

State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
TOI/Sub-TOI: MS09 Medicare Supplement - Other 2010/MS09.000 Medicare Supplement Other 2010
Product Name: Plan 65 - Individual
Project Name/Number: July 2024 PL65 Individual/2024PL65I

Filing at a Glance

Company: Blue Cross & Blue Shield of Rhode Island
Product Name: Plan 65 - Individual
State: Rhode Island
TOI: MS09 Medicare Supplement - Other 2010
Sub-TOI: MS09.000 Medicare Supplement Other 2010
Filing Type: Rate
Date Submitted: 01/30/2024
SERFF Tr Num: BCBS-133973382
SERFF Status: Assigned
State Tr Num:
State Status: Open-Assigned To Analyst
Co Tr Num: 2024PL65I
Effective: 07/01/2024
Date Requested:
Author(s): Jessie Knowles, Michael Bodenrader, Konrad Lech, Stuart Carter, Chris Eynatian
Reviewer(s): Courtney Miner (primary), Alyssa Metivier, Victor Woods, Cheryl DelPico
Disposition Date:
Disposition Status:
Effective Date:
State Filing Description:

State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
TOI/Sub-TOI: MS09 Medicare Supplement - Other 2010/MS09.000 Medicare Supplement Other 2010
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General Information

Project Name: July 2024 PL65 Individual	Status of Filing in Domicile: Not Filed
Project Number: 2024PL65I	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact: 12.1%	Filing Status Changed: 01/31/2024
	State Status Changed: 01/31/2024
Deemer Date:	Created By: Jessie Knowles
Submitted By: Jessie Knowles	Corresponding Filing Tracking Number:

Filing Description:
 Filing rates for individual Plan 65 Medigap and Select, effective 7/1/2024 through 6/30/2025.

Company and Contact

Filing Contact Information

Jessie Knowles, Actuarial Analyst	Jessie.Knowles@BCBSRI.ORG
500 Exchange Street	401-459-1000 [Phone] 5382 [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:	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
 TOI/Sub-TOI: MS09 Medicare Supplement - Other 2010/MS09.000 Medicare Supplement Other 2010
 Product Name: Plan 65 - Individual
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Filing Fees

State Fees

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

Company	Amount	Date Processed	Transaction #
Blue Cross & Blue Shield of Rhode Island	\$275.00	01/30/2024 03:05 PM	278030420

EFT Total \$275.00

Check Number	Check Amount	Check Date
	\$0.00	
Check Total	\$0.00	

SERFF Tracking #:

BCBS-133973382

State Tracking #:

Company Tracking #:

2024PL65I

State:

Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI:

MS09 Medicare Supplement - Other 2010/MS09.000 Medicare Supplement Other 2010

Product Name:

Plan 65 - Individual

Project Name/Number:

July 2024 PL65 Individual/2024PL65I

Rate Information

Rate data applies to filing.

Filing Method:

Review and Approve

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

5.900%

Effective Date of Last Rate Revision:

07/01/2023

Filing Method of Last Filing:

Review and Approve

SERFF Tracking Number of Last Filing:

BCBS-133525484

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	12.100%	12.100%	\$4,907,333	15,450	\$45,550,919	16.400%	11.400%

SERFF Tracking #:

BCBS-133973382

State Tracking #:

Company Tracking #:

2024PL65I

State:

Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI:

MS09 Medicare Supplement - Other 2010/MS09.000 Medicare Supplement Other 2010

Product Name:

Plan 65 - Individual

Project Name/Number:

July 2024 PL65 Individual/2024PL65I

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		New		Filing_Letter_2024.pdf,
2		Filing Schedules		New		PL65_Indiv_Rate_Filing_Eff_202407.pdf,
3		Actuarial Summary		New		Actuarial_Summary_2024.pdf,
4		Consumer Narrative		New		Consumer_Narrative_2024.pdf,

January 30, 2024

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

Subject: Filing of Individual Subscription Rates for Medigap Plans A, B, C, F, G, and N, and Medigap Select Plans B, C, F, G, and L

Dear Mr. King:

This letter and the enclosed documents comprise a filing by Blue Cross & Blue Shield of Rhode Island (“BCBSRI”) of new individual subscription rates for BCBSRI’s Medigap and Medigap Select Plans (also referred to as “Plan 65” and “Plan 65 Select,” respectively). The enclosed documents include detailed rate calculation schedules and a summary of the actuarial steps and assumptions.

In this filing we are estimating a 0.0% physician price trend for 2024. Although currently, the Medicare Physician Fee Schedule calls for a decrease that would result in a -1.25% trend, we believe it is likely that Congress will pass “doc fix” legislation to override the fee schedule decrease. If it becomes clear, prior to March 15, 2024, that Congress will not override the fee schedule decrease, we will amend this filing with a revised trend accordingly.

In compliance with the filing fee requirements contained in Section 42-14-18 of the General Laws of Rhode Island, an electronic funds transfer (EFT) in the amount of \$275.00 payable to “General Treasurer, State of Rhode Island” has been initiated for this submission. The policy forms pertaining to this filing are Plan 65 A (01-23), Plan 65 B (01-23), Plan 65 C (01-23), Plan 65 F (01-23), Plan 65 G (01-23), Plan 65 N (01-23), Plan 65 Select B (01-23), Plan 65 Select C (01-23), Plan 65 Select L (01-23), Plan 65 Select F (01-23), Plan 65 Select G (01-23), and Plan 65 Outline (01-23).

We respectfully ask for your timely approval of this filing as submitted.

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

Sincerely,



Christopher Eynatian, FSA, MAAA
Director, Medicare Actuarial Services

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
TOTAL PLAN 65 NON-GROUP

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MONTHLY SUBSCRIPTION RATES EFFECTIVE JULY 1, 2024

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Schedule 2

**Plan 65 Medigap and Plan 65 Select
Required Monthly Subscription Rates**

Schedule 3

Plan 65 Medigap Monthly Rates For Tobacco Users				
Plan	Tier	Present Rate	Rate Effective 7/1/2024	Percent Increase
Medigap Plan A <i>(enrolled prior to May 1, 2016)</i>	Discount Rate	\$303.05	\$352.75	16.4%
	Base Rate	\$336.72	\$391.94	16.4%
	Age-in Rate for Ages 65-67	\$218.87	\$254.76	16.4%
	Age-in Rate for Ages 68-70	\$262.64	\$305.71	16.4%
	Age-in Rate for Ages 71-72	\$303.05	\$352.75	16.4%
Medigap Plan A <i>(<65 enroll 5/1/16-6/30/19; 65+ enroll >=5/1/16)</i>	Base Rate	\$372.07	\$433.08	16.4%
	Age-in Rate for Ages 65-67	\$241.85	\$281.50	16.4%
	Age-in Rate for Ages 68-70	\$290.21	\$337.80	16.4%
	Age-in Rate for Ages 71-72	\$334.86	\$389.78	16.4%
Medigap Plan A <i>(<65, enroll 7/1/19 or after)</i>	Base Rate	\$426.69	\$496.66	16.4%
Medigap Plan B	Base Rate	\$190.82	\$212.57	11.4%
Medigap Plan C	Discount Rate	\$264.65	\$294.82	11.4%
	Base Rate	\$294.06	\$327.58	11.4%
Medigap Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$283.95	\$316.32	11.4%
	Age-in Rate for Ages 65-67	\$184.57	\$205.61	11.4%
	Age-in Rate for Ages 68-70	\$221.48	\$246.73	11.4%
	Age-in Rate for Ages 71-72	\$255.56	\$284.69	11.4%
Medigap Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$313.76	\$349.52	11.4%
	Age-in Rate for Ages 65-67	\$203.94	\$227.19	11.4%
	Age-in Rate for Ages 68-70	\$244.73	\$272.63	11.4%
	Age-in Rate for Ages 71-72	\$282.39	\$314.57	11.4%
Medigap Plan G	Base Rate	\$247.91	\$282.86	14.1%
	Age-in Rate for Ages 65-67	\$161.14	\$183.86	14.1%
	Age-in Rate for Ages 68-70	\$193.37	\$220.63	14.1%
	Age-in Rate for Ages 71-72	\$223.12	\$254.57	14.1%
Medigap Plan N	Base Rate	\$208.64	\$232.43	11.4%
	Age-in Rate for Ages 65-67	\$135.61	\$151.08	11.4%
	Age-in Rate for Ages 68-70	\$162.74	\$181.29	11.4%
	Age-in Rate for Ages 71-72	\$187.78	\$209.19	11.4%

Plan 65 Select Monthly Rates For Tobacco Users				
Plan	Tier	Present Rate	Rate Effective 7/1/2024	Percent Increase
Select Plan B	Base Rate	\$177.83	\$198.10	11.4%
	Transfer Rate	\$216.17	\$240.81	11.4%
Select Plan C	Base Rate	\$226.46	\$252.28	11.4%
	Transfer Rate	\$289.59	\$322.60	11.4%
Select Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$218.67	\$243.60	11.4%
	Transfer Rate	\$279.63	\$311.51	11.4%
	Age-in Rate for Ages 65-67	\$142.14	\$158.34	11.4%
	Age-in Rate for Ages 68-70	\$170.56	\$190.01	11.4%
	Age-in Rate for Ages 71-72	\$196.80	\$219.24	11.4%
Select Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$241.62	\$269.17	11.4%
	Transfer Rate	\$308.98	\$344.21	11.4%
	Age-in Rate for Ages 65-67	\$157.06	\$174.96	11.4%
	Age-in Rate for Ages 68-70	\$188.46	\$209.96	11.4%
	Age-in Rate for Ages 71-72	\$217.46	\$242.25	11.4%
Select Plan L	Transfer Rate	\$171.83	\$191.42	11.4%
Select Plan G	Base Rate	\$218.39	\$243.28	11.4%
	Transfer Rate	\$233.16	\$259.75	11.4%
	Age-in Rate for Ages 65-67	\$141.96	\$158.13	11.4%
	Age-in Rate for Ages 68-70	\$170.34	\$189.76	11.4%
	Age-in Rate for Ages 71-72	\$196.55	\$218.95	11.4%

Schedule 4

Plan 65 Medigap Monthly Rates For Non-Tobacco Users				
Plan	Tier	Present Rate	Rate Effective 7/1/2024	Percent Increase
Medigap Plan A <i>(enrolled prior to May 1, 2016)</i>	Discount Rate	\$303.05	\$352.75	16.4%
	Base Rate	\$336.72	\$391.94	16.4%
	Age-in Rate for Ages 65-67	\$218.87	\$254.76	16.4%
	Age-in Rate for Ages 68-70	\$262.64	\$305.71	16.4%
	Age-in Rate for Ages 71-72	\$303.05	\$352.75	16.4%
Medigap Plan A <i>(<65 enroll 5/1/16-6/30/19; 65+ enroll >=5/1/16)</i>	Base Rate	\$334.86	\$389.77	16.4%
	Age-in Rate for Ages 65-67	\$217.67	\$253.35	16.4%
	Age-in Rate for Ages 68-70	\$261.19	\$304.02	16.4%
	Age-in Rate for Ages 71-72	\$301.37	\$350.80	16.4%
Medigap Plan A <i>(<65, enroll 7/1/19 or after)</i>	Base Rate	\$384.02	\$446.99	16.4%
Medigap Plan B	Base Rate	\$190.82	\$212.57	11.4%
Medigap Plan C	Discount Rate	\$264.65	\$294.82	11.4%
	Base Rate	\$294.06	\$327.58	11.4%
Medigap Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$283.95	\$316.32	11.4%
	Age-in Rate for Ages 65-67	\$184.57	\$205.61	11.4%
	Age-in Rate for Ages 68-70	\$221.48	\$246.73	11.4%
	Age-in Rate for Ages 71-72	\$255.56	\$284.69	11.4%
Medigap Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$282.38	\$314.57	11.4%
	Age-in Rate for Ages 65-67	\$183.55	\$204.47	11.4%
	Age-in Rate for Ages 68-70	\$220.26	\$245.37	11.4%
	Age-in Rate for Ages 71-72	\$254.15	\$283.11	11.4%
Medigap Plan G	Base Rate	\$223.12	\$254.57	14.1%
	Age-in Rate for Ages 65-67	\$145.03	\$165.47	14.1%
	Age-in Rate for Ages 68-70	\$174.03	\$198.57	14.1%
	Age-in Rate for Ages 71-72	\$200.81	\$229.11	14.1%
Medigap Plan N	Base Rate	\$187.78	\$209.19	11.4%
	Age-in Rate for Ages 65-67	\$122.05	\$135.97	11.4%
	Age-in Rate for Ages 68-70	\$146.47	\$163.16	11.4%
	Age-in Rate for Ages 71-72	\$169.00	\$188.27	11.4%

Plan 65 Select Monthly Rates For Non-Tobacco Users				
Plan	Tier	Present Rate	Rate Effective 7/1/2024	Percent Increase
Select Plan B	Base Rate	\$177.83	\$198.10	11.4%
	Transfer Rate	\$216.17	\$240.81	11.4%
Select Plan C	Base Rate	\$226.46	\$252.28	11.4%
	Transfer Rate	\$289.59	\$322.60	11.4%
Select Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$218.67	\$243.60	11.4%
	Transfer Rate	\$279.63	\$311.51	11.4%
	Age-in Rate for Ages 65-67	\$142.14	\$158.34	11.4%
	Age-in Rate for Ages 68-70	\$170.56	\$190.01	11.4%
	Age-in Rate for Ages 71-72	\$196.80	\$219.24	11.4%
Select Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$217.46	\$242.25	11.4%
	Transfer Rate	\$278.08	\$309.79	11.4%
	Age-in Rate for Ages 65-67	\$141.35	\$157.46	11.4%
	Age-in Rate for Ages 68-70	\$169.61	\$188.96	11.4%
	Age-in Rate for Ages 71-72	\$195.71	\$218.03	11.4%
Select Plan L	Transfer Rate	\$171.83	\$191.42	11.4%
Select Plan G	Base Rate	\$196.55	\$218.95	11.4%
	Transfer Rate	\$209.84	\$233.78	11.4%
	Age-in Rate for Ages 65-67	\$127.76	\$142.32	11.4%
	Age-in Rate for Ages 68-70	\$153.31	\$170.78	11.4%
	Age-in Rate for Ages 71-72	\$176.90	\$197.06	11.4%

Schedule 5

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF PLAN A, PLAN B, PLAN C, PLAN F, PLAN G, AND PLAN N
REQUIRED MONTHLY SUBSCRIPTION RATES

EFFECTIVE JULY 1, 2024

PLAN 65 MEDIGAP

	<u>Medigap A</u>	<u>Medigap A</u> <i>under 65</i> <i>enroll 7/1/19 or after</i>	<u>Medigap B</u> (Closed)	<u>Medigap C</u> (Closed)	<u>Medigap F</u>	<u>Medigap G</u>	<u>Medigap N</u>
Present Rates Effective July 1, 2023							
Discount Rate (A)	\$303.05	N/A	N/A	\$264.65	N/A	N/A	N/A
Base Rate	\$336.72	\$386.15	\$190.82	\$294.06	\$283.95	\$224.36	\$188.82
Age-in Rate for Ages 65-67 (B)	\$218.87	N/A	N/A	N/A	\$184.57	\$145.83	\$122.73
Age-in Rate for Ages 68-70 (B)	\$262.64	N/A	N/A	N/A	\$221.48	\$175.00	\$147.28
Age-in Rate for Ages 71-72 (B)	\$303.05	N/A	N/A	N/A	\$255.56	\$201.92	\$169.94
Rate Adjustment Factor (C)	1.164	1.164	1.114	1.114	1.114	1.141	1.114
Required Rates Effective July 1, 2024							
Discount Rate (A)	\$352.75	N/A	N/A	\$294.82	N/A	N/A	N/A
Base Rate	\$391.94	\$449.48	\$212.57	\$327.58	\$316.32	\$255.99	\$210.35
Age-in Rate for Ages 65-67 (B)	\$254.76	N/A	N/A	N/A	\$205.61	\$166.39	\$136.73
Age-in Rate for Ages 68-70 (B)	\$305.71	N/A	N/A	N/A	\$246.73	\$199.67	\$164.07
Age-in Rate for Ages 71-72 (B)	\$352.75	N/A	N/A	N/A	\$284.69	\$230.39	\$189.32

(A) Point-of-entry rate for subscribers who enrolled during their Medigap open enrollment period before November 1, 1998.

(B) Age-in Rates are applicable to new Plan 65 Medigap subscribers who enroll within six months of becoming eligible for Medicare Part B as primary payer. Age-in Rate for Ages 65-67 is 65% of the Base Rate. Age-in Rate for Ages 68-70 is 78% of the Base Rate. Age-in Rate for Ages 71-72 is 90% of the Base Rate. After age 72, the subscriber pays the Base Rate.

(C) Factors can be found in Schedule 8, column 10.

Schedule 6
BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF PLAN B, PLAN C, PLAN F, PLAN L, AND G
REQUIRED MONTHLY SUBSCRIPTION RATES
EFFECTIVE JULY 1, 2024
PLAN 65 SELECT

	<u>Select B</u> (Closed)	<u>Select C</u> (Closed)	<u>Select F</u>	<u>Select L</u> (Closed)	<u>Select G</u>
Present Rates Effective July 1, 2023					
Base Rate	\$177.83	\$226.46	\$218.67	N/A	\$197.64
Transfer Rate (A)	\$216.17	\$289.59	\$279.63	\$171.83	\$211.01
Age-in Rate for Ages 65-67 (B)	N/A	N/A	\$142.14	N/A	\$128.47
Age-in Rate for Ages 68-70 (B)	N/A	N/A	\$170.56	N/A	\$154.16
Age-in Rate for Ages 71-72 (B)	N/A	N/A	\$196.80	N/A	\$177.88
Required Rate Adjustment Factor (C)	1.114	1.114	1.114	1.114	1.114
Required Rates Effective July 1, 2024					
Base Rate	\$198.10	\$252.28	\$243.60	N/A	\$220.17
Transfer Rate (A)	\$240.81	\$322.60	\$311.51	\$191.42	\$235.07
Age-in Rate for Ages 65-67 (B)	N/A	N/A	\$158.34	N/A	\$143.11
Age-in Rate for Ages 68-70 (B)	N/A	N/A	\$190.01	N/A	\$171.73
Age-in Rate for Ages 71-72 (B)	N/A	N/A	\$219.24	N/A	\$198.15

(A) The Transfer Rate is applicable to members who switched from another BCBSRI Plan 65 product without completing or successfully passing a health screening.

(B) Age-in Rates are applicable to new Plan 65 Select subscribers who enroll within six months of becoming eligible for Medicare Part B as primary payer. Age-in Rate for Ages 65-67 is 65% of the Base Rate. Age-in Rate for Ages 68-70 is 78% of the Base Rate. Age-in Rate for Ages 71-72 is 90% of the Base Rate. After age 72, the subscriber pays the Base Rate.

(C) Factors can be found in schedule 8, column 10.

Schedule 7

Plan 65 Medigap and Plan 65 Select

Calculation of Required

Rate Adjustment Factors

Schedule 8

**BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF REQUIRED MEDIGAP PLANS AND SELECT PLANS
RATE ADJUSTMENT FACTORS EFFECTIVE JULY 1, 2024 - JUNE 30, 2025
PLAN 65 MEDIGAP AND SELECT**

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
			Projected	Administrative	Total	Investment	Contribution	Required	Redistributed	Required	Selected
		Projected	Claims	Expense	Claims and	Income	to Reserve/	Subscription	Present	Rate	Rate
		Member Months	Expense	Expense	Administrative	Credit	Tax	Income	Weighted	Adjustment	Adjustment
			(A)		(B)	(C)	(D)	(E)	Average	(G)	(H)
									Subscription		
									Income		
Medigap Plan A	Open	2,644	\$535.49	\$71.12	\$606.60	(\$3.68)	\$31.74	\$634.66	\$320.50	98.0%	16.4%
Medigap Plan B	Closed	199	\$184.76	\$31.74	\$216.50	(\$1.31)	\$11.33	\$226.52	\$177.66	27.5%	11.4%
Medigap Plan C	Closed	35,282	\$222.79	\$36.01	\$258.80	(\$1.57)	\$13.54	\$270.77	\$270.57	0.1%	11.4%
Medigap Plan F	Open*	22,730	\$222.79	\$36.01	\$258.80	(\$1.57)	\$13.54	\$270.77	\$264.36	2.4%	11.4%
Medigap Plan G	Open	41,082	\$202.08	\$33.68	\$235.77	(\$1.43)	\$12.33	\$246.67	\$208.88	18.1%	14.1%
Medigap Plan N	Open	2,747	\$184.82	\$31.75	\$216.57	(\$1.31)	\$11.33	\$226.59	\$175.79	28.9%	11.4%
Select Plan L	Closed	<u>339</u>	<u>\$155.16</u>	<u>\$28.42</u>	<u>\$183.57</u>	<u>(\$1.11)</u>	<u>\$9.60</u>	<u>\$192.06</u>	<u>\$159.98</u>	<u>20.1%</u>	<u>11.4%</u>
Medigap & Select L		105,023	\$221.28	\$35.84	\$257.12	(\$1.56)	\$13.45	\$269.01	\$243.34	10.5%	12.5%
Select Plan B	Closed	116	\$156.81	\$28.60	\$185.41	(\$1.13)	\$9.71	\$193.99	\$168.54	15.1%	11.4%
Select Plan C	Closed	45,951	\$196.64	\$33.07	\$229.71	(\$1.39)	\$12.01	\$240.33	\$213.10	12.8%	11.4%
Select Plan F	Open*	24,268	\$196.64	\$33.07	\$229.71	(\$1.39)	\$12.01	\$240.33	\$203.58	18.1%	11.4%
Select Plan G	Open	<u>1,821</u>	<u>\$175.93</u>	<u>\$30.75</u>	<u>\$206.67</u>	<u>(\$1.25)</u>	<u>\$10.81</u>	<u>\$216.23</u>	<u>\$184.01</u>	<u>17.5%</u>	<u>11.4%</u>
Select B, C, F & G		72,156	\$196.05	\$33.01	\$229.06	(\$1.39)	\$11.98	\$239.65	\$209.09	14.6%	11.4%
Grand Total		177,179	\$211.01	\$34.69	\$245.69	(\$1.49)	\$12.85	\$257.05	\$229.39	12.1%	12.1%

*Open to members who were eligible for Medicare prior to 2020.

(A) 6 months of projected 2024 rates and 6 months of projected 2025 rates. The formula is 6/12ths multiplied by the CY 2024 rates (shown on Schedules 9 and 11) plus 6/12ths multiplied by the CY 2025 rates (shown on Schedules 10 and 12).

(B) Sum of columns 2 and 3.

(C) Reduction of required subscription income per contract per month due to anticipated return on invested funds, which is 0.58% of premium.

(D) Contribution to Reserve at 3.00% of premium plus 2.00% for state premium assessment, which equates to 5.00% of premium. 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 6.

(F) The present rate of income calculation shown on Schedule 18.

(G) (Column 7 divided by column 8) minus 1.

(H) 16.4% capped rate change selected for Medigap A. The remaining rate adjustments were developed to maintain consistency among products and maintain the overall rate need of 12.1%.

Schedule 9

**BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2024
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR MEDIGAP PLANS AND SELECT PLAN L**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
	Projected												
	Claims Expense per Contract Month												
	Base Period Claims Expense		Projection Factors		1/1/24 - 12/31/24								
	Medigap	Medigap Plans	CY 2023 over	CY 2024 over	All	Medigap	Medigap	Medigap	Medigap	Medigap	Medigap	Select	
<u>Plan 65 Benefit</u>	<u>Plan A</u>	<u>B, C, F, G, N & Select L</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>Benefits</u>	<u>Plan A</u>	<u>Plan B</u>	<u>Plan C</u>	<u>Plan F</u>	<u>Plan G</u>	<u>Plan N (E)</u>	<u>Plan L</u>	
Part A Deductible		\$2,272,201	1.0951	1.0200	\$25.47	-	\$25.47	\$25.47	\$25.47	\$25.47	\$25.47	\$6.35 (A)	
Part A Copay/365 Add'l Days (B)		\$256,633	1.0283	1.0200	\$2.58	\$2.58	\$2.58	\$2.58	\$2.58	\$2.58	\$2.58	\$0.08 (C)	
Skilled Nursing Facility Copayment		\$1,465,717	1.1301	1.0200	\$17.01	-	-	\$17.01	\$17.01	\$17.01	\$17.01	\$14.07 (D)	
Part B Deductible		\$1,370,700	0.9700	1.0619	\$20.00	-	-	\$20.00	\$20.00	-	-	-	
Coinsurance - Physician	\$745,773	\$7,941,211	1.0637	1.0492	\$88.58	\$177.39	\$88.58	\$88.58	\$88.58	\$88.58	\$78.79	\$73.26 (D)	
Coinsurance - Outpatient	\$1,252,391	\$4,969,168	1.1318	1.1019	\$61.94	\$332.88	\$61.94	\$61.94	\$61.94	\$61.94	\$55.10	\$51.23 (D)	
Select Network: Part A Adjustment (PMPM)		\$5.55	1.0712	1.0200	\$6.06							\$5.01	
Grand Total						\$512.85	\$178.57	\$215.58	\$215.58	\$195.58	\$178.94	\$149.99	

(A) Select L Part A Deductible is calculated as 45.2% of Select L SNF Copayment. This percentage is based on Select L base period claims.

(B) Medigap A is included and Select L is excluded from the Part A Copay/365 Add'l Days Base Period Claims Expense.

(C) Assumes 97% of Part A copayment claims are waived based on Select experience.

(D) Select L claims are 82.7% of Medigap claims to account for 75% coverage as well as the out of pocket maximum. This percentage is based on Select L base period paid to allowed claims ratio.

(E) Adjusted part B benefits by base period paid to allowed claims ratio of 88.9% to account for member copays.

Schedule 10

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2025
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR MEDIGAP PLANS AND SELECT PLAN L

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
	Projected Claims Expense per Contract Month 1/1/24 - 12/31/24			Projection Factors CY 2025 over CY 2024	Projected Claims Expense per Contract Month 1/1/25 - 12/31/25								
	Medigap Plan A	All Other Benefits			All Benefits	Medigap Plan A	Medigap Plan B	Medigap Plan C	Medigap Plan F	Medigap Plan G	Medigap Plan N (D)		Select Plan L
Plan 65 Benefit													
Part A Deductible		\$25.47	1.0368	\$26.41	-	\$26.41	\$26.41	\$26.41	\$26.41	\$26.41	\$26.41	\$6.59 (A)	
Part A Copay/365 Add'l Days	\$2.58	\$2.58	1.0368	\$2.67	\$2.67	\$2.67	\$2.67	\$2.67	\$2.67	\$2.67	\$2.67	\$0.08 (B)	
Skilled Nursing Facility Copayment		\$17.01	1.0368	\$17.63	-	-	\$17.63	\$17.63	\$17.63	\$17.63	\$17.63	\$14.58 (C)	
Part B Deductible		\$20.00	1.0708	\$21.42	-	-	\$21.42	\$21.42	-	-	-	-	
Coinsurance - Physician	\$177.39	\$88.58	1.0531	\$93.28	\$186.81	\$93.28	\$93.28	\$93.28	\$93.28	\$82.98	\$77.15	\$77.15 (C)	
Coinsurance - Outpatient	\$332.88	\$61.94	1.1074	\$68.59	\$368.64	\$68.59	\$68.59	\$68.59	\$68.59	\$61.01	\$56.73	\$56.73 (C)	
Select Network: Part A Adjustment (PMPM)		\$6.06	1.0368	\$6.28								\$5.20	
Grand Total					\$558.12	\$190.96	\$230.01	\$230.01	\$208.59	\$190.70	\$160.32		

(A) Select L Part A Deductible is calculated as 45.2% of Select L SNF Copayment. This percentage is based on Select L base period claims.

(B) Assumes 97% of Part A copayment claims are waived based on Select experience.

(C) Select L claims are 82.7% of Medigap claims to account for 75% coverage as well as the out of pocket maximum. This percentage is based on Select L base period paid to allowed claims ratio.

(D) Adjusted part B benefits by base period paid to allowed claims ratio of 88.9% to account for member copays.

Schedule 11

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2024
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR SELECT PLANS B, C, F, AND G
PLAN 65 SELECT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Base Period	Projection Factors			Projected		
	Claims Expense				Claims Expense per Contract Month		
	Select	CY 2023 over	CY 2024 over	All	Select	Select	Select
<u>Plan 65 Benefit</u>	<u>Plans B, C, F, and G</u>	<u>CY 2022</u>	<u>CY 2023</u>	<u>Benefits</u>	<u>Plan B</u>	<u>Plan C</u>	<u>Plan F</u>
Part A Deductible	\$163,218	1.0951	1.0200	\$2.08	\$2.08	\$2.08	\$2.08
Part A Copay/365 Add'l Days	\$91,134	1.0283	1.0200	\$1.09	\$1.09	\$1.09	\$1.09
Skilled Nursing Facility Copayment	\$1,424,632	1.1301	1.0200	\$18.77	-	\$18.77	\$18.77
Part B Deductible	\$1,677,153	0.9700	1.0619	\$20.00	-	\$20.00	\$20.00
Coinsurance - Physician	\$6,992,363	1.0637	1.0492	\$89.05	\$89.05	\$89.05	\$89.05
Coinsurance - Outpatient	\$3,734,179	1.1318	1.1019	\$53.14	\$53.14	\$53.14	\$53.14
Select Network: Part A <u>Adjustment (PMPM)</u>	\$5.55	1.0712	1.0200	\$6.06	<u>\$6.06</u>	<u>\$6.06</u>	<u>\$6.06</u>
Grand Total					\$151.42	\$190.19	\$190.19

Schedule 12

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2025
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR SELECT PLANS B, C, F, AND G
PLAN 65 SELECT

	(1)	(2)	(3)	(4)	(5)	(6)
	Projected	Projection Factors	Projected			
	1/1/24 - 12/31/24	CY 2025 over	Claims Expense per Contract Month			
	Expense per	CY 2024	All	Select	Select	Select
<u>Plan 65 Benefit</u>	<u>Contract Month</u>		<u>Benefits</u>	<u>Plan B</u>	<u>Plan C</u>	<u>Plan F</u>
Part A Deductible	\$2.08	1.0368	\$2.16	\$2.16	\$2.16	\$2.16
Part A Copay/365 Add'l Days	\$1.09	1.0368	\$1.13	\$1.13	\$1.13	\$1.13
Skilled Nursing Facility Copayment	\$18.77	1.0368	\$19.46	-	\$19.46	\$19.46
Part B Deductible	\$20.00	1.0708	\$21.42	-	\$21.42	\$21.42
Coinsurance - Physician	\$89.05	1.0531	\$93.78	\$93.78	\$93.78	\$93.78
Coinsurance - Outpatient	\$53.14	1.1074	\$58.85	\$58.85	\$58.85	\$58.85
Select Network: Part A	\$6.06	1.0368	\$6.28	<u>\$6.28</u>	<u>\$6.28</u>	<u>\$6.28</u>
<u>Adjustment (PMPM)</u>						
Grand Total				\$162.20	\$203.08	\$203.08

Schedule 13

Plan 65 Medigap and Plan 65 Select

Projection Factors

Schedule 14

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION FACTORS
CALENDAR YEAR 2023 OVER CALENDAR YEAR 2022

	(1)	(2)	(3)	(4)
	<u>Projection Factors CY 2023 over CY 2022 (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	1.0283		1.0650	1.0951
Part A Copay/365 Add'l Days	1.0283		1.0000	1.0283
Skilled Nursing Facility Copayment	1.0283		1.0990	1.1301
Part B Deductible	0.9700		1.0000	0.9700
Coinsurance - Physician	1.0009	0.9932	1.0700	1.0637
Coinsurance - Outpatient	1.0009	1.0403	1.0870	1.1318

(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.

Schedule 15

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION FACTORS
CALENDAR YEAR 2024 OVER CALENDAR YEAR 2023

	(1)	(2)	(3)	(4)
	<u>Projection Factors CY 2024 over CY 2023 (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	1.0200		1.0000	1.0200
Part A Copay/365 Add'l Days	1.0200		1.0000	1.0200
Skilled Nursing Facility Copayment	1.0200		1.0000	1.0200
Part B Deductible	1.0619		1.0000	1.0619
Coinsurance - Physician	0.9984	0.9961	1.0550	1.0492
Coinsurance - Outpatient	0.9984	1.0315	1.0700	1.1019

(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.

Schedule 16

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION FACTORS
CALENDAR YEAR 2025 OVER CALENDAR YEAR 2024

	(1)	(2)	(3)	(4)
	<u>Projection Factors CY 2025 over CY 2024 (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	1.0368		1.0000	1.0368
Part A Copay/365 Add'l Days	1.0368		1.0000	1.0368
Skilled Nursing Facility Copayment	1.0368		1.0000	1.0368
Part B Deductible	1.0708		1.0000	1.0708
Coinsurance - Physician	0.9982	1.0000	1.0550	1.0531
Coinsurance - Outpatient	0.9982	1.0368	1.0700	1.1074

(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.

Schedule 17

Plan 65 Medigap and Plan 65 Select

Supporting Calculations

Schedule 18

**BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF INCOME AT PRESENT RATES**

PLAN 65 MEDIGAP AND PLAN 65 SELECT

	(1)	(2)	(3)	(4)	(5)
	<u>December 2022</u>	<u>Present Monthly</u>	<u>Present Monthly</u>	<u>Impact of</u>	<u>Redistributed</u>
	<u>Contracts</u>	<u>Subscription Rates</u>	<u>Subscription Rates</u>	<u>Age-in</u>	<u>Present Monthly</u>
		<u>Effective Jul 2023</u>	<u>w/o Age-in Credit</u>	<u>Credit</u>	<u>Subscription Rate</u>
			(A)	(B)	(C)
Plan 65 Medigap Plan A					
Discount Rate	1	\$303.05	\$303.05		
Under 65 Rate eff 7/1/19	56	\$386.15	\$386.15		
Base Rate	305	\$336.72	\$336.72		
Age-in Ages 65-67	0	\$218.87	\$336.72		
Age-in Ages 68-70	0	\$262.64	\$336.72		
<u>Age-in Ages 71-72</u>	<u>1</u>	<u>\$303.05</u>	<u>\$336.72</u>		
Total Medigap Plan A	363	\$344.16	\$344.25	1.0741	\$320.50
Plan 65 Medigap Plan B					
	25	\$190.82	\$190.82	1.0741	\$177.66
Plan 65 Medigap Plan C					
Discount Rate	428	\$264.65	\$264.65		
<u>Base Rate</u>	<u>3,226</u>	<u>\$294.06</u>	<u>\$294.06</u>		
Total Medigap Plan C	3,654	\$290.62	\$290.62	1.0741	\$270.57
Plan 65 Medigap Plan F					
Base Rate	626	\$283.95	\$283.95		
Age-in Ages 65-67	13	\$184.57	\$283.95		
Age-in Ages 68-70	793	\$221.48	\$283.95		
<u>Age-in Ages 71-72</u>	<u>615</u>	<u>\$255.56</u>	<u>\$283.95</u>		
Total Medigap Plan F	2,047	\$250.59	\$283.95	1.0741	\$264.36
Plan 65 Medigap Plan G					
Base Rate	361	\$224.36	\$224.36		
Age-in Ages 65-67	1,204	\$145.83	\$224.36		
Age-in Ages 68-70	747	\$175.00	\$224.36		
<u>Age-in Ages 71-72</u>	<u>113</u>	<u>\$201.92</u>	<u>\$224.36</u>		
Total Medigap Plan G	2,425	\$169.12	\$224.36	1.0741	\$208.88
Plan 65 Medigap Plan N					
Base Rate	26	\$188.82	\$188.82		
Age-in Ages 65-67	107	\$122.73	\$188.82		
Age-in Ages 68-70	48	\$147.28	\$188.82		
<u>Age-in Ages 71-72</u>	<u>7</u>	<u>\$169.94</u>	<u>\$188.82</u>		
Total Medigap Plan N	188	\$139.90	\$188.82	1.0741	\$175.79
Plan 65 Select Plan B					
Base Rate	11	\$177.83	\$177.83		
<u>Transfer Rate</u>	<u>1</u>	<u>\$216.17</u>	<u>\$216.17</u>		
Total Select Plan B	12	\$181.03	\$181.03	1.0741	\$168.54
Plan 65 Select Plan C					
Base Rate	4,448	\$226.46	\$226.46		
<u>Transfer Rate</u>	<u>178</u>	<u>\$289.59</u>	<u>\$289.59</u>		
Total Select Plan C	4,626	\$228.89	\$228.89	1.0741	\$213.10
Plan 65 Select Plan F					
Base Rate	820	\$218.67	\$218.67		
Transfer Rate	0	\$279.63	\$279.63		
Age-in Ages 65-67	8	\$142.14	\$218.67		
Age-in Ages 68-70	831	\$170.56	\$218.67		
<u>Age-in Ages 71-72</u>	<u>690</u>	<u>\$196.80</u>	<u>\$218.67</u>		
Total Select Plan F	2,349	\$194.97	\$218.67	1.0741	\$203.58
Plan 65 Select Plan G					
Base Rate	21	\$197.64	\$197.64		
Transfer Rate	0	\$211.01			
Age-in Ages 65-67	74	\$128.47	\$197.64		
Age-in Ages 68-70	13	\$154.16	\$197.64		
<u>Age-in Ages 71-72</u>	<u>3</u>	<u>\$177.88</u>	<u>\$197.64</u>		
Total Select Plan G	111	\$145.90	\$197.64	1.0741	\$184.01
Plan 65 Select Plan L					
	32	\$171.83	\$171.83	1.0741	\$159.98
Grand Total Plan 65	15,832	\$232.55	\$249.78	1.0741	\$232.55

(A) Plan 65 present monthly subscription income assuming no age-in credit rates.

(B) Total Plan 65 present monthly subscription income without age-in credit, divided by total Plan 65 present monthly subscription income (column 3 total, divided by column 2 total).

(C) Present monthly subscription rates with impact of age-in credit evenly distributed across plans (column 3, divided by column 4)

Schedule 19

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
CALCULATION OF PART A AND PART B DEDUCTIBLES AND BENEFIT FACTORS
PLAN 65 MEDIGAP AND SELECT

Deductibles and Copayments

<u>Effective Date</u>	<u>Part A Deductible</u>	<u>Part A Copayment Days 61 - 90 (C)</u>	<u>Lifetime Reserve Days Copayments Days 91 - 150 (D)</u>	<u>SNF Copayments Days 21 - 100 (E)</u>	<u>Part B Deductible</u>
1. January 1, 2022 (A)	\$1,556	\$389	\$778	\$194.50	\$233
2. January 1, 2023 (A)	\$1,600	\$400	\$800	\$200.00	\$226
3. January 1, 2024 (A)	\$1,632	\$408	\$816	\$204.00	\$240
4. January 1, 2025 (B)	\$1,692	\$423	\$846	\$211.50	\$257

Price Factors

<u>Benefit Factor Effective Date</u>	<u>Part A Deductible</u>	<u>Part A Copayment Days 61 - 90</u>	<u>Lifetime Reserve Days Copayments Days 91 - 150</u>	<u>SNF Copayments Days 21 - 100</u>	<u>Part B Deductible</u>
5. January 1, 2023 (F)	1.0283	1.0283	1.0283	1.0283	0.9700
6. January 1, 2024 (G)	1.0200	1.0200	1.0200	1.0200	1.0619
7. January 1, 2025 (H)	1.0368	1.0368	1.0368	1.0368	1.0708

(A) Actual copayments and deductibles.

(B) The estimated 2024 Part A deductible reflects the 2022 CMS Trustee's Report, plus the \$16 difference in the 2023 actual deductible and the 2023 estimate shown in the Trustee's Report. The estimated 2024 Part B deductible reflects the amount shown in the Trustee's Report, minus \$7 for the same reason.

(C) By law the Part A copayment for days 61 through 90 of an inpatient stay is 1/4 of the Part A deductible per day.

(D) By law the copayment for days 91 through 150 of an inpatient stay is 1/2 of the Part A deductible per day.

(E) By law the copayment for days 21 through 100 of an SNF stay is 1/8 of the Part A deductible per day.

(F) Line 2 divided by line 1.

(G) Line 3 divided by line 2.

(H) Line 4 divided by line 3.

Blue Cross & Blue Shield of Rhode Island is an independent licensee of the Blue Cross and Blue Shield Association.

Actuarial Summary
Plan 65 Individual Rate Filing
Effective July 1, 2024

Plan 65 and Plan 65 Select products for individual subscribers are made available by Blue Cross & Blue Shield of Rhode Island (BCBSRI) in accordance with 230-RICR-20-30-7. As defined by 230-RICR-20-30-7, individual Medicare supplemental programs (Medigap and Medigap Select) are designed to supplement, or fill specific gaps in Medicare benefits.

As of December 2023, there are 15,452 subscribers enrolled in BCBSRI's Plan 65 and Plan 65 Select individual plans.

The current subscription rates were filed on January 17, 2023 and approved by the Office of the Health Insurance Commissioner ("OHIC") on March 27, 2023. They are effective from July 1, 2023 through June 30, 2024.

The requested rates have been calculated using base year 2022 experience trended through June 2025. We are proposing these rates apply for twelve months commencing July 1, 2024 and ending June 30, 2025.

➤ **General Methodology**

This actuarial summary describes the processes for calculating the Plan 65 required rates for our Medigap and Medigap Select (Select) plans. References to specific schedules in the rate calculations are underlined.

The required rate per contract per month (PCPM) for every plan consists of two parts: the projected claims expense, or projected pure premium, and the retention components. The projected pure premium is calculated by projecting the claims expense for each benefit into the rating period using projection factors and adding the appropriate benefit components together to get the total projected pure premium for each plan. The retention components are administrative expenses, investment income credit, contribution to corporate reserve, and state taxes. The projected pure premium is added to the retention components to obtain the required rate. Then, the required rate is divided by the present weighted average subscription income to produce the required rate adjustment factor. These processes will be described in more detail later in the summary.

The claims base used in this rate filing consists of experience from eleven products: Medigap Plan A, Medigap Plan B, Medigap Plan C, Medigap Plan F, Medigap Plan G, Medigap Plan N, Select Plan B, Select Plan C, Select Plan F, Select Plan G, and Select Plan

L. Because the enrollment in some of the products is very low, these products are not credible priced on their own and are pooled with other products for the purpose of claims projection. Medigap Plan A experience was considered on its own because historically, its eligibility requirements have differed considerably from those of the other plans. Medigap Plan B, Medigap Plan C, Medigap Plan F, Medigap Plan G, Medigap Plan N, and Select Plan L were pooled together. Select Plan B, Select Plan C, Select Plan F, and Select Plan G were pooled together and rated based on their combined experience.

For all benefits except the Part A Co-payment and 365 Additional Days benefits, the claims base is January 2022 through December 2022. The claims base for the Part A Co-payment/365 Additional Days benefits uses an average of the 2018 through 2021 pure premiums for each pool, price projected to calendar year 2022.

➤ **Projected Pure Premium**

The projected pure premiums for all plans are calculated by projecting the claims expense PCPM from the base year 2022 to the July 2024 – June 2025 rating period using composite projection factors. These composite factors reflect changes in benefits, provider fees, and utilization/mix of services from year to year.

Benefit Changes

The factor for benefit changes reflects the change in Medicare deductibles and co-payments for each benefit. In most cases, the benefit change factor is the projection year deductible or co-payment divided by the deductible or co-payment from the previous year. The benefit changes for each benefit are detailed below and in Schedules 14-16.

- Since the Part A Co-payment/365 Additional Day and Skilled Nursing Facility (SNF) Co-payment are directly proportional to the Part A Deductible, all three benefits will increase at the same rate. Therefore, they share the same benefit change factors. The Part A Deductible values for 2023 and 2024 are the actual deductible amounts as published in the Federal Register. The estimated 2025 Part A deductible reflects the 2023 CMS Trustee’s Report released March 31, 2023 (Trustee’s Report), which estimated the amount to be \$1,712, minus the \$20 difference in the 2024 actual deductible and the 2024 estimate shown in the Trustee’s Report.
- The Part B Deductibles for 2023 and 2024 reflect the actual deductible amounts as published in the Federal Register. The estimated 2025 Part B deductible reflects the Trustee’s Report estimated amount of \$257.

- The benefit change factor for the Part B Coinsurances is the estimated decrease in Part B coinsurance claims cost due to the estimated increase in the Part B Deductible. This decrease is attributed to the fact that an increase in the Part B deductible will result in a decrease in the Part B Coinsurance, since the coinsurances for Part B services are determined only after the Part B Deductible is met. The calculation is shown for each benefit change factor on their respective schedules. These factors are applied to coinsurances for physician and outpatient services.
- Schedules 9 through 12 include PMPM's for the Select Network Part A adjustment. Historically hospital deductible and coinsurance claims expenses for Select plans have been waived by the hospitals in the Select network in exchange for being included in the network. Starting January 1, 2016, certain hospitals waive only a portion of these expenses, and the remaining claims expenses are paid by BCBSRI as out of system payments. There are no changes to the hospitals in the network and members will not see any change in their benefit; however, this payment practice impacts pricing on the Select products.

Provider Fees

The provider fee factors shown on Schedules 14-16 represent fee changes in physician services and outpatient services that affect the respective Part B Coinsurances.

For physician services, trend is based on Medicare Physician Fee Schedule (PFS) updates and changes to Rhode Island's geographic adjustment factor (GAF). The PFS update was -0.4% for 2023. We are assuming 0.0% for 2024 and 2025. Rhode Island's GAF decreased by 0.3% for 2023 and 0.4% for 2024. We are assuming no change in the GAF for 2025.

For outpatient, the baseline trend assumptions for 2023 and 2024 are based on the Medicare Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Payment System updates of 3.8% and 3.1%, respectively, as published in the final rule (CMS-1786-FC for 2024). For 2025, the baseline trend assumption is based on the projected change in part A hospital deductible of 3.7% from the Trustee's Report. The baseline trend assumptions were then adjusted for changes in Rhode Island's hospital wage indices as published by CMS (CMS-1785-FR and CN Table 3 for 2024). The impact of the wage index changes is 0.2% for 2023 and 0.0% for 2024. We assumed a 0.0% wage index change for 2025.

Utilization/Mix

The utilization/mix trend factor represents the increase in utilization of services from year to year and the changes in the mix of services used. This factor is calculated using trend analysis for each benefit.

Three years of claims experience per contract per month is used to create trend lines using 24 rolling 12-month experience periods. We have used this approach historically to smooth out month to month volatility and to minimize the effects of seasonality in the Plan 65 benefit.

All benefits are converted to their calendar year 2019 price level by dividing out the price factors for each year relative to calendar year 2019. This process is known as “de-pricing,” and it assures that any changes in pure premium from year to year are attributed only to changes in utilization and mix of services.

Trend lines are fit to sets of data points utilizing the method of linear least-squares, which is a statistical technique for quantifying trend levels. Linear least-squares has been used for calculating trends for past rate filings. 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 deviations between the line and the actual values) are the minimum or “least” possible. While it is possible to subjectively draw a line that best fits the data, this method provides an objective way of drawing that line. Following standard Blue Cross procedures, calculations are made to determine the line that best fits the data points with a minimum of the most recent two years of data (the most recent thirteen data points or more). If there does not exist an r-squared value higher than 0.7 with thirteen or more 12-month moving points, or the data is otherwise not conducive to this test, then actuarial judgment is used to select a trend.

The base period used in the filing is calendar year 2022. Additional actual data is provided through August 2023 (except Skilled Nursing Facilities (SNF) Co-Payment, which is provided through May 31, 2023, in order to include additional run out). The selected annual utilization trends consider the additional eight months (five months for SNF) of actual data.

Trend assumptions are discussed in more detail below:

- The utilization trend for the Part A Deductible is based on the Inpatient Admission Trend. The calculated annual Inpatient trend using the regression with the highest r-squared value, which has 13 12-month moving points, is 6.1%. However, due to the cyclical nature of admissions we do not expect this trend to continue going forward. We believe a 0.0% trend projection is more appropriate and have selected a 0.0% trend for beyond CY 2023. Incorporating the additional eight months of actual data (the annualized trend from CY 2022 to the last point is 9.8%), a 6.5% trend was chosen for the projection of CY 2022 to CY 2023. This trend is based on 8 months of actual trend at 9.8% and 4 months of projected trend at 0.0%.

- The selected annual utilization/mix trend factor for the Part A Co-payment/365 Additional Days is 1.000, representing an assumed zero percent (0.0%) increase in utilization and mix. Due to the erratic nature of the benefit, a trend selection of no change is reasonable, and is the approach we have taken in past filings.
- The calculated annual utilization trend factor for the Skilled Nursing Facility (SNF) Co-payment using the regression with the highest r-squared value is 17.2%. This regression is based on 13 12-month moving points. However, given the nature of this benefit, where utilization can be erratic, 0% is a reasonable projection of future utilization variance. Thus, we have selected a 0.0% trend for beyond CY 2023. Incorporating the additional actual data (the annualized trend from CY 2022 to the last point is 25.5%), a 9.9% trend was selected for the projection of CY 2022 to CY 2023. This trend is based on 5 months of actual trend at 25.5% and 7 months of projected trend at 0.0%.
- The annual utilization/mix trend factor for the Part B Deductible is 1.000; representing an assumed zero percent (0.0%) change in utilization and mix. Actuarial judgment is warranted by the cyclical nature of this benefit. The Part B Deductible is relatively small and usually met in the beginning of the year by most subscribers, resulting in a non-linear payment pattern.
- The annual utilization/mix trend factor for the Part B Physician Coinsurance is based on the Professional trend. The calculated annual trend is 5.5% based on 13 12-month moving points, with an r-squared of 0.964. The r-squared value is valid and we have selected the 5.5% trend for beyond CY 2023. Incorporating the additional actual data (the annualized trend from CY 2022 to the last point is 7.8%), a 7.0% trend was chosen for the projection of CY 2022 to CY 2023. This trend is based on 8 months of actual trend at 7.8% and 4 months of projected trend at 5.5%.
- The annual utilization/mix trend factor for the Part B Outpatient Coinsurance is based on the Outpatient trend. The calculated annual trend is 7.0% with an r-squared value of 0.975 and based on 14 12-month moving points. The r-squared value is valid and we have selected the 7.0% trend for beyond CY 2023. Incorporating the additional actual data (the annualized trend from CY 2022 to the last point is 9.5%), an 8.7% trend was chosen for the projection of CY 2022 to CY 2023. This is based on 8 months of actual trend at 9.5% and 4 months of projected trend at 7.0%.

The benefit change, provider fee, and utilization/mix factors are multiplied together to get the composite projection factor. The composite projection factor represents the overall increase in the pure premium for each benefit from year to year, as shown on Schedules 14, 15 and 16.

The pure premium for each benefit was projected and aggregated to obtain the total projected pure premium for each benefit plan for calendar years 2024 and 2025. Then it was weighted by the number of months in the projected rate period (6 months in 2024 and 6 months in 2025).

➤ **Retention**

The retention component of the required rate is made up of four parts: administrative expenses, investment income credit, contribution to reserve, and state tax.

The administrative expenses represent our expected costs for administering the Plan 65 individual products during the rate period. The administrative expense for calendar year 2024 is \$33.66 PCPM. The 2024 Plan 65 budget was developed by utilizing the 2023 actual cost allocation ratios applied against a projected corporate budget. Areas that are impacted by enrollment were adjusted to reflect the gains/losses in the marketplace. In addition, expenses were adjusted based on contractual agreements, inflationary measures, corporate initiatives (i.e. cost reduction strategies, strategic projects, etc.), and other observed expense trends. The projected administrative expense for calendar year 2025 is \$35.72 PCPM, a 6.1% increase over 2024. Thus, the administrative expense is calculated to be \$34.69 PCPM for the rate period.

The investment income credit component represents the reduction of the required subscription income PCPM due to the anticipated return on invested funds. This credit is calculated by looking at the contingency reserves, prepaid subscriptions, and claim reserves and is applied as a percent of premium. This percentage is calculated to be 0.58%.

The contribution to reserve/tax factor of 5.0% accounts for the state premium tax and a reserve contribution. The state premium tax is currently 2.0%, per R.I. General Laws § 44-17-1. The reserve component is 3.0%.

The administrative expenses, investment income, contribution to reserve, and state tax components constitute the retention portion of the required rate.

➤ **Required Rate Adjustment Factor**

As in prior filings for individual Medigap plans, the required rate changes are reflective of projected higher benefit costs primarily arising from factors beyond the control of BCBSRI. These factors include annual increases established by law in the Medicare Part A and Part B deductible and coinsurance amounts and a continued overall increase in the use of benefits by subscribers. These factors are identified fully in the actuarial schedules accompanying this filing and are utilized in the calculation of the projected claims expense.

All average increases are prior to any change in the tobacco use distribution. The overall required rate change effective July 1, 2024 is 12.1%. Rate changes by plan are shown in the table below:

	Plan A	Plan B	Plan C	Plan F	Plan G	Plan L	Plan N
Plan 65 Medigap	16.4%	11.4%	11.4%	11.4%	14.1%	--	11.4%
Plan 65 Select	--	11.4%	11.4%	11.4%	11.4%	11.4%	--

The required rate adjustment factor for a given plan is calculated as the required subscription income divided by the present weighted average subscription income.

The present rate of income (PRI) for each plan is calculated first by dividing the total Plan 65 PRI without age-in credit by the total Plan 65 PRI with age-in credit. This divisional factor is then applied to the PRI without age-in credit for each plan to yield the PRI used for rating purposes. This process ensures an equitable distribution of age-in credit savings for rating purposes. This calculation can be found on Schedule 18. It is important to note that this process does not change the overall required rate increase, but simply distributes the impact of the existing age-in discounts evenly across all plans.

After calculating the PRI, the required rate is divided by the PRI, yielding the rate adjustment factor for each plan. The rate adjustment factor represents the required increase to the present rates.

We are proposing a 16.4% increase for all members in Medigap A. This is 5% above the other plans, except Medigap G. Even with this rate increase, the proposed rates are much lower than what would be appropriate based solely on the claims experience of this population.

The enrollment projection for Medigap A pricing reflects the estimated impact of a new state law effective July 1, 2023, requiring that any carrier selling Medigap A in Rhode Island make the plan available to subscribers under the age of 65 who are eligible for Medicare due to a disability or end-stage renal disease.

The selected rate adjustment shown in column 10 of Schedule 8 is 11.4% for all plans other than Medigap A and Medigap G. Medigap G has significant enrollment and requires a higher than average increase, thus we are proposing a 14.1% rate increase, 2.0% higher than the overall average. Otherwise, uniform rate increases were selected in order to maintain current pricing alignment. These selections produce the required rate change of 12.1% overall.

The rate adjustment factor is then multiplied by the present monthly subscription rates in each plan to derive the required monthly subscription rates.

Additionally, for members who have enrolled since May 1, 2016, BCBSRI rates incorporate a 10% premium differential between tobacco users and members who identify as non-tobacco users. In this filing, we continue to use the pricing assumption that 95.0% of the population does not use tobacco.

Also, subscribers who elect to pay via electronic funds transfer (EFT) will continue to receive a \$2.00 discount off their rate. The proposed rate increase does not include any adjustment for the EFT discount.

➤ **Expected Loss Ratios**

The minimum loss ratio standard of 65% set forth in 230-RICR-20-30-7, applicable to non-group Medigap coverage, including Medigap Select plans, would be met based on the claims projections and required rates contained in this filing. The projected return to subscribers in the form of aggregate benefits as a percentage of earned premiums for the entire period for which the new rates are computed is displayed in the following table. These expected loss ratios are calculated based on the pricing methodology employed in this rate filing, including the pooling mechanism used to project the claims expense for each product.

	Expected Loss Ratios						
	Plan A	Plan B	Plan C	Plan F	Plan G	Plan L	Plan N
Plan 65 Medigap	143.5%	93.4%	73.9%	75.7%	84.8%	--	94.4%
Plan 65 Select	--	83.5%	82.8%	86.7%	85.8%	87.1%	--

➤ **Conclusion**

In conclusion, the pure premium and retention portions of each Medigap and Select plan comprise the total rate for this year's rate filing. The pure premium is projected from calendar year 2022 to the July 2024 - June 2025 rating period using factors accounting for benefit changes, provider fees, and utilization/mix. The retention components encompass our expected administrative expenses, investment income credit, reserve contribution and tax liability. The sum of these components yields the required subscription income. The required subscription income divided by the adjusted present rate of income yields the required rate adjustment factor for each plan.

➤ **Actuarial Certification**

As a member of the American Academy of Actuaries, I confirm that this filing was prepared using generally accepted actuarial principles that were consistently applied. It is my opinion that the proposed premium rates are reasonable in relation to the benefits proposed to be offered and the population anticipated to be covered, and are neither excessive nor deficient. To the best of my knowledge and judgment, this filing is in compliance with applicable laws and regulations.



Christopher Eynatian, FSA, MAAA
Director, Medicare Actuarial Services

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

Scope and Range of the Rate Increase:

BCBSRI has proposed rate changes for Individual Medicare Supplement plans for Rhode Island members. These rate changes, once approved, will apply to about 15,450 members. The new monthly premium rates will apply to members beginning July 1, 2024.

The average expected rate increase for these plans is 12.1%. Rate changes vary by plan. The range of rate changes members will experience is: 11.4% to 16.4%. This range does not account for changes in premium due to attained age discounts.

Key Drivers for this Filing:

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. Administrative costs also 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-133973382

State Tracking #:

Company Tracking #:

2024PL65I

State:

Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI:

MS09 Medicare Supplement - Other 2010/MS09.000 Medicare Supplement Other 2010

Product Name:

Plan 65 - Individual

Project Name/Number:

July 2024 PL65 Individual/2024PL65I

Supporting Document Schedules

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:	A&H Experience
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:	