\$71.68	1.0016	0.9966	\$71.55	\$71.55	\$71.55	\$71.55	\$53.66
Part B Coinsurance - Outpatient	\$3,865,478	\$30.31	1.0122	1.0143	\$31.12	\$31.12	\$31.12	\$31.12	\$23.34
<u>Out-of-Pocket Maximum</u>					<u>\$2.91</u>	-	-	-	<u>\$2.91</u>
Grand Total						\$105.59	\$132.67	\$175.21	\$103.15

*Per column 5 for Plan 65 Medigap Plan L benefits. Part A deductible, SNF copay, and Part B copayment are covered at 75% and the Part A deductibles and copayments have been adjusted to the Select level. Assumes 96% of Part A deductible claims and 97% of Part A copayment claims are waived based on Select experience.

Sch 3

**BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2013
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR PLAN B AND PLAN C
PLAN 65 SELECT**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
					Projected Incurred Claims Expense per Contract Month 1/1/13 - 12/31/13		
	Incurred Claims Expense	Incurred Claims Expense per Contract Month	Projection Factors		All Benefits	Select Plan B	Select Plan C
	<u>2011</u>		CY 2012 over <u>CY 2011</u>	CY 2013 over <u>CY 2012</u>			
<u>Plan 65 Benefit</u>							
Part A Deductible	\$149,675	\$1.62	1.0008	1.0071	\$1.63	\$1.63	\$1.63
Part A Copay/365 Add'l Days	\$195,070	\$2.11	1.0212	1.0277	\$2.21	\$2.21	\$2.21
Skilled Nursing Facility Copayment	\$1,805,586	\$19.70	1.0416	1.0483	\$21.51	-	\$21.51
Part B Deductible	\$1,237,370	\$13.50	0.8642	1.0929	\$12.75	-	\$12.75
Part B Coinsurance - Physician	\$6,226,733	\$67.35	1.0016	0.9966	\$67.23	\$67.23	\$67.23
<u>Part B Coinsurance - Outpatient</u>	<u>\$2,657,973</u>	<u>\$28.75</u>	1.0122	1.0143	<u>\$29.52</u>	<u>\$29.52</u>	<u>\$29.52</u>
Grand Total						\$100.59	\$134.85

Sch 4

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF INCOME AT PRESENT RATES
AT MAY 2012
PLAN 65 MEDIGAP AND PLAN 65 SELECT

	(1)	(2)	(3)	(4)	(5)
	Contracts	Present Monthly Subscription Rates	Present Monthly Subscription Rates	Impact of Age-in	Redistributed Present Monthly
	<u>Effective May 2012</u>	<u>Effective Feb 2011</u>	<u>w/o Age-in Credit</u>	<u>Credit Rates</u>	<u>Subscription Rate</u>
Plan 65 Medigap Plan A					
Discount Rate	3	\$134.93	\$134.93		
Regular Rate	260	\$149.92	\$149.92		
Year 1 Age-in Rate	3	\$104.94	\$149.92		
Year 2 Age-in Rate	7	\$119.94	\$149.92		
<u>Year 3 Age-in Rate</u>	<u>5</u>	<u>\$134.93</u>	<u>\$149.92</u>		
Total Medigap Plan A	278	\$148.25	\$149.76	1.0386	\$144.19
Plan 65 Medigap Plan B					
	79	\$140.87	\$140.87	1.0386	\$135.63
Plan 65 Medigap Plan C					
Discount Rate	1,597	\$208.28	\$208.28		
Regular Rate	6,662	\$231.42	\$231.42		
Year 1 Age-in Rate	368	\$161.99	\$231.42		
Year 2 Age-in Rate	415	\$185.14	\$231.42		
<u>Year 3 Age-in Rate</u>	<u>441</u>	<u>\$208.28</u>	<u>\$231.42</u>		
Total Medigap Plan C	9,483	\$221.73	\$227.52	1.0386	\$219.06
Plan 65 Select Plan B:					
Regular Rate	41	\$119.49	\$119.49		
<u>Transfer Rate</u>	<u>20</u>	<u>\$145.25</u>	<u>\$145.25</u>		
Total Select Plan B	61	\$127.94	\$127.94	1.0386	\$123.19
Plan 65 Select Plan C:					
Regular Rate	4,182	\$152.17	\$152.17		
Transfer Rate	1,420	\$207.38	\$207.38		
Year 1 Age-in Rate	903	\$106.52	\$152.17		
Year 2 Age-in Rate	804	\$121.74	\$152.17		
<u>Year 3 Age-in Rate</u>	<u>657</u>	<u>\$136.95</u>	<u>\$152.17</u>		
Total Select Plan C	7,966	\$152.51	\$162.01	1.0386	\$155.99
Plan 65 Select Plan L:					
Regular Rate	150	\$133.18	\$133.18		
Year 1 Age-in Rate	0	\$93.23	\$133.18		
Year 2 Age-in Rate	0	\$106.54	\$133.18		
<u>Year 3 Age-in Rate</u>	<u>2</u>	<u>\$119.86</u>	<u>\$133.18</u>		
Total Select Plan L	152	\$133.00	\$133.18	1.0386	\$128.23
Grand Total Plan 65	18,019	\$188.57	\$195.85	1.0386	\$188.57

Sch 5

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PLAN 65 PROJECTION FACTORS
CY 2012 OVER CY 2011

	(1)	(2)	(3)	(4)
	<u>Projection Factors CY 2012 over CY 2011 (A)</u>			
<u>Plan 65 Benefit</u>	<u>Benefit</u> <u>Changes</u>	<u>Provider</u> <u>Fees</u>	<u>Utilization/</u> <u>Mix</u>	<u>Composite</u>
Part A Deductible	1.0212		0.9800	1.0008
Part A Copay/365 Add'l Days	1.0212		1.0000	1.0212
Skilled Nursing Facility Copayment	1.0212		1.0200	1.0416
Part B Deductible	0.8642		1.0000	0.8642
Part B Coinsurance - Physician	1.0037	0.9979	1.0000	1.0016
Part B Coinsurance - Outpatient	1.0037	1.0085	1.0000	1.0122

(A) The price assumptions for the projection of incurred claims expense by benefit have been developed utilizing the latest information published by CMS and actuarial assumptions where final published numbers are not available.

Sch 6

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PLAN 65 PROJECTION FACTORS
CY 2013 OVER CY 2012

	(1)	(2)	(3)	(4)
	<u>Projection Factors CY 2013 over CY 2012 (A)</u>			
<u>Plan 65 Benefit</u>	<u>Benefit</u> <u>Changes</u>	<u>Provider</u> <u>Fees</u>	<u>Utilization/</u> <u>Mix</u>	<u>Composite</u>
Part A Deductible	1.0277		0.9800	1.0071
Part A Copay/365 Add'l Days	1.0277		1.0000	1.0277
Skilled Nursing Facility Copayment	1.0277		1.0200	1.0483
Part B Deductible	1.0929		1.0000	1.0929
Part B Coinsurance - Physician	0.9978	0.9988	1.0000	0.9966
Part B Coinsurance - Outpatient	0.9978	1.0165	1.0000	1.0143

(A) The price assumptions for the projection of incurred claims expense by benefit have been developed utilizing the latest information published by CMS and actuarial assumptions where final published numbers are not available.

SERFF Tracking #:

BCBS-128551820

State Tracking #:

Company Tracking #:

2013PL65NG

State: Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI: MS08I Individual Medicare Supplement - Standard Plans 2010/MS08I.012 Multi-Plan 2010

Product Name: 2013 Plan 65 Non-Group

Project Name/Number: 2013 Plan 65 Non-group Rate Extension/2013PL65NG

Supporting Document Schedules

		Item Status:	Status Date:
Bypassed - Item:	A&H Experience		
Bypass Reason:	See attached.		
Comments:			

		Item Status:	Status Date:
Bypassed - Item:	Actuarial Certification - Life & A&H		
Bypass Reason:	See attached.		
Comments:			

		Item Status:	Status Date:
Bypassed - Item:	Actuarial Memorandum - A&H Rate Revision Filing		
Bypass Reason:	See attached.		
Comments:			

		Item Status:	Status Date:
Bypassed - Item:	Exhibit - Individual Medicare Supplement		
Bypass Reason:	Not required		
Comments:			

		Item Status:	Status Date:
Bypassed - Item:	Premium Rate Sheets - Life & A&H		
Bypass Reason:	See attached.		
Comments:			