

State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.002 Large Group Only
Product Name: Commercial Large Group
Project Name/Number: Large Group/LG-2013-05

Filing at a Glance

Company: Blue Cross & Blue Shield of Rhode Island
Product Name: Commercial Large Group
State: Rhode Island
TOI: H15G Group Health - Hospital/Surgical/Medical Expense
Sub-TOI: H15G.002 Large Group Only
Filing Type: Rate
Date Submitted: 05/15/2013
SERFF Tr Num: BCBS-129031444
SERFF Status: Assigned
State Tr Num:
State Status: Open-Pending Actuary Review
Co Tr Num: LG-2015-05
Implementation: 01/01/2014
Date Requested:
Author(s): Catherine Mitchell, Tim Latier, Sean Neylon
Reviewer(s): Patrick Tigue (primary), Charles DeWeese, Herbert Olson, Maria Casale, Bela Gorman
Disposition Date:
Disposition Status:
Implementation Date:

State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
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Product Name: Commercial Large Group
Project Name/Number: Large Group/LG-2013-05

General Information

Project Name: Large Group Status of Filing in Domicile: Pending
 Project Number: LG-2013-05 Date Approved in Domicile:
 Requested Filing Mode: Review & Approval Domicile Status Comments:
 Explanation for Combination/Other: Market Type: Group
 Submission Type: New Submission Group Market Size: Large
 Group Market Type: Employer, Blanket Overall Rate Impact: 17.1%
 Filing Status Changed: 05/15/2013
 State Status Changed: 05/15/2013 Deemer Date:
 Created By: Tim Latier Submitted By: Tim Latier
 Corresponding Filing Tracking Number:

PPACA: Non-Grandfathered Immed Mkt Reforms

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

Rate Factor Filing for 2014 Large Group Health Renewals

Company and Contact

Filing Contact Information

Sean Neylon, Actuarial Project Analyst sean.neylon@bcbsri.org
 500 Exchange Street 401-459-1278 [Phone] 1278 [Ext]
 Providence, RI 02903

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? Yes
 Fee Amount: \$125.00
 Retaliatory? No
 Fee Explanation: \$25 times 5 products
 Per Company: Yes

| Company | Amount | Date Processed | Transaction # |
|--|----------|----------------|---------------|
| Blue Cross & Blue Shield of Rhode Island | \$125.00 | 05/15/2013 | 70317342 |

State: Rhode Island

Filing Company: Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.002 Large Group Only

Product Name: Commercial Large Group

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Rate Information

Rate data applies to filing.

Filing Method: Review & Approve

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 6.300%

Effective Date of Last Rate Revision: 01/01/2013

Filing Method of Last Filing: Review & Approve

Company Rate Information

| Company Name: | Company Rate Change: | 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 | Increase | 17.100% | 17.100% | \$98,355,000 | 425 | \$575,930,000 | 21.100% | 13.100% |

| Product Type: | HMO | PPO | EPO | POS | HSA | HDHP | FFS | Other |
|-----------------|-----|---------|-----|-------|-------|------|-----|-------|
| Covered Lives: | 680 | 105,797 | | 1,074 | 7,573 | | 11 | |
| Policy Holders: | 1 | 384 | | 5 | 35 | | 0 | |

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 TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.002 Large Group Only
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Rate Review Detail

COMPANY:

Company Name: Blue Cross & Blue Shield of Rhode Island
 HHS Issuer Id: 15287
 Product Names: HealthMate Coast to Coast
 HealthMate Coast to Coast HDHP
 HealthMate Coinsurance Option
 HealthMate for HSA
 HealthMate for HRA
 BlueSolutions for HSA
 BlueSolutions for HRA
 Classic
 VantageBlue Coinsurance
 BlueChip
 Trend Factors: Baseline trend increase of 8.6%; net of new PBM contract @ 1/1/2013 and demographics, effective trend is 6.9%

FORMS:

New Policy Forms: Front Grp (1-14), Summary Grp (1-14), Introduction Grp (1-14), Eligibility Grp (1-14), Covered GRP (1-14), Exclusions Grp (1-14), Appeal Grp (1-14), Glossary Grp (1-14), and Payment Grp (1-14)
 Affected Forms:
 Other Affected Forms:

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
 Member Months: 1,381,620
 Benefit Change: None
 Percent Change Requested: Min: 13.1 Max: 21.1 Avg: 17.1

PRIOR RATE:

Total Earned Premium: 575,930,000.00
 Total Incurred Claims: 499,474,000.00
 Annual \$: Min: 400.00 Max: 434.00 Avg: 417.00

REQUESTED RATE:

Projected Earned Premium: 674,285,000.00
 Projected Incurred Claims: 540,431,000.00
 Annual \$: Min: 471.00 Max: 505.00 Avg: 488.00

SERFF Tracking #:

BCBS-129031444

State Tracking #:

Company Tracking #:

LG-2015-05

State:

Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI:

H15G Group Health - Hospital/Surgical/Medical Expense/H15G.002 Large Group Only

Product Name:

Commercial Large Group

Project Name/Number:

Large Group/LG-2013-05

Rate/Rule Schedule

State: Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.002 Large Group Only

Product Name: Commercial Large Group

Project Name/Number: Large Group/LG-2013-05

| Item No. | Schedule Item Status | Document Name | Affected Form Numbers (Separated with commas) | Rate Action | Rate Action Information | Attachments |
|----------|----------------------|--|--|-------------|--|--|
| 1 | | 2014 Large Group Rate Factor - Cover Memo | Front Grp (1-14), Summary Grp (1-14), Introduction Grp (1-14), Eligibility Grp (1-14), Covered GRP (1-14), Exclusions Grp (1-14), Appeal Grp (1-14), Glossary Grp (1-14), and Payment Grp (1-14) | Revised | Previous State Filing Number: Percent Rate Change Request: 17.1 | 2014 Large Group Filing Cover Memo submitted 2013-05-15 FINAL.pdf, |
| 2 | | 2014 Large Group Rate Factor - Actuarial Memo | | Other | Previous State Filing Number: Rate Action Other Explanation: | 2014 Large Group Actuarial Memo submitted 2013-05-15 FINAL.pdf, |
| 3 | | 2014 Large Group Rate Factor - "Standard & Poor's Ratings Direct" report | | Other | Previous State Filing Number: Rate Action Other Explanation: | 2013_ResearchUpdate BlueCrossBlueShieldof RhodeIslandOutlookRevisedToStableFromPositive.PDF, |
| 4 | | 2014 Large Group Rate Factor -2013 Rate Review Process RI Annual Health Statement Supplement | | Other | Previous State Filing Number: Rate Action Other Explanation: | 2013 Rate Review Process RI Annual Health Statement Supplement FINAL.pdf, |
| 5 | | 2014 Large Group Rate Factor -Rhode Island Individual, Small and Large Group Rate Filing Template Part I | | Other | Previous State Filing Number: Rate Action Other Explanation: | Rhode Island Individual, Small and Large Group Rate Filing Template Part I FINAL.pdf, |

SERFF Tracking #:

BCBS-129031444

State Tracking #:

Company Tracking #:

LG-2015-05

State:

Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

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H15G Group Health - Hospital/Surgical/Medical Expense/H15G.002 Large Group Only

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| | | | | | | |
|---|--|--|--|-------|---|--|
| 6 | | 2014 Large Group Rate Factor - Rate Template Part IV: Administrative Costs Request | | Other | Previous State Filing Number: Rate Action Other Explanation: | Rhode Island Individual, Small and Large Group Rate Filing Template Part IV FINAL.pdf, |
|---|--|--|--|-------|---|--|

May 15, 2013

Mr. Christopher F. Koller
Health Insurance Commissioner
Office of Health Insurance Commissioner
1511 Pontiac Avenue, Bldg. 69-1
Cranston, Rhode Island 02920

Subject: Rate Factors Applicable to Large Group Business Written or Renewed in 2014

Dear Commissioner Koller:

This letter and the attached documents comprise a rate factor filing by Blue Cross & Blue Shield of Rhode Island (“BCBSRI”) and related rating information to be used in commercial rating of large employer groups.

As you know, premium is driven primarily by medical expenses paid on behalf of our members. This equates to roughly 80% of each premium dollar in the large group market. In fact, in 2012, 89% of each large group premium dollar was used to pay for medical services our members received. Medical expenses are driven by both utilization (frequency and volume) of services and the cost of those services.

Key Drivers for this Filing:

We have identified the following key factors driving our medical expenses:

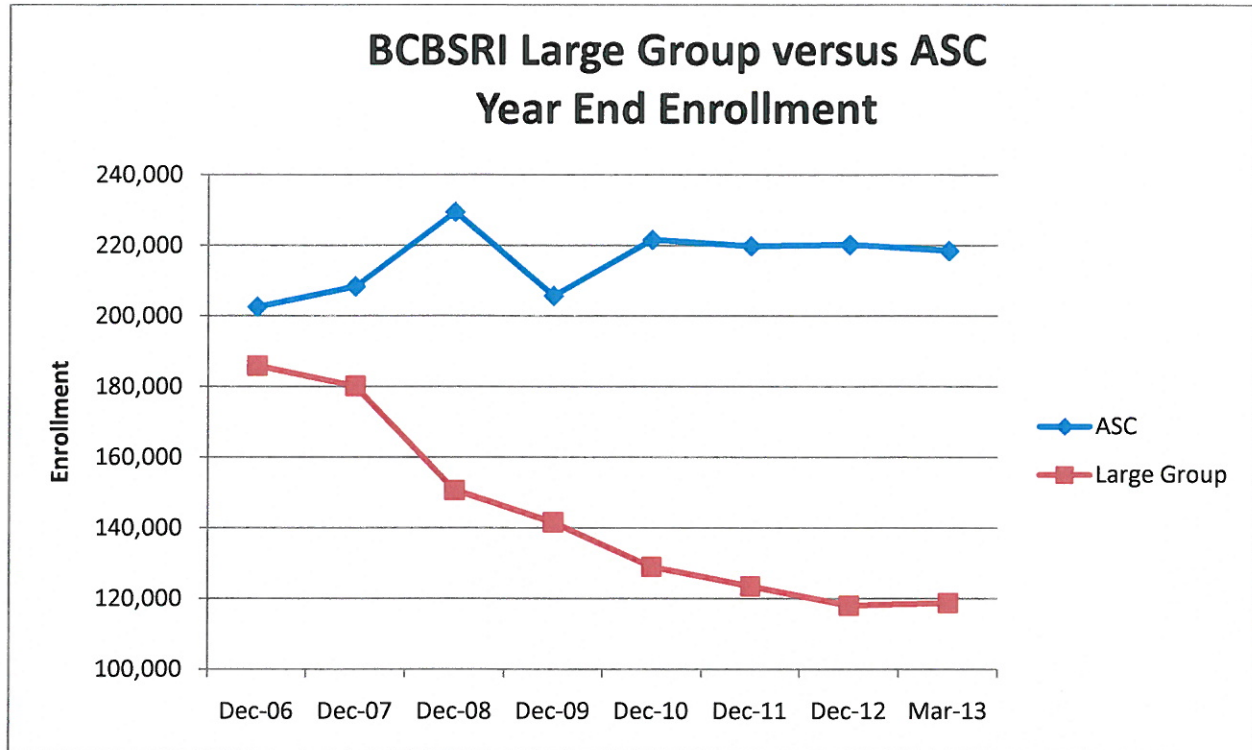
- Increases in inpatient costs per admission of 0.8%.
- Increases in outpatient costs associated with injections and chemotherapy; including a 21% increase in price along with a 5% reduction in utilization.
- Increases in outpatient surgery cost of approximately 9% from 2011 to 2012.
- Increases in specialty pharmacy drug costs of 17% coupled with a utilization increase of 6%.
- Increases in the state child immunization assessment of 0.6%.

As a result of these increased medical expenses, among other factors discussed further in this letter, this filing reflects an overall average rate increase of 17.1% excluding the cost of benefit changes. As you know, the actual increase experienced by a group and its employees will vary based upon the group’s own claims experience and demographics as well as the plan selected.

Impact of the ACA:

In addition to medical expense increases discussed above, there are significant premium increases driven by the Patient Protection & Affordable Care Act (“ACA”). Excluding all ACA taxes and fees, the average increase would be 12.5%. The Health Insurer Tax, Transitional Reinsurance Fee, and the Patient Centered Outcomes Research Trust Fund Fee combine to add about \$20 PMPM - nearly 4% of total premiums for large group. Since self funding employers will be exempt from the new Health Insurer tax and also escape existing state taxes and

assessments, we expect the ongoing erosion of fully insured enrollment in the Large Group market to continue and even accelerate. The following chart illustrates this erosion we have experienced over the past several years:



Financial Stability:

After four years of underwriting losses, BCBSRI ranks second to last among Blue Cross and Blue Shield plans nationwide in financial strength as measured by Risk Based Capital (“RBC”). Continued underwriting losses cannot be sustained. BCBSRI strongly believes these reserve levels are below an acceptable range given the current regulatory environment and uncertainty of risk associated with the ACA. As of March 31, 2013, our reserve level was 18.1% of premium. We have taken steps to strengthen our reserve position by selling some bonds which have a market value exceeding their statutory carrying values. This is a one-time, largely cosmetic step and does not obviate the need for improved financial results. We are still significantly below the recommended minimum reserve level of 23% of premium, cited in the Lewin Study for OHIC in August 2006. This study was done long before the establishment of the ACA and would likely result in a higher recommendation if updated today. In addition to the usual risks attendant to the health insurance business, the ACA poses significant new uncertainties because it profoundly changes the way health insurance products are designed, priced and sold. By way of example, recent reports provided to CareFirst BCBS by Milliman and Lewin advise CareFirst on its reserve requirements. Both are in agreement that the ACA should increase a carrier’s target RBC levels.¹

¹ See <http://disb.dc.gov/node/311302>, <http://disb.dc.gov/node/311272>, and <http://actuary.org/content/analysis-aca-related-potential-risks-health-rbc>.

On April 26, 2013 Standard & Poor's Ratings Services downgraded its outlook on BCBSRI from positive to stable, citing our worse than expected 2012 performance (\$45 million loss) and our 2013 break-even projection. The report states "...inadequate premium rates due to continued regulatory pressure in the state" as the rationale for the downgraded outlook. S & P also downgraded our capital adequacy rating from AAA to BBB stating that the decline in our capital base has led to a deterioration of risk-based capital adequacy. See attached "Standard & Poor's Ratings Direct" report.

Addressing Affordability:

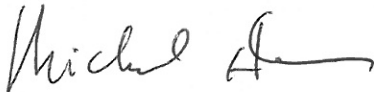
We recognize that providing affordable healthcare coverage is critical to our customers, members, and the Rhode Island economy. For these reasons, we have undertaken a number of initiatives designed to aggressively transform our business, improve internal operations, and moderate both medical and administrative expense trends. We continue to work collaboratively with our healthcare delivery system partners to develop and implement new approaches that pay for quality, not quantity, of care. These ongoing and important efforts have proven to be successful and are expected to continue for the coming years. Some of the measurable outcomes include:

- We are committed to reducing operating expenses to achieve a total corporate administrative expense ratio of 12% of premium by 2014;
- Professional Services costs have decreased by 2.7% due to innovative provider contracting arrangements and the establishment of an enhanced radiology management program; and
- A new pharmacy benefit management contract with Catamaran will mitigate pharmacy expenses in 2013 and beyond. The projected savings resulting from this contract is about \$65 million over three years for group insured business, and reduces the average annual premium increase for employers by roughly 0.5% in 2014.

Policy forms applicable to large group are being submitted concurrently with this filing. Attachment A to this letter lists the form numbers associated with this filing.

We respectfully ask for your timely consideration and approval of the proposed rates as submitted. We believe that the proposed rates are in the best interest of both the public and the corporation and consistent with the proper conduct of our business. As always, we are available and prepared to respond to any questions you, your staff, or your consulting actuaries may have.

Sincerely,



Michael Hudson, FSA, MBA
Executive Vice President & Chief Financial Officer

Attachment A

Policy forms pertaining to this filing are as follows:

Front Grp (1-14);

Summary Grp (1-14);

Introduction Grp (1-14);

Eligibility Grp (1-14);

Covered GRP (1-14);

Exclusions Grp (1-14);

Appeal Grp (1-14);

Glossary Grp (1-14); and

Payment Grp (1-14)

ACTUARIAL MEMORANDUM FOR LARGE GROUP COMMERCIAL RATE FILING

Experience Period Premium and Claims

Experience Period:

The incurred dates for the experience period are February 1, 2012 through January 31, 2013. The date through which payments have been made on claims incurred during the experience period is March 31, 2013.

Premiums (net of MLR Rebate) in Experience Period:

The earned premium prior to MLR rebates for the experience period is \$569,056,610. For Large group, earned premium prior to MLR rebates is calculated as the sum of contracts times rates. Contracts and rates are categorized by plan and individual versus family. Rates and number of contracts are then multiplied for each cohort. The premium for each cohort is then summed to produce total quarterly and annual earned premium.

The amount of MLR rebates refunded for the market during the experience period is \$0.

Allowed and Incurred Claims Incurred During the Experience Period:

The amount of incurred claims processed through our claims system for the experience period is \$473,169,582. The amount of incurred claims processed outside of our claims system is \$16,263,582. Our best estimate of claims incurred but not paid as of the paid through date of March 31, 2013 is \$8,196,726.

The amount of allowed claims processed through our claims system for the experience period is \$564,771,353. The amount of allowed claims processed outside of our claims system is \$17,655,732. Our best estimate of allowed claims incurred but not paid as of the paid through date of stated above is \$9,716,006.

Allowed claims are developed by combining the paid amount, coinsurance, co-pay and deductible.

The methodology used to estimate claims incurred but not paid for both incurred and allowed claims in the experience period is the same. Incurred claims are used to calculate incurred completion factors. Claims triangles are used to develop lag tables. The triangles are separated into four categories: Inpatient, Outpatient, Surgical/Medical and Drugs. Three and six month averages are used to calculate completion factors. The claims used to develop completion factors are based on an experience over the last three years.

Benefit Categories

Inpatient services are those received during a patient's hospital stay and these claims fall into the Inpatient Hospital category. Outpatient services are those that a member receives without being admitted to a hospital (e.g., X-rays, lab tests, and some surgical procedures) and these claims fall into the Outpatient Hospital category. Primary care claims are routine healthcare services, including preventive care. Other Medical/Surgical category represents all other claims for professional services that are not primary care. All retail/mail order pharmacy claims are in the Prescription Drug category. The benefit category "Other" represents state assessments, which covers adult immunizations, child immunizations and a children's health account (used to fund various programs for children.)

Projection Factors

Utilization Trends

Utilization projection factors were developed to project base period expenses to the rating period for expected changes in the number of services utilized by covered members and changes in the types of services used, or mix. Utilization/mix trend factors were developed separately for inpatient, outpatient, professional, and pharmacy services. The utilization / mix trend analysis used allowed claims PMPM for outpatient, professional, and pharmacy lines of business. For inpatient services, admissions per 1,000 members were analyzed to develop the projected utilization trend. A trend for inpatient case mix was developed separately.

The utilization / mix trend analysis used allowed claims PMPM that were normalized for changes in claims costs that were due to influences other than utilization or mix. The data for outpatient and professional services were de-priced to a common price level, namely December 2009. The trend data for all types of services were also normalized for the utilization effects due to cost sharing provisions of the benefit plans inherent in the data. This adjustment was made to remove the distortion caused by a change in the mix of plans over time. The projected impact due to these factors was developed and applied separately in the rate development. The data used for the pharmacy trend was normalized to remove the impact of changes in contractual terms with our Pharmacy Benefit Managers. The pharmacy trend data was also normalized to remove the effect of anticipated new brand name drugs being introduced to the market, and the anticipated availability of new generic drugs as well as pricing changes of certain high impact drugs.

The data points used in this analysis were 12-month moving values, beginning with the period ending November 2010. Twenty-five data points, which equates to three years of experience, were analyzed. Trend lines were fit to a number of sets of data points utilizing the method of linear least squares, a statistical technique for quantifying trend levels. BCBSRI's standard procedure is to determine the line that best fit the data points using the most recent 13 or more data points, generally with a minimum R-squared

value of 0.70 to help assure reasonable fit to the data points. The principle of least squares states that the line of best fit to a series of observed values is the line where the sum of the squares of the deviations (the differences between the line and the actual values) are minimal, or the least possible.

Given that the underlying data is credible, the annual trend indicated by the least squares line producing the best fit under this procedure is then selected as the basis for the trend assumption, provided the result is actuarially acceptable. Adjustment or modification to this result, or substitution of an alternative assumption, may occur if the original result is not credible, reasonable, or appropriate in my actuarial judgment.

We reviewed the results of the regression analysis using all insured commercial data in addition to the analysis using only Large Group data. This was done to increase credibility and decrease volatility. For hospital inpatient, the best fit trend line for admissions per 1,000 members based on the Large Group experience data has an annual trend of 3.4% and the latest 12 month trend of 2.4%. The total commercial data produced a best fit line at 3.1% and a latest 12 month of 2.9%, it was decided to use a 3% trend for inpatient.

For hospital outpatient, the line with the best fit based on the Large Group deprecised PMPM data has an indicated trend of 2.7%, while total commercial insured data produced a best fit of 4.0%. It was decided to use 4.0%

For the Large Group professional services deprecised PMPM analysis, the regression line with the best fit indicated trend of 2.7% with the latest 12 month trend at 2.6%. For total commercial data, the best fit was 2.3% while the latest 12 month was 2.7%. We felt the appropriate trend to use was 2.5% for professional services.

For the Large Group pharmacy regression analysis, the regression line with the best fit indicated trend of 2.9%. Due to the large volume of drug claims and the high R square value, the trend of 2.9% for just the Large Group population was used.

Price/Unit Cost Trends

Price projection factors were developed for inpatient, outpatient, primary care services, and other professional services. These factors represent anticipated unit price increases during the 24 months from the experience period to the rating period. The price projection factors are based on actual unit cost increases, estimates of price increases based on negotiations, and any planned or estimated increases and adjustments to provider contracts. This information was provided by BCBSRI's provider contracting area. I have reviewed the information for reasonableness, but have not independently audited or otherwise verified the information provided.

Other Adjustments

An adjustment factor is also included for the prescription drug line of business to adjust for changes due to our contract with a new Pharmacy Benefit Manager (PBM), Catamaran effective January 1, 2013. An additional price reduction due to the new PBM contract is reflected in the adjustment factor effective January 1, 2014. The pharmacy adjustment factor also includes the anticipated impact of new generic drugs expected to enter the market during the rating period.

Non-Benefit Expenses and Profit & Risk

Administrative Expense Load

The expense budgets are created using current market segment allocation ratios and multiplying by the anticipated 2014 corporate budget. The corporate budget is based on projected expenses as determined by senior management. Adjustments are then made to reflect known changes, such as corporate project spend, enrollment shifts, etc.

Market segments can either be charged directly (e.g. 100% of expense is charged to segment) or through an allocation where the expense is benefiting more than one segment. Each area is allocated based on the function that is being performed (e.g. Claims area would allocate based on paid claims, Sales would allocate based on contracts, etc.). These ratios are used to then distribute area expenses to the market segment. Expenses exclude premium tax and expenses associated with the new core claim processing system.

The market segment expenses are divided by projected enrollment for the same time period. To populate the template the administrative expense pmpm is divided by the average premium pmpm in order to input as a percentage. This ensures we collect adequate expenses over the rating period.

Profit (or Contribution to Surplus) & Risk Margin

Premiums for 2014 Large Group renewals shown in this filing include a 3.00% contribution to corporate reserves. In addition, BCBSRI is including a 0.34% reserve contribution to fund the development and implementation of a new core claims processing system. Thus, the total reserve component for premiums in this filing is 3.34%. This reserve component is consistent with reserve factor that the OHIC approved for 2013 Large Group renewals.

Taxes and Fees

The State of Rhode Island levies taxes of 2% on fully insured premium, including Large Group. Beginning in 2014, as part of the ACA, new federal Health Insurer and Transitional Reinsurance Program fees will be imposed. The 2014 rate year premiums we will be quoting for other than January cases will include parts of both 2014 and 2015 calendar premiums. Health Insurer fees are scheduled to increase in 2015 by

approximately the same amount that the Transitional Reinsurance Programs fees are expected to decrease. Together we estimate that these fees amount to 3.0% of premium including an adjustment because the Health Insurer fees will not be an allowed deduction for federal income tax purposes. For 2014, Patient Centered Outcomes Research Trust fees will be levied at \$2 per covered life which translates into .04% of premium. For later years this amount will be indexed to health care cost inflation.

About 30% of 2014 premium revenues will arise from 2013 rate year business that did not include any assessment for these new federal fees. Therefore the charges we propose to build into our 2014 rates have been grossed up in order to recover the new federal fees attributable to this business. The net charging rate we propose to build into our 2014 rates amounts to 3.9% of premium.

Note that the NAIC is considering requiring carriers to recognize the Health Insurer fees they will pay in 2015 in their 2014 financial statements. The charges we are proposing in this filing do not attempt to recover the additional expense accruals that would result from such a decision. Requiring the full recognition of 2015 Health Insurer fees would result in a reserve strain of about \$32 million in 2014.

Reliance

In developing this rate filing I relied on information drawn from various areas within BCBSRI, including Provider Contracting, Legal, Strategic Marketing, Financial Forecasting and Budgets. Such information included projections of provider price increases, enrollment, and operating expenses. All this information was collected and conveyed to me in accordance with our established methods and reviewed for reasonableness by me. I consider this information to be reliable.

Actuarial Certification

I, John Lynch, am a member, in good standing, of the American Academy of Actuaries and meet the Academy qualification standards for rendering this opinion. The actuarial assumptions underlying this filing have been developed by my staff and reviewed by me. To the best of my knowledge and belief, this filing is in compliance with applicable laws and the benefits offered or proposed to be offered are reasonable in relation to the premium proposed to be charged.



Signature of Actuary

5/15/2013

Date

Attachments:

“Standard & Poor’s Ratings Direct” report

2013 Rate Review Process RI Annual Health Statement Supplement

Rhode Island Individual, Small and Large Group Rate Filing Template Part I

Rate Template Part IV: Administrative Costs Request

RatingsDirect®

Research Update:

Blue Cross & Blue Shield of Rhode Island Inc. Outlook Revised To Stable From Positive; 'BBB-' Rating Affirmed

Primary Credit Analyst:

Deep Banerjee, New York (1) 212-438-5646; shiladitya_banerjee@standardandpoors.com

Secondary Contact:

James Sung, New York (1) 212-438-2115; james_sung@standardandpoors.com

Research Contributor:

Caitlin Weir, New York (1) 212-438-6812; caitlin_weir@standardandpoors.com

Table Of Contents

Overview

Rating Action

Rationale

Outlook

Related Criteria And Research

Ratings List

Research Update:

Blue Cross & Blue Shield of Rhode Island Inc. Outlook Revised To Stable From Positive; 'BBB-' Rating Affirmed

Overview

- BCBSRI reported negative operating results in 2012, and will remain at the lower end of our expectations for capitalization and earnings in 2013.
- We are revising our outlook on the company to stable from positive and affirming our 'BBB-' financial strength and counterparty credit ratings.
- We no longer expect the company's credit quality to improve in line with a higher rating during the next 12-24 months.

Rating Action

On April 26, 2013, Standard & Poor's Ratings Services revised its outlook on Blue Cross Blue Shield of Rhode Island Inc. (BCBSRI) to stable from positive. At the same time, we affirmed our 'BBB-' long-term financial strength and counterparty credit ratings on the company.

Rationale

BCBSRI's operating performance was worse than we expected in 2012 and will likely be around break-even levels in 2013. For full-year 2012, BCBSRI reported a pretax loss (excluding realized gains and losses) of \$45 million, compared to a pretax gain of \$77 million in 2011. The deterioration in earnings in 2012 was driven by a combination of factors including higher-than-expected inpatient utilization and cost trends in its commercial business, increased claims trend in Medicare Advantage, and inadequate premium rates due to continued regulatory pressure in the state. In addition, the improvement in 2011 earnings was primarily a result of the release of the premium deficiency reserve. Somewhat offsetting these negative factors in 2012 was the company's continued focus on reducing administrative cost, which is evident in an improvement of its administrative expense ratio to 15% in 2012 from 15.7% in 2011.

BCBSRI has taken key steps to turn around its operating performance in 2013 and 2014, including changing its hospital contracts to reduce the heightened inpatient cost trends and continuing its focus on reducing administrative costs. Based on these improvements, we expect BCBSRI to report pretax return on revenue (ROR) of around 0%-1% in 2013 and 2014, which we view to be adequate for the current rating.

We have historically viewed capitalization as a clear strength to the rating. But negative retained earnings and reversal of deferred tax assets led to a decline in statutory capital to \$260 million as of year-end 2012 from \$323 million in 2011. This decline in the capital base led to a deterioration of risk-based capital adequacy--capital was redundant at the 'BBB' level as per our insurance risk-based capital model as of year-end 2012 compared to 'AAA' redundancy as of year-end 2011. (National Association of Insurance Commissioners risk-based capital also declined to 471% as of year-end 2012 from 610% as of year-end 2011.) We view the 'BBB' level of redundancy as supportive of the current rating. In 2013 and 2014, we expect retained earnings to turn positive, supporting a good capital adequacy level.

Despite the weakened financial risk profile, the current rating is supported by BCBSRI's good competitive position. The company has a leading market presence in the commercial insurance space in the state of Rhode Island. We expect the strong Blue brand and a state-wide provider network to continue to support this competitive position in the near term.

The rating remains constrained by BCBSRI's geographic concentration in a single state, which exposes the company to adverse legislative, regulatory, economic, and competitive challenges. We believe that the company faces tough regulatory conditions, especially from strict rate regulation. In 2008, Rhode Island changed its policy regarding insurers' proposed rate increases from a "file and use" approach to a "file and review" approach, which has hurt BCBSRI during the past few years.

Outlook

The outlook is stable based on our expectation that BCBSRI's earnings will stabilize at a pretax ROR of 0%-1% in 2013 and 2014, capital will remain redundant at least at the 'BBB' level as per our risk-based insurance capital model, and the company will maintain its leading market position in the state. We may lower the rating if the company is unable meet the aforementioned expectations. Conversely, a positive ratings movement, although unlikely in the near term, will be driven by improved capitalization (sustainable 'A' redundancy), stabilized operating performance (pretax ROR consistently around 1%), and the lack of any significantly adverse premium rate action by the regulator.

Related Criteria And Research

- Evaluating Insurers' Competitive Positions, April 22, 2009
- Analysis of Nonlife Insurance Operating Performance, April 22, 2009

Ratings List

Ratings Affirmed; Outlook Action

| | To | From |
|---|----------------|------------------|
| Blue Cross & Blue Shield of Rhode Island Inc. | | |
| Counterparty Credit Rating | | |
| Local Currency | BBB-/Stable/-- | BBB-/Positive/-- |
| Financial Strength Rating | | |
| Local Currency | BBB-/Stable/-- | BBB-/Positive/-- |

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Rhode Island Health Statement Supplement

Cover Sheet

Company Name

Blue Cross & Blue Shield of Rhode Island

Enter NAIC#

53473

Reporting Year

2012

Enter DBR registration #
(TPAs)



Office of the Health Insurance Commissioner
1511 Pontiac Ave, Building #69 first floor
Cranston, RI 02920
(401) 462-9517
(401) 462-9645 (fax)
HealthInquiry@ohic.ri.gov

| Field | Line of Business Exhibit | 1 | | | 2 | | | 3 | | | 4 | | | 5 | | | 6 | | | |
|--|---|-----------------------------|-------------|-------------|-------------|-------------|-------------|------------------------------------|-----------|-------------|-----------------|-------------|-------------|-----------------|------------|------------|------------------------------|------------|------------|---|
| | | Comprehensive/Major medical | | | ASO/TPA | | | Stop loss/ Excess loss/Reinsurance | | | Medicare Part C | | | Medicare Part D | | | Medicare Supplement Policies | | | |
| | | RI | Non-RI | All | RI | Non-RI | All | RI | Non-RI | All | RI | Non-RI | All | RI | Non-RI | All | RI | Non-RI | All | |
| Membership Data | | | | | | | | | | | | | | | | | | | | |
| 1 | Number of Policies or Certificates | 71,709 | 28,810 | 100,519 | 53,726 | 41,640 | 95,366 | - | - | - | 63,806 | 490 | 64,296 | - | - | - | 22,847 | 3,273 | 26,120 | |
| | Number of Covered Lives | 140,966 | 55,804 | 196,770 | 131,106 | 89,001 | 220,107 | - | - | - | 63,806 | 490 | 64,296 | - | - | - | 22,847 | 3,273 | 26,120 | |
| | Member Months | 1,714,263 | 674,630 | 2,388,893 | 1,573,386 | 1,067,531 | 2,640,917 | - | - | - | 765,584 | 6,852 | 772,436 | - | - | - | 270,141 | 38,333 | 308,474 | |
| | Number of Policies or Certificates (Plans with PD benefits) | 69,260 | 20,656 | 89,916 | 39,112 | 7,830 | 46,942 | - | - | - | 61,298 | 478 | 61,776 | - | - | - | 294 | 55 | 349 | |
| | Number of Covered Lives (Plans with PD benefits) | 137,405 | 44,129 | 181,534 | 97,583 | 19,910 | 117,493 | - | - | - | 61,298 | 478 | 61,776 | - | - | - | 294 | 55 | 349 | |
| | Member Months (Plans with PD benefits) | 1,671,108 | 534,111 | 2,205,219 | 1,168,645 | 238,164 | 1,406,809 | - | - | - | 734,288 | 6,668 | 740,956 | - | - | - | 3,487 | 663 | 4,150 | |
| Premiums/Claims | | | | | | | | | | | | | | | | | | | | |
| 2 | Premium | | | 968,181,698 | | | 976,187,934 | | | 5,740,651 | | | 384,937,516 | | | 15,069,535 | | | 53,964,484 | |
| | Claims/Medical Expenses | 607,561,173 | 228,543,679 | 836,104,852 | 604,521,100 | 321,177,511 | 925,698,610 | 1,746,906 | - | 1,746,906 | 340,614,326 | 3,754,606 | 344,368,932 | 12,161,754 | - | 12,161,754 | 39,898,520 | 5,980,610 | 45,879,130 | |
| Inpatient Facility | | | | | | | | | | | | | | | | | | | | |
| Hospital | | | | | | | | | | | | | | | | | | | | |
| 3 | 1 In-state | 120,130,793 | 8,137,234 | 128,268,027 | 112,350,465 | 7,739,555 | 120,090,020 | - | - | - | 101,718,035 | 945,807 | 102,663,843 | - | - | - | 3,580,528 | 151,436 | 3,731,964 | |
| | 2 Out-of-state | 29,627,002 | 48,187,328 | 77,814,330 | 25,491,434 | 77,143,129 | 102,634,564 | - | - | - | 7,582,481 | 243,240 | 7,825,721 | - | - | - | 1,428,487 | 689,760 | 2,118,247 | |
| | 3 Total (Lines 1 + 2) | 149,757,795 | 56,324,562 | 206,082,357 | 137,841,899 | 84,882,684 | 222,724,584 | - | - | - | 109,300,516 | 1,189,048 | 110,489,564 | - | - | - | 5,009,015 | 841,195 | 5,850,211 | |
| | SNF | | | | | | | | | | | | | | | | | | | |
| | 4 In-state | 2,271,159 | 113,322 | 2,384,481 | 2,369,521 | 113,717 | 2,483,238 | - | - | - | 27,658,325 | 608,904 | 28,267,229 | - | - | - | 4,095,901 | 120,288 | 4,216,188 | |
| | 5 Out-of-state | 47,933 | 516,752 | 564,685 | 64,707 | 719,086 | 783,792 | - | - | - | 148,248 | 11,642 | 159,890 | - | - | - | 159,534 | 473,389 | 632,923 | |
| | 6 Total (Lines 4 + 5) | 2,319,092 | 630,074 | 2,949,166 | 2,434,228 | 832,802 | 3,267,030 | - | - | - | 27,806,573 | 620,546 | 28,427,119 | - | - | - | 4,255,434 | 593,677 | 4,849,111 | |
| | Other | | | | | | | | | | | | | | | | | | | |
| | 7 In-state | 605 | - | 605 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 8 Out-of-state | 605 | - | 605 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 Total (Lines 7 + 8) | 1,210 | - | 1,210 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 10 Total Inpatient Facility (Lines 3 + 6 + 9) | 152,078,097 | 56,954,636 | 209,032,733 | 140,276,127 | 85,715,487 | 225,991,614 | - | - | - | 137,107,089 | 1,809,594 | 138,916,683 | - | - | - | 9,264,450 | 1,434,872 | 10,699,322 | | |
| Outpatient Facility | | | | | | | | | | | | | | | | | | | | |
| Hospital | | | | | | | | | | | | | | | | | | | | |
| 4 | 11 In-state | 103,520,134 | 6,724,221 | 110,244,356 | 116,746,148 | 6,887,233 | 123,633,380 | - | - | - | 44,152,534 | 339,141 | 44,491,676 | - | - | - | 6,285,418 | 214,952 | 6,500,369 | |
| | 12 Out-of-state | 26,421,813 | 50,617,186 | 77,038,998 | 23,422,914 | 84,620,135 | 108,043,049 | - | - | - | 3,019,458 | 67,818 | 3,087,275 | - | - | - | 1,089,056 | 835,447 | 1,924,503 | |
| | 13 Total (Lines 11 + 12) | 129,941,947 | 57,341,407 | 187,283,354 | 140,169,062 | 91,507,367 | 231,676,429 | - | - | - | 47,171,992 | 406,959 | 47,578,951 | - | - | - | 7,374,473 | 1,050,399 | 8,424,872 | |
| | SNF | | | | | | | | | | | | | | | | | | | |
| | 14 In-state | 3,260 | - | 3,260 | 28,835 | - | 28,835 | - | - | - | 1,542,821 | 47,284 | 1,590,105 | - | - | - | 34,127 | 764 | 34,891 | |
| | 15 Out-of-state | - | 346 | 346 | - | 6,200 | 6,200 | - | - | - | 1,773 | - | 1,773 | - | - | - | 3,344 | 10,503 | 13,847 | |
| | 16 Total (Lines 14 + 15) | 3,260 | 346 | 3,606 | 28,835 | 6,200 | 35,035 | - | - | - | 1,544,594 | 47,284 | 1,591,878 | - | - | - | 37,471 | 11,266 | 48,737 | |
| | Freestanding Ambulatory Care Facility | | | | | | | | | | | | | | | | | | | |
| | 17 In-state | 13,877,685 | 782,798 | 14,660,482 | 19,564,056 | 1,086,389 | 20,650,444 | - | - | - | 6,303,850 | 42,241 | 6,346,091 | - | - | - | 599,207 | 24,096 | 623,303 | |
| | 18 Out-of-state | 1,967,275 | 2,938,771 | 4,906,046 | 3,182,194 | 6,491,257 | 9,673,451 | - | - | - | 1,564,588 | 23,021 | 1,587,609 | - | - | - | 31,962 | 16,562 | 48,524 | |
| 19 Total (Lines 17 + 18) | 15,844,960 | 3,721,569 | 19,566,528 | 22,746,250 | 7,577,645 | 30,323,895 | - | - | - | 7,868,438 | 65,263 | 7,933,701 | - | - | - | 631,169 | 40,659 | 671,828 | | |
| Other | | | | | | | | | | | | | | | | | | | | |
| 20 In-state | 8,674,373 | 926,898 | 9,601,271 | 6,995,826 | 288,224 | 7,284,050 | - | - | - | 18,326,149 | 185,591 | 18,511,740 | - | - | - | 1,721,301 | 33,240 | 1,754,542 | | |
| 21 Out-of-state | 1,839,255 | 4,527,935 | 6,367,190 | 1,620,743 | 6,797,248 | 8,417,991 | - | - | - | 235,599 | 15,401 | 251,000 | - | - | - | 82,431 | 125,542 | 207,973 | | |
| 22 Total (Lines 20 + 21) | 10,513,628 | 5,454,834 | 15,968,461 | 8,616,569 | 7,085,472 | 15,702,041 | - | - | - | 18,561,748 | 200,992 | 18,762,740 | - | - | - | 1,803,732 | 158,782 | 1,962,515 | | |
| 23 Total Outpatient Facility (Lines 13 + 16 + 19 + 22) | 156,303,794 | 66,518,155 | 222,821,950 | 171,560,716 | 106,176,684 | 277,737,400 | - | - | - | 75,146,772 | 720,498 | 75,867,270 | - | - | - | 9,846,846 | 1,261,106 | 11,107,952 | | |
| Primary Care | | | | | | | | | | | | | | | | | | | | |
| 24 Total Primary Care | 29,322,775 | 2,734,251 | 32,057,027 | 30,264,628 | 2,305,718 | 32,570,346 | - | - | - | 11,434,615 | 117,141 | 11,551,755 | - | - | - | 1,895,448 | 82,940 | 1,978,388 | | |
| Pharmacy | | | | | | | | | | | | | | | | | | | | |
| 25 Total Pharmacy | 112,126,142 | 32,787,907 | 144,914,049 | 102,193,138 | 18,742,299 | 120,935,437 | - | - | - | 35,026,616 | 398,702 | 35,425,319 | - | - | - | 1,161,871 | 430,764 | 1,592,635 | | |
| Medical/Surgical other than primary care | | | | | | | | | | | | | | | | | | | | |
| 7 | 26 In-state | 104,727,981 | 6,778,719 | 111,506,700 | 135,117,484 | 7,882,386 | 142,999,869 | - | - | - | 67,301,798 | 470,670 | 67,772,468 | - | - | - | 15,016,122 | 486,062 | 15,502,184 | |
| | 27 Out-of-state | 22,715,637 | 60,163,883 | 82,879,520 | 22,319,502 | 99,592,563 | 121,912,065 | - | - | - | 5,335,495 | 136,289 | 5,471,784 | - | - | - | 2,713,785 | 2,284,864 | 4,998,649 | |
| | 28 Total Other Medical/Surgical (Lines 26 + 27) | 127,443,618 | 66,942,602 | 194,386,220 | 157,436,986 | 107,474,949 | 264,911,934 | - | - | - | 72,637,293 | 606,959 | 73,244,252 | - | - | - | 17,729,906 | 2,770,927 | 20,500,833 | |
| All other payments to medical providers | | | | | | | | | | | | | | | | | | | | |
| 29 Total | 30,286,746 | 2,606,127 | 32,892,873 | 2,789,505 | 762,374 | 3,551,880 | 1,746,906 | - | 1,746,906 | 9,261,941 | 101,713 | 9,363,653 | 12,161,754 | - | 12,161,754 | - | - | - | - | |

| 7 | | | 8 | | | 9 | | | 10 | | | 11 | | |
|-----------------------|--------|-----|-----------------|--------|-----|-------------|-----------|------------|---------------------------------|--------|-------------|--------------------------------------|-------------|---------------|
| Medicaid/Other public | | | Student blanket | | | Dental Only | | | Other Medical Non-Comprehensive | | | Total (Across all lines of business) | | |
| RI | Non-RI | All | RI | Non-RI | All | RI | Non-RI | All | RI | Non-RI | All | RI | Non-RI | All |
| | | - | | | - | 45,034 | 10,645 | 55,679 | | | - | 257,122 | 84,858 | 341,980 |
| | | - | | | - | 80,510 | 22,428 | 102,938 | | | - | 439,235 | 170,996 | 610,231 |
| | | - | | | - | 949,031 | 254,780 | 1,203,811 | | | - | 5,272,405 | 2,042,126 | 7,314,531 |
| | | - | | | - | - | - | - | | | - | 169,964 | 29,019 | 198,983 |
| | | - | | | - | - | - | - | | | - | 296,580 | 64,572 | 361,152 |
| | | - | | | - | - | - | - | | | - | 3,577,528 | 779,606 | 4,357,134 |
| | | - | | | - | | | 28,710,508 | | | 101,536,145 | - | - | 2,534,328,471 |
| | | - | | | - | 18,389,840 | 5,025,959 | 23,415,799 | 94,279,601 | - | 94,279,601 | 1,719,173,219 | 564,482,364 | 2,283,655,584 |
| | | - | | | - | | | - | | | - | 337,779,822 | 16,974,032 | 354,753,854 |
| | | - | | | - | | | - | | | - | 64,129,404 | 126,263,457 | 190,392,861 |
| | | - | | | - | | | - | | | - | 401,909,226 | 143,237,489 | 545,146,715 |
| | | - | | | - | | | - | | | - | 36,394,906 | 956,230 | 37,351,136 |
| | | - | | | - | | | - | | | - | 420,421 | 1,720,869 | 2,141,290 |
| | | - | | | - | | | - | | | - | 36,815,327 | 2,677,099 | 39,492,426 |
| | | - | | | - | | | - | | | - | 605 | - | 605 |
| | | - | | | - | | | - | | | - | 605 | - | 605 |
| | | - | | | - | | | - | | | - | 1,210 | - | 1,210 |
| | | - | | | - | | | - | | | - | 438,725,763 | 145,914,588 | 584,640,351 |
| | | - | | | - | | | - | | | - | 270,704,234 | 14,165,547 | 284,869,781 |
| | | - | | | - | | | - | | | - | 53,953,240 | 136,140,586 | 190,093,826 |
| | | - | | | - | | | - | | | - | 324,657,474 | 150,306,133 | 474,963,607 |
| | | - | | | - | | | - | | | - | 1,609,043 | 48,048 | 1,657,091 |
| | | - | | | - | | | - | | | - | 5,117 | 17,048 | 22,166 |
| | | - | | | - | | | - | | | - | 1,614,161 | 65,097 | 1,679,257 |
| | | - | | | - | | | - | | | - | 40,344,797 | 1,935,524 | 42,280,321 |
| | | - | | | - | | | - | | | - | 6,746,020 | 9,469,611 | 16,215,631 |
| | | - | | | - | | | - | | | - | 47,090,817 | 11,405,135 | 58,495,952 |
| | | - | | | - | | | - | | | - | 35,717,649 | 1,433,953 | 37,151,603 |
| | | - | | | - | | | - | | | - | 3,778,028 | 11,466,126 | 15,244,154 |
| | | - | | | - | | | - | | | - | 39,495,677 | 12,900,080 | 52,395,756 |
| | | - | | | - | | | - | | | - | 412,858,128 | 174,676,444 | 587,534,572 |
| | | - | | | - | | | - | | | - | 72,917,466 | 5,240,050 | 78,157,516 |
| | | - | | | - | | | - | | | - | 250,507,767 | 52,359,673 | 302,867,440 |
| | | - | | | - | | | - | | | - | 322,163,384 | 15,617,837 | 337,781,221 |
| | | - | | | - | | | - | | | - | 53,084,419 | 162,177,599 | 215,262,017 |
| | | - | | | - | | | - | | | - | 375,247,803 | 177,795,435 | 553,043,239 |
| | | - | | | - | 18,389,840 | 5,025,959 | 23,415,799 | 94,279,601 | | 94,279,601 | 168,916,292 | 8,496,174 | 177,412,466 |

| Field | Market Exhibit (For Comprehensive/Major Medical Line of Business) | 1 | | | 2 | | | 3 | | | 4 | | | |
|-------|---|-----------------------|------------|------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|--------|-----|---|
| | | Individual | | | Small Group | | | Large Group | | | Association | | | |
| | | RI | Non-RI | All | RI | Non-RI | All | RI | Non-RI | All | RI | Non-RI | All | |
| 1 | Membership Data | | | | | | | | | | | | | |
| | Number of Policies or Certificates | 10,250 | 76 | 10,326 | 27,077 | 4,650 | 31,727 | 34,382 | 24,084 | 58,466 | | | - | |
| | Number of Covered Lives | 15,838 | 130 | 15,968 | 52,640 | 10,064 | 62,704 | 72,488 | 45,610 | 118,098 | | | - | |
| | Member Months | 184,960 | 2,262 | 187,222 | 644,308 | 124,733 | 769,041 | 884,995 | 547,635 | 1,432,630 | | | - | |
| | Number of Policies or Certificates (Plans with PD benefits) | 10,250 | 76 | 10,326 | 27,077 | 4,650 | 31,727 | 31,933 | 15,930 | 47,863 | | | - | |
| | Number of Covered Lives (Plans with PD benefits) | 15,838 | 130 | 15,968 | 52,640 | 10,064 | 62,704 | 68,927 | 33,935 | 102,862 | | | - | |
| | Member Months (Plans with PD benefits) | 184,960 | 2,262 | 187,222 | 644,308 | 124,733 | 769,041 | 841,840 | 407,116 | 1,248,956 | | | - | |
| 2 | Premiums/Claims | | | | | | | | | | | | | |
| | Premium | | | 68,052,926 | | | 334,330,036 | | | 565,798,736 | | | - | |
| | Claims/Medical Expenses | 63,084,584 | 1,112,834 | 64,197,418 | 230,764,685 | 45,489,854 | 276,254,540 | 313,711,299 | 181,940,990 | 495,652,289 | - | - | - | |
| 3 | Inpatient Facility | | | | | | | | | | | | | |
| | Hospital | | | | | | | | | | | | | |
| | 1 | In-state | 12,416,660 | 85,394 | 12,502,053 | 39,724,967 | 2,609,660 | 42,334,626 | 67,989,166 | 5,442,181 | 73,431,347 | | | - |
| | 2 | Out-of-state | 5,160,262 | 365,558 | 5,525,819 | 11,391,944 | 7,347,339 | 18,739,283 | 13,074,797 | 40,474,431 | 53,549,228 | | | - |
| | 3 | Total (Lines 1 + 2) | 17,576,921 | 450,952 | 18,027,873 | 51,116,911 | 9,956,998 | 61,073,909 | 81,063,963 | 45,916,612 | 126,980,575 | - | - | - |
| | SNF | | | | | | | | | | | | | |
| | 4 | In-state | 702,554 | - | 702,554 | 578,107 | 8,737 | 586,844 | 990,498 | 104,585 | 1,095,083 | | | - |
| | 5 | Out-of-state | 6,839 | - | 6,839 | 11,750 | 42,242 | 53,993 | 29,343 | 474,510 | 503,853 | | | - |
| | 6 | Total (Lines 4 + 5) | 709,393 | - | 709,393 | 589,858 | 50,979 | 640,837 | 1,019,841 | 579,095 | 1,598,936 | - | - | - |
| | Other | | | | | | | | | | | | | |
| 7 | In-state | - | - | - | - | - | - | 605 | - | 605 | | | - | |
| 8 | Out-of-state | - | - | - | - | - | - | - | - | - | | | - | |
| 9 | Total (Lines 7 + 8) | - | - | - | - | - | - | 605 | - | 605 | - | - | - | |
| 10 | Total Inpatient Facility (Lines 3 + 6 + 9) | 18,286,314 | 450,952 | 18,737,266 | 51,706,768 | 10,007,977 | 61,714,746 | 82,084,409 | 46,495,707 | 128,580,116 | - | - | - | |
| 4 | Outpatient Facility | | | | | | | | | | | | | |
| | Hospital | | | | | | | | | | | | | |
| | 11 | In-state | 8,360,849 | 37,894 | 8,398,743 | 38,985,571 | 2,521,020 | 41,506,591 | 56,173,714 | 4,165,308 | 60,339,022 | | | - |
| | 12 | Out-of-state | 3,284,181 | 168,608 | 3,452,789 | 12,468,833 | 8,729,282 | 21,198,115 | 10,668,799 | 41,729,297 | 52,398,095 | | | - |
| | 13 | Total (Lines 11 + 12) | 11,645,030 | 196,502 | 11,841,532 | 51,454,404 | 11,250,301 | 62,704,706 | 66,842,513 | 45,894,604 | 112,737,117 | - | - | - |
| | SNF | | | | | | | | | | | | | |
| | 14 | In-state | - | - | - | 845 | - | 845 | 2,415 | - | 2,415 | | | - |
| | 15 | Out-of-state | - | - | - | - | - | - | - | 346 | 346 | | | - |
| | 16 | Total (Lines 14 + 15) | - | - | - | 845 | - | 845 | 2,415 | 346 | 2,761 | - | - | - |
| | Freestanding Ambulatory Care Facility | | | | | | | | | | | | | |
| | 17 | In-state | 994,943 | 5,367 | 1,000,310 | 4,575,455 | 273,334 | 4,848,789 | 8,307,287 | 504,097 | 8,811,384 | | | - |
| | 18 | Out-of-state | 122,862 | 2,218 | 125,080 | 569,687 | 228,204 | 797,891 | 1,274,726 | 2,708,349 | 3,983,075 | | | - |
| | 19 | Total (Lines 17 + 18) | 1,117,805 | 7,585 | 1,125,389 | 5,145,142 | 501,538 | 5,646,680 | 9,582,013 | 3,212,445 | 12,794,458 | - | - | - |
| Other | | | | | | | | | | | | | | |
| 20 | In-state | 1,021,620 | 2,086 | 1,023,707 | 3,774,939 | 690,734 | 4,465,672 | 3,877,814 | 234,079 | 4,111,892 | | | - | |
| 21 | Out-of-state | 337,769 | 8,144 | 345,912 | 860,514 | 658,004 | 1,518,518 | 640,972 | 3,861,787 | 4,502,759 | | | - | |
| 22 | Total (Lines 20 + 21) | 1,359,389 | 10,230 | 1,369,619 | 4,635,453 | 1,348,738 | 5,984,191 | 4,518,785 | 4,095,866 | 8,614,651 | - | - | - | |
| 23 | Total Outpatient Facility (Lines 13 + 16 + 19 + 22) | 14,122,223 | 214,316 | 14,336,540 | 61,235,845 | 13,100,577 | 74,336,422 | 80,945,726 | 53,203,262 | 134,148,988 | - | - | - | |
| 5 | Primary Care | | | | | | | | | | | | | |
| 24 | Total Primary Care | 2,674,360 | 21,237 | 2,695,597 | 11,320,023 | 954,551 | 12,274,574 | 15,328,393 | 1,758,463 | 17,086,856 | | | - | |
| 6 | Pharmacy | | | | | | | | | | | | | |
| 25 | Total Pharmacy | 15,004,107 | 191,531 | 15,195,638 | 45,371,410 | 8,280,904 | 53,652,314 | 51,750,626 | 24,315,471 | 76,066,097 | | | - | |
| 7 | Medical/Surgical other than primary care | | | | | | | | | | | | | |
| 26 | In-state | 8,561,337 | 51,252 | 8,612,589 | 40,895,450 | 2,544,966 | 43,440,416 | 55,271,194 | 4,182,501 | 59,453,695 | | | - | |
| 27 | Out-of-state | 3,134,211 | 157,269 | 3,291,481 | 9,509,630 | 10,129,776 | 19,639,406 | 10,071,796 | 49,876,838 | 59,948,634 | | | - | |
| 28 | Total Other Medical/Surgical (Lines 26 + 27) | 11,695,549 | 208,521 | 11,904,070 | 50,405,080 | 12,674,742 | 63,079,822 | 65,342,990 | 54,059,338 | 119,402,328 | - | - | - | |
| 8 | All other payments to medical providers | | | | | | | | | | | | | |
| 29 | Total | 1,302,031 | 26,276 | 1,328,307 | 10,725,559 | 471,103 | 11,196,662 | 18,259,155 | 2,108,749 | 20,367,904 | | | - | |

| 5 | | | 6 | | | 7 | | | 8 | | |
|-------|--------|-----|--------------------------------------|--------|-------------|---------------------|--------|-----|----------------------------|-------------|---------------|
| Trust | | | Federal Employee Health Benefit Plan | | | Other Health Market | | | Total (Across all markets) | | |
| RI | Non-RI | All | RI | Non-RI | All | RI | Non-RI | All | RI | Non-RI | All |
| - | - | - | - | - | - | - | - | - | 71,709 | 28,810 | 100,519 |
| - | - | - | - | - | - | - | - | - | 140,966 | 55,804 | 196,770 |
| - | - | - | - | - | - | - | - | - | 1,714,263 | 674,630 | 2,388,893 |
| - | - | - | - | - | - | - | - | - | 69,260 | 20,656 | 89,916 |
| - | - | - | - | - | - | - | - | - | 137,405 | 44,129 | 181,534 |
| - | - | - | - | - | - | - | - | - | 1,671,108 | 534,111 | 2,205,219 |
| - | - | - | 94,279,601 | - | 101,536,145 | - | - | - | - | - | 1,069,717,843 |
| - | - | - | 94,279,601 | - | 94,279,601 | - | - | - | 701,840,169 | 228,543,679 | 930,383,848 |
| - | - | - | - | - | - | - | - | - | 120,130,793 | 8,137,234 | 128,268,027 |
| - | - | - | - | - | - | - | - | - | 29,627,002 | 48,187,328 | 77,814,330 |
| - | - | - | - | - | - | - | - | - | 149,757,795 | 56,324,562 | 206,082,357 |
| - | - | - | - | - | - | - | - | - | 2,271,159 | 113,322 | 2,384,481 |
| - | - | - | - | - | - | - | - | - | 47,933 | 516,752 | 564,685 |
| - | - | - | - | - | - | - | - | - | 2,319,092 | 630,074 | 2,949,166 |
| - | - | - | - | - | - | - | - | - | 605 | - | 605 |
| - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | 605 | - | 605 |
| - | - | - | - | - | - | - | - | - | 152,077,492 | 56,954,636 | 209,032,128 |
| - | - | - | - | - | - | - | - | - | 103,520,134 | 6,724,221 | 110,244,356 |
| - | - | - | - | - | - | - | - | - | 26,421,813 | 50,617,186 | 77,038,998 |
| - | - | - | - | - | - | - | - | - | 129,941,947 | 57,341,407 | 187,283,354 |
| - | - | - | - | - | - | - | - | - | 3,260 | - | 3,260 |
| - | - | - | - | - | - | - | - | - | - | 346 | 346 |
| - | - | - | - | - | - | - | - | - | 3,260 | 346 | 3,606 |
| - | - | - | - | - | - | - | - | - | 13,877,685 | 782,798 | 14,660,482 |
| - | - | - | - | - | - | - | - | - | 1,967,275 | 2,938,771 | 4,906,046 |
| - | - | - | - | - | - | - | - | - | 15,844,960 | 3,721,569 | 19,566,528 |
| - | - | - | - | - | - | - | - | - | 8,674,373 | 926,898 | 9,601,271 |
| - | - | - | - | - | - | - | - | - | 1,839,255 | 4,527,935 | 6,367,190 |
| - | - | - | - | - | - | - | - | - | 10,513,628 | 5,454,834 | 15,968,461 |
| - | - | - | - | - | - | - | - | - | 156,303,794 | 66,518,155 | 222,821,950 |
| - | - | - | - | - | - | - | - | - | 29,322,775 | 2,734,251 | 32,057,027 |
| - | - | - | - | - | - | - | - | - | 112,126,142 | 32,787,907 | 144,914,049 |
| - | - | - | - | - | - | - | - | - | 104,727,981 | 6,778,719 | 111,506,700 |
| - | - | - | - | - | - | - | - | - | 22,715,637 | 60,163,883 | 82,879,520 |
| - | - | - | - | - | - | - | - | - | 127,443,618 | 66,942,602 | 194,386,220 |
| - | - | - | 94,279,601 | - | 94,279,601 | - | - | - | 124,566,347 | 2,606,127 | 127,172,474 |

Rhode Island Individual, Small and Large Group Rate Filing Template Part I

Part 1. Historical Information

| Experience Period for Developing OP | |
|-------------------------------------|-----------|
| From | To |
| 2/1/2012 | 1/31/2013 |

Utilization/Experience Data by Quarter (Experience Period only)

A. Incurred Data

| Quarter | End Date | IP Days | Member Months | Earned Premium | Incurred Claims Total | Incurred Claims IP | Incurred Claims OP | Incurred Claims | | Incurred Claims Rx | Capitation | Claims not Otherwise categorized (explain) | Loss Ratio | Quality Improvement Expense* | Other Cost Containment Expense* | Other Claim Adjustment Expense* | Other Operating Expense* | Investment Income Credit | Commissions | Contribution to Reserves | |
|------------|------------|---------|---------------|------------------|-----------------------|--------------------|--------------------|-----------------|-----------------|--------------------|------------|--|------------|------------------------------|---------------------------------|---------------------------------|--------------------------|--------------------------|----------------|--------------------------|--|
| | | | | | | | | Primary Care | MS | | | | | | | | | | | | |
| 1 (Oldest) | 4/30/2012 | 9,737 | 357,112 | \$142,147,370.81 | \$126,543,235.98 | \$33,784,944.72 | \$31,010,832.49 | \$4,335,609.09 | \$34,543,095.29 | \$20,333,229.91 | \$0.00 | \$2,535,524.48 | 89.02% | \$1,258,961.51 | \$2,706,694.15 | \$5,002,919.87 | \$14,597,473.04 | -\$1,368,810.40 | \$2,640,120.51 | -\$9,233,223.85 | |
| 2 | 7/31/2012 | 9,461 | 359,008 | \$143,140,509.36 | \$126,279,601.59 | \$33,208,345.96 | \$31,050,614.46 | \$4,303,391.18 | \$34,644,573.37 | \$20,405,388.64 | \$0.00 | \$2,667,287.99 | 88.22% | \$1,247,523.16 | \$2,682,102.38 | \$4,957,465.64 | \$14,729,059.20 | -\$1,606,568.17 | \$2,680,104.40 | -\$7,828,778.85 | |
| 3 | 10/31/2012 | 8,980 | 357,300 | \$142,747,393.56 | \$126,846,608.88 | \$32,268,273.69 | \$31,004,613.84 | \$4,584,727.99 | \$34,752,417.34 | \$21,305,760.99 | \$0.00 | \$2,930,815.02 | 88.86% | \$1,195,988.36 | \$2,571,305.53 | \$4,752,674.23 | \$14,252,859.41 | -\$1,215,419.68 | \$2,406,729.90 | -\$8,063,353.06 | |
| 4 | 1/31/2013 | 7,101 | 352,227 | \$141,021,336.64 | \$117,960,443.61 | \$30,978,658.39 | \$28,116,858.69 | \$4,794,061.28 | \$31,314,196.66 | \$19,785,070.85 | \$0.00 | \$2,971,597.73 | 83.65% | \$1,243,094.17 | \$2,672,578.14 | \$4,939,861.52 | \$13,801,371.39 | -\$1,472,359.32 | \$2,527,973.49 | -\$651,626.37 | |
| 5 | | | | | | | | | | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | | | | | | | | | | |
| 8 | | | | | | | | | | | | | | | | | | | | | |

* These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3 - Analysis of Expenses and/or to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1

B. Allowed Data

| Quarter | End Date | Allowed Claims Total | Allowed Claims IP | Allowed Claims OP | Allowed Claims | | Allowed Claims Rx | Capitation | Claims not Otherwise categorized (explain) |
|------------|------------|----------------------|-------------------|-------------------|----------------|-----------------|-------------------|------------|--|
| | | | | | Primary Care | MS | | | |
| 1 (Oldest) | 4/30/2012 | \$152,724,697.49 | \$36,203,074.64 | \$37,165,376.00 | \$5,288,372.09 | \$45,787,339.19 | \$25,745,011.08 | \$0.00 | \$2,535,524.48 |
| 2 | 7/31/2012 | \$149,538,159.68 | \$35,604,752.30 | \$36,262,751.63 | \$5,148,630.67 | \$44,449,200.44 | \$25,405,536.65 | \$0.00 | \$2,667,287.99 |
| 3 | 10/31/2012 | \$148,537,514.84 | \$34,414,682.21 | \$36,217,506.17 | \$5,380,608.44 | \$43,663,548.54 | \$25,930,354.46 | \$0.00 | \$2,930,815.02 |
| 4 | 1/31/2013 | \$141,342,718.77 | \$33,270,390.40 | \$33,577,077.01 | \$5,771,857.60 | \$41,197,544.24 | \$24,554,251.77 | \$0.00 | \$2,971,597.73 |
| 5 | | | | | | | | | |
| 6 | | | | | | | | | |
| 7 | | | | | | | | | |
| 8 | | | | | | | | | |

* These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3 - Analysis of Expenses and/or to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1

Part 2. Prospective Information

A. Trend Factors for Projection Purposes (Annualized)

| | IP | OP | Primary Care | Other MS | Rx | Capitation | Claims not Categorized | Weighted Total |
|-------------|-------|-------|--------------|----------|-------|------------|------------------------|----------------|
| Total | 9.5% | 9.2% | 13.7% | 5.8% | 1.3% | 0.0% | 0.0% | 6.9% |
| Price Only | 3.8% | 4.0% | 9.9% | 2.3% | 5.6% | 0.0% | 0.0% | 3.9% |
| Utilization | 3.0% | 4.0% | 2.5% | 2.5% | 2.9% | 0.0% | 0.0% | 3.0% |
| Mix | 1.5% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.4% |
| Leveraging | 1.0% | 1.0% | 1.0% | 1.0% | 0.9% | 0.0% | 0.0% | 0.9% |
| NBF | 0.0% | 0.0% | 0.0% | 0.0% | -7.6% | 0.0% | 0.0% | -1.3% |
| Weights | 23.6% | 24.2% | 3.6% | 29.6% | 17.2% | 0.0% | 1.9% | 100.0% |

** All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

B. The following items for the period to which the rate filing applies, by quarter:

| Quarter | Beginning Date | Average % Rate Increase | Expected Medical Cost Ratio | Expected Contribution to Reserves % | Quality Improvement Expense %* | Other Cost Containment Expense %* | Other Claim Adjustment Expense %* | Other Operating Expense %* | Average Commissions %* | Investment Income Credit % | Premium Tax % |
|------------------|----------------|-------------------------|-----------------------------|-------------------------------------|--------------------------------|-----------------------------------|-----------------------------------|----------------------------|------------------------|----------------------------|---------------|
| | | | | | | | | | | | |
| 1 | 3/31/2014 | 17.7% | 80.80% | 3.34% | 0.45% | 0.97% | 1.80% | 5.25% | 1.09% | -0.24% | 6.68% |
| 2 | 6/30/2014 | 17.6% | 79.49% | 3.34% | 0.51% | 1.09% | 2.02% | 6.01% | 1.09% | -0.24% | 6.68% |
| 3 | 9/30/2014 | 15.7% | 79.01% | 3.34% | 0.53% | 1.14% | 2.12% | 6.34% | 1.07% | -0.24% | 6.68% |
| 4 | 12/31/2014 | 14.8% | 79.01% | 3.34% | 0.55% | 1.19% | 2.20% | 6.14% | 1.13% | -0.24% | 6.68% |
| Weighted Average | | 17.1% | 80.15% | 3.34% | 0.48% | 1.92% | 1.04% | 5.62% | 1.00% | -0.24% | 6.68% |

* These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3 - Analysis of Expenses and to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1
The sum of the expenses, commissions, contributions to reserves, investment income credit, taxes and the medical loss ratio should be 100%.

C. Average Rate Increase Components

The following items should reconcile to the Weighted Average Percent Rate Increase for the year:

| | Price | Utilization, Mix | Total |
|-------------------------------------|-------|------------------|-------|
| Hospital Inpatient Price | 1.4% | 1.2% | 2.6% |
| Hospital Outpatient | 1.5% | 1.3% | 2.6% |
| Primary Care | 0.3% | 0.1% | 0.4% |
| Med/Surg Other Than Primary Care | 1.5% | 1.7% | 3.2% |
| Pharmacy | 1.3% | 0.6% | 1.9% |
| Administrative Expense (Aggregated) | | | 0.8% |
| Contribution to Reserves | | | 0.7% |
| Taxes and Assessments | | | 4.9% |
| Legally Mandated Changes | | | |
| Prior Period Adjustment (+/-) | | | |
| Total | | | 17.1% |

Rate Template Part IV: Administrative Costs Request

1. Please provide 2012 Actual and 2014 proposed individual, small and large group administrative costs on a per member per month (PMPM) basis, allocated among the National Association of Insurance Commissioners (NAIC) financial statement administrative cost categories. Please explain any significant changes from the financial filing for 2012 (increases/decreases of more than 5% in a particular category).

| | 2012 Actual | | | 2014 Proposed | | | % Change | | | |
|--|-------------|-------------|-------------|--|----------------|----------------|----------------|-------------|-------------|--|
| | Individual | Small Group | Large Group | Individual | Small Group | Large Group | Individual | Small Group | Large Group | |
| Total Estimated Member Months | 188,396 | 772,297 | 1,424,343 | 405,387 | 633,642 | 1,395,609 | 115.2% | -18.0% | -2.0% | |
| Total Estimated Premiums (\$mpm) | \$361.22 | \$432.90 | \$397.21 | \$363.56 | \$462.74 | \$419.56 | 0.6% | 6.9% | 5.6% | |
| Total General Administrative Expense (\$mpm) | \$44.37 | \$56.10 | \$44.43 | \$37.25 | \$46.97 | \$41.20 | -16.1% | -16.3% | -7.3% | |
| Total Cost Containment Expense (\$mpm) | \$9.30 | \$9.52 | \$8.56 | \$7.18 | \$8.84 | \$6.97 | -22.8% | -7.1% | -18.5% | |
| Total Other Claim Adjustment Expense (\$mpm) | \$9.77 | \$16.64 | \$17.48 | \$7.62 | \$10.29 | \$12.81 | -22.0% | -38.2% | -26.7% | |
| Total Admin Expense (\$mpm) | \$63.44 | \$82.25 | \$70.46 | \$52.05 | \$66.10 | \$60.98 | -18.0% | -19.6% | -13.5% | |
| Breakdown of General Administrative Expense (\$ pmpm) | | | | | | | | | | |
| a. Payroll and benefits | \$16.55 | \$23.96 | \$15.37 | \$14.59 | \$17.33 | \$14.46 | -11.8% | -27.7% | -6.0% | |
| b. Outsourced Services (EDP, claims etc.) | \$6.48 | \$10.93 | \$10.62 | \$6.00 | \$7.90 | \$9.63 | -7.4% | -27.7% | -9.4% | |
| c. Auditing and consulting | \$4.33 | \$5.46 | \$3.71 | \$2.67 | \$3.95 | \$3.44 | -38.2% | -27.7% | -7.4% | |
| d. Commissions | \$0.00 | \$8.76 | \$7.20 | \$0.00 | \$9.19 | \$7.28 | 0.0% | 5.0% | 1.1% | |
| e. Marketing and Advertising | \$0.54 | \$0.54 | \$0.57 | \$0.93 | \$0.39 | \$0.48 | 71.8% | -27.7% | -16.9% | |
| f. Legal Expenses | \$0.49 | \$0.53 | \$0.49 | \$0.29 | \$0.39 | \$0.41 | -40.5% | -27.7% | -17.2% | |
| g. Taxes, Licenses and Fees | \$6.78 | \$7.57 | \$8.25 | \$7.27 | \$9.25 | \$8.39 | 7.3% | 22.3% | 1.7% | |
| h. Reimbursements by Uninsured Plans | \$0.00 | (\$12.00) | (\$9.76) | \$0.00 | (\$8.92) | (\$9.45) | 0.0% | -25.7% | -3.2% | |
| i. Other Admin Expenses | \$9.20 | \$10.34 | \$7.96 | \$5.48 | \$7.48 | \$6.57 | -40.4% | -27.7% | -17.5% | |
| | | | | Projected Expenses | \$52.05 | \$66.10 | \$60.98 | | | |
| | | | | Premium Taxes | (\$7.27) | (\$9.25) | (\$8.39) | | | |
| | | | | Rx Rebates | (\$3.98) | (\$3.76) | (\$3.76) | | | |
| | | | | Investment Income | (\$1.64) | (\$1.02) | (\$1.01) | | | |
| | | | | Total Proposed Charge for Administrative Expenses | \$39.16 | \$52.07 | \$47.82 | | | |

*BCBSRI is awaiting NAIC guidance as to where to categorize all of the ACA-related taxes and fees. Therefore they are excluded from the operating expenses shown above. See actuarial memorandum for details on ACA-related taxes and fees.

2. Please provide actual 2008-2012 fully insured commercial administrative costs in accordance with the following table. This should be consistent with the annual statement filings to OHIC for administrative costs, providing additional detail on the components of administrative costs using the categories defined by the NAIC financial statement and as allocated to commercially insured business only. Specifically, the information provided should agree with the "Exhibit of Premiums, Enrollment and Utilization" and the "Analysis of Operations by Line of Business" schedules included in the annual statements on file with OHIC. Where there are variances, a reconciliation and explanation should be provided.

| Fully Insured Commercial Administrative Cost History (Comprehensive Column) | | | | | |
|--|----------------------|----------------------|--------------------|--------------------|--------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| Total Premiums | 1,079,151,863 | 1,025,508,205 | 994,470,562 | 984,903,252 | 968,153,344 |
| Total General Administrative Expense | 121,463,184 | 132,106,574 | 133,474,919 | 121,420,201 | 114,963,600 |
| General Admin Exp. Ratio | 11.26% | 12.88% | 13.42% | 12.33% | 11.87% |
| Total Fully Insured Member Months | 3,049,827 | 2,775,423 | 2,603,304 | 2,468,947 | 2,385,036 |
| General Administrative Expense (\$pmpm) | \$39.83 | \$47.60 | \$51.27 | \$49.18 | \$48.20 |
| Breakdown of General Administrative Expenses (\$ pmpm) | | | | | |
| a. Payroll and benefits | \$17.40 | \$21.04 | \$18.84 | \$19.82 | \$18.25 |
| b. Outsourced Services (EDP, claims etc.) | \$8.93 | \$8.62 | \$12.13 | \$10.75 | \$10.39 |
| c. Auditing and consulting | \$5.75 | \$6.38 | \$6.18 | \$4.55 | \$4.33 |
| d. Commissions | \$6.06 | \$6.78 | \$6.96 | \$7.21 | \$7.14 |
| e. Marketing and Advertising | \$0.99 | \$0.89 | \$0.72 | \$0.76 | \$0.56 |
| f. Legal Expenses | \$0.33 | \$0.25 | \$0.32 | \$0.40 | \$0.51 |
| g. Taxes, Licenses and Fees | \$3.68 | \$7.49 | \$7.79 | \$8.28 | \$7.91 |
| h. Reimbursements by Uninsured Plans | (\$12.49) | (\$10.76) | (\$11.78) | (\$11.59) | (\$9.71) |
| i. Other Admin Expenses | \$9.18 | \$6.90 | \$10.11 | \$8.98 | \$8.83 |
| Cost Containment Expense | \$4.30 | \$5.73 | \$7.58 | \$7.82 | \$8.93 |
| Other Claim Adjustment Expense | \$13.38 | \$18.19 | \$17.42 | \$20.04 | \$16.60 |
| Total Self Insured Member Months for all affiliated companies doing business in RI | 2,677,918 | 2,449,361 | 2,625,170 | 2,641,700 | 2,645,242 |

State: Rhode Island
TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.002 Large Group Only
Product Name: Commercial Large Group
Project Name/Number: Large Group/LG-2013-05

Filing Company: Blue Cross & Blue Shield of Rhode Island

Supporting Document Schedules

| | |
|-------------------------|--|
| Bypassed - Item: | A&H Experience |
| Bypass Reason: | See Rate/Rule Schedules for supporting documentation |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | Actuarial Certification - Life & A&H |
| Bypass Reason: | See Rate/Rule Schedules for supporting documentation |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | Actuarial Memorandum - A&H Rate Revision Filing |
| Bypass Reason: | See Rate/Rule Schedules for supporting documentation |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | Premium Rate Sheets - Life & A&H |
| Bypass Reason: | See Rate/Rule Schedules for supporting documentation |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | Health Insurance Checklist |
| Bypass Reason: | See Rate/Rule Schedules for supporting documentation |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|---|
| Bypassed - Item: | Actuarial Memorandum and Certifications |
|-------------------------|---|

State: Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.002 Large Group Only

Product Name: Commercial Large Group

Project Name/Number: Large Group/LG-2013-05

| | |
|-------------------------|---|
| Bypass Reason: | See Rate/Rule Schedules for supporting documentation |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |
| Bypassed - Item: | Unified Rate Review Template |
| Bypass Reason: | See Rate/Rule Schedules for supporting documentation |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |
| Bypassed - Item: | Consumer Disclosure Form |
| Bypass Reason: | See Rate/Rule Schedules for supporting documentation |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |
| Bypassed - Item: | 2013 Rate Review Process Issuer and Plan Compliance Attestation |
| Bypass Reason: | See Rate/Rule Schedules for supporting documentation |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |
| Bypassed - Item: | 2013 Rate Review Process OHIC Template |
| Bypass Reason: | See Rate/Rule Schedules for supporting documentation |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |