

State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
TOI/Sub-TOI: MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.012 Multi-Plan 2010
Product Name: Plan 65 Group
Project Name/Number: 2022 Plan 65 Group Rating Factors/PL65GRP2022-2023

Filing at a Glance

Company: Blue Cross & Blue Shield of Rhode Island
Product Name: Plan 65 Group
State: Rhode Island
TOI: MS08G Group Medicare Supplement - Standard Plans 2010
Sub-TOI: MS08G.012 Multi-Plan 2010
Filing Type: Rate
Date Submitted: 01/14/2022
SERFF Tr Num: BCBS-133114181
SERFF Status: Assigned
State Tr Num:
State Status: Open-Pending Actuary Review
Co Tr Num: PL65GRP2022-2023
Effective: 07/01/2022
Date Requested:
Author(s): Jessie Knowles, Michael Bodenrader, Konrad Lech
Reviewer(s): John Garrett (primary), Charles DeWeese, Bela Gorman, Alyssa Metivier, Victor Woods, Courtney Miner, Jennifer Smagula
Disposition Date:
Disposition Status:
Effective Date:
State Filing Description:

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General Information

Project Name: 2022 Plan 65 Group Rating Factors	Status of Filing in Domicile: Not Filed
Project Number: PL65GRP2022-2023	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: Small and Large
Group Market Type: Employer, Association	Overall Rate Impact: 2.6%
Filing Status Changed: 01/17/2022	
State Status Changed: 01/17/2022	Deemer Date:
Created By: Konrad Lech	Submitted By: Konrad Lech
Corresponding Filing Tracking Number: BCBS-133027853	

Filing Description:

Rating Factors Applicable to Plan 65 Group Rates Effective July 2022 - June 2023.

Company and Contact

Filing Contact Information

Michael Bodenrader,	Michael.Bodenrader@bcbsri.org
500 Exchange St.	401-459-1613 [Phone]
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:	Company Type: Health Insurance
Providence, RI 02903	Group Name:	State ID Number:
(401) 459-1000 ext. [Phone]	FEIN Number: 05-0158952	

State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
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Filing Fees

State Fees

Fee Required? Yes
Fee Amount: \$75.00
Retaliatory? No
Fee Explanation: \$25 per plan, 3 plans
Per Company: Yes

Company	Amount	Date Processed	Transaction #
Blue Cross & Blue Shield of Rhode Island	\$75.00	01/14/2022 04:18 PM	220813076
EFT Total	\$75.00		

SERFF Tracking #:

BCBS-133114181

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PL65GRP2022-2023

State: Rhode Island

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Rate Information

Rate data applies to filing.

Filing Method: Review and Approve

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 3.700%

Effective Date of Last Rate Revision: 07/01/2021

Filing Method of Last Filing: Review and Approve

SERFF Tracking Number of Last Filing: BCBS-132767407

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number 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	2.600%	2.600%	\$438,300	6,950	\$16,964,400	7.300%	-0.700%

SERFF Tracking #:

BCBS-133114181

State Tracking #:**Company Tracking #:**

PL65GRP2022-2023

State:

Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI:

MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.012 Multi-Plan 2010

Product Name:

Plan 65 Group

Project Name/Number:

2022 Plan 65 Group Rating Factors/PL65GRP2022-2023

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Filing Letter and Factors		New		Group Plan 65 Filing Letter 2022.pdf,
2		Consumer Narrative		New		Group P65 Consumer Narrative 2022.pdf,



500 Exchange Street, Providence, Rhode Island 02903-2699
(401) 459-1000 bcbsri.com

January 14, 2022

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

Subject: Rating factors applicable to Plan 65 group plans with effective dates of July 1, 2022 through June 30, 2023

Dear Commissioner Tigue:

This letter and the attached exhibits comprise a filing by Blue Cross & Blue Shield of Rhode Island (BCBSRI) of rating factors for Plan 65 group plans with effective dates of July 1, 2022 through June 30, 2023.

Based on current membership, approximately 6,950 members will be affected by this filing.

This filing represents an expected average increase of 2.6% for the Plan 65 medical and rider rates with effective dates of July 2022 through June 2023. This average rate change is an estimate utilizing the latest available claims experience base. Actual rates will be determined using updated claims experience, and thus the resulting average rate change is not guaranteed. The expected loss ratio is 80.0%.

For all Basic Benefits and the Skilled Nursing Facility (SNF) rider, the claims experience base used to calculate the average increase for this filing is January 2021 through July 2021, adjusted by a seasonality factor to represent a full calendar year 2021 experience period. A partial year of experience was utilized because the results in the latest full calendar year (2020) were greatly skewed by the impacts of the COVID-19 pandemic. A seasonality factor of 0.95 was applied to the actual YTD July 2021 claims PCPM in order to bring the partial year experience period to a full year basis. This seasonality factor was determined by an analysis of pre-pandemic claim patterns for the years 2018 and 2019. For Major Medical and Prescription Drug riders, the claims experience base used to calculate the average increase for this filing is August 2020 through July 2021.

Exhibit I displays the filed annual incurred claims projection factors for calendar years 2022-2024 by benefit for all of the Basic Benefits. Exhibit II displays the comparable annual incurred claims projection factors for the Skilled Nursing Facility (SNF), Major Medical, Prescription Drug, and Vision riders. The price assumptions for the projection of incurred claims expense for Basic Benefits and the SNF rider have been developed utilizing the latest information published by CMS and actuarial assumptions where final published numbers are not available. As with our individual Plan 65 filing, because of the impact of COVID-19 on claims after February 2020, we are proposing to use the utilization/mix projection factors for Basic Benefits and the SNF rider inherent in the factors approved in our filing for July 1, 2021. Given the volatility in the recent experience, which we do not expect to continue, we believe this to be the most reasonable approach to project future utilization.

Commissioner Tighe

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The projection factors for Major Medical and Prescription Drug riders are consistent with the analogous large group and small group projection factors (weighted 65/35).

Exhibits I and II display the administrative expense per contract per month values to be utilized for Plan 65 group rates and riders effective in CY 2022, CY 2023, and CY 2024.

We request approval in this filing for a reserve contribution factor at 3.25% of premium, consistent with the current approved rating factors in this segment, as displayed in Exhibits I and II.

Exhibits I and II both display the Tax Liability Factor of 2.00%. This factor reflects the state premium tax assessment, which is currently 2.00% of premium, per R.I. General Laws § 44-17-1.

Finally, Exhibits I and II display an investment income credit factor of -0.05% of premium to be utilized for the rating of Plan 65 group plans.

In accordance with the filing fee requirements contained in Rhode Island General Laws section 42-14-18, a fee of \$75 has been included with this submission via electronic funds transfer (EFT). The policy form pertaining to this filing is Grp Plan 65 (01/22).

We respectfully ask for your early consideration and approval of the proposed rating factors.

Sincerely,

DocuSigned by:


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Konrad Lech, ASA, MAAA
Sr. Actuary

cc: Ms. Monica Auciello, Esquire

Commissioner Tigue
 January 14, 2022
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Exhibit I

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

PLAN 65 – BASIC BENEFITS

**Group Plan 65 Basic Benefit Rating Factors for Group Prospective Rates
 For Plan Years with Effective Dates of July 1, 2022 through June 30, 2023**

	(1)	(2)	(3)	(4)	(5)
	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>	<u>Factor</u>	<u>Application</u>
Annual Incurred Claims Projection Factor ^(A)					
Part A Deductible	1.0485	0.9871	1.0313		X
Part A Copayments/365 Add'l Days	1.0485	0.9871	1.0313		X
Part B Deductible	1.1478	1.0687	1.0602		X
Part B Physician Coinsurance	0.9948	1.0344	1.0347		X
Part B Outpatient Coinsurance	1.1000	1.0528	1.0893		X
Basic Benefits	1.0445	1.0357	1.0505		X
Benefit Adjustment Factor ^(B)					
Group Plan C w/o SNF				1.0000	X
Group Plan G w/o SNF				0.8546	X
Group Plan N w/o SNF				0.6958	X
Administrative Expense PCPM ^(C)					
Group Plan C, G, and N w/o SNF	\$26.36	\$30.21	\$28.71		+
Reserve Factor				3.25%	
Tax Liability Factor ^(D)				2.00%	
Investment Income Credit				-0.05%	
Total Variable Retention Factor ^(E)				0.9480	/

Commissioner Tighe

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- (A) Provides for changes in Medicare benefits, provider fees, utilization/mix, or pure premium. The Basic Benefits factor represents a weighted average of all benefit categories for basic coverage.
- (B) For each plan, the projected claims expense is multiplied by the appropriate Benefit Adjustment Factor. The Benefit Adjustment Factors reflect cost sharing and utilization differences from the base experience. They were developed using BCBSRI experience and data from Milliman's Health Cost Guidelines.
- (C) Based on Administrative Expense per Contract per Month (PCPM) derived from Administrative Expense Budgets for anticipated expenses as estimated at the time of rate calculation and applied to projected membership for the three filed plan types.
- (D) Tax Liability Factor includes the 2.00% state premium tax liability. In the event that Rhode Island or the federal government enacts increases to taxes and/or assessments, BCBSRI reserves the right to modify the Tax Liability Factor component to fund such increases going forward.
- (E) Total Variable Retention Factor is 1 minus the sum of the Reserve Factor plus the Tax Liability Factor plus the Investment Income Credit. The Required Premium is the sum of the Projected Experience Claims PCPM plus the Administrative Expense PCPM, that quantity divided by the Total Variable Retention Factor.

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Exhibit II

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

PLAN 65 – RIDERS

**Group Plan 65 Rider Rating Factors for Group Prospective Rates
 For Plan Years with Effective Dates of July 1, 2022 through June 30, 2023**

	(1)	(2)	(3)	(4)	(5)
	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024</u>	<u>Factor</u>	<u>Application</u>
Annual Incurred Claims Projection Factor ^(A)					
Skilled Nursing Facility Benefits	1.0485	0.9871	1.0313		X
Major Medical/Pharmacy Benefits	1.0804	1.0804	1.0804		X
Vision Benefits	1.0000	1.0000	1.0000		X
Administrative Expense PCPM ^(B)					
Skilled Nursing Facility Benefits	\$2.79	\$3.05	\$2.85		+
Major Medical/Pharmacy Benefits	\$51.57	\$61.65	\$60.26		+
Vision Benefits	\$0.30	\$0.33	\$0.30		+
Reserve Factor				3.25%	
Tax Liability Factor ^(C)				2.00%	
Investment Income Credit				-0.05%	
Total Variable Retention Factor ^(D)				0.9480	/

Commissioner Tighe

January 14, 2022

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- (A) Provides for changes in Medicare benefits, provider fees, price, utilization/mix, or other expected changes in pure premium.
- (B) Based on Administrative Expense per Contract per Month (PCPM) derived from Administrative Expense Budgets for anticipated expenses as estimated at the time of rate calculation.
- (C) Tax Liability Factor includes 2.00% state premium tax liability. In the event that Rhode Island or the federal government enacts increases to taxes and/or assessments, BCBSRI reserves the right to modify the Tax Liability Factor component to fund such increases going forward.
- (D) Total Variable Retention Factor is 1 minus the sum of the Reserve Factor plus the Tax Liability Factor plus the Investment Income Credit. The Required Premium is the sum of the Projected Experience Claims PCPM plus the Administrative Expense PCPM, that quantity divided by the Total Variable Retention Factor.

Consumer Disclosure – Group Plan 65

Blue Cross & Blue Shield of Rhode Island (“BCBSRI”) has submitted its annual rate filing for Group Medicare Supplement plans. This document gives an overview of that filing.

Scope and Range of the Rate Change:

BCBSRI has proposed rate increases for Group Medicare Supplement plans for Rhode Island members. These rate changes, once approved, will apply to about 6,950 members. The new monthly premium rates will apply to members upon the group’s renewal, beginning July 1, 2022.

The average rate change for these plans is expected to be 2.6%. The range of rate changes groups will experience is expected to be -0.7% to 7.3%.

The actual change experienced by a group and its employees may vary based upon updated members’ claims experience in this market.

Key Drivers for this Filing:

The proposed rate change is mainly due to the continuing increase in the total cost of health care in Rhode Island.

Healthcare expenses are driven by:

- how often and how much health care is received (utilization); and
- year to year changes in Medicare deductibles and copayments.

Increases in the cost of medical services continue to drive the increase in overall healthcare expenses. Increasing utilization is also a part of the increase in healthcare expenses. The number of medical services our members receive continues to grow year over year.

Medicare deductibles and copayments that are covered under these plans are expected to increase as well. Administrative costs factor into this filing, as do premium taxes paid to the State of Rhode Island.

BCBSRI recognizes that providing affordable healthcare coverage is very important to our members. We continue to work to improve internal operations to moderate both medical and administrative expense trends. And we are teaming up with our healthcare delivery system partners to develop and implement new ways to transform our business.

SERFF Tracking #:

BCBS-133114181

State Tracking #:

Company Tracking #:

PL65GRP2022-2023

State: Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI: MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.012 Multi-Plan 2010

Product Name: Plan 65 Group

Project Name/Number: 2022 Plan 65 Group Rating Factors/PL65GRP2022-2023

Supporting Document Schedules

Bypassed - Item:	A&H Experience
Bypass Reason:	See attached filing letter and enclosures.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Certification - Life & A&H
Bypass Reason:	Not Required
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Memorandum - A&H Rate Revision Filing
Bypass Reason:	See attached filing letter and enclosures.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	*Medicare Supplement-Group
Bypass Reason:	See attached filing letter and enclosures
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Premium Rate Sheets - Life & A&H
Bypass Reason:	See attached filing letter and enclosures.
Attachment(s):	
Item Status:	
Status Date:	