

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 2020 PL65 Individual/2019PL65I

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: 02/25/2020
SERFF Tr Num: BCBS-132262087
SERFF Status: Assigned
State Tr Num:
State Status: Open-Pending Actuary Review
Co Tr Num: 2020PL65I
Implementation: 07/01/2020
Date Requested:
Author(s): Jessie Knowles, Sam Chhay, Huy Ho, Seth Lawlor
Reviewer(s): John Garrett (primary), bela gorman, Charles DeWeese, Alyssa Metivier, Courtney Miner, Jennifer Smagula
Disposition Date:
Disposition Status:
Implementation Date:
State Filing Description:

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General Information

Project Name: July 2020 PL65 Individual	Status of Filing in Domicile: Not Filed
Project Number: 2019PL65I	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: 10.1%	Filing Status Changed: 02/25/2020
	State Status Changed: 02/25/2020
Deemer Date:	Created By: Jessie Knowles
Submitted By: Jessie Knowles	Corresponding Filing Tracking Number: BCBS-132261126

Filing Description:
 Filing rates for individual Plan 65 Medigap and Select, effective 7/1/2020 through 6/30/2021.

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:	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:	\$275.00
Retaliatory?	No
Fee Explanation:	\$25 per plan, multiplied by 11 plans
Per Company:	Yes

Company	Amount	Date Processed	Transaction #
Blue Cross & Blue Shield of Rhode Island	\$275.00	02/25/2020	174474227

SERFF Tracking #:

BCBS-132262087

State Tracking #:

Company Tracking #:

2020PL65I

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 2020 PL65 Individual/2019PL65I

Correspondence Summary

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Public Comment	Reviewer Note	Courtney Miner	02/26/2020	

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 2020 PL65 Individual/2019PL65I

Reviewer Note

Created By:

Courtney Miner on 02/26/2020 07:59 AM

Subject:

Public Comment

Comments:

Will go out for public comment on 2/28/2020 through 3/13/2020

SERFF Tracking #:

BCBS-132262087

State Tracking #:

Company Tracking #:

2020PL65I

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 2020 PL65 Individual/2019PL65I

Rate Information

Rate data applies to filing.

Filing Method:

Review and Approve

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

2.900%

Effective Date of Last Rate Revision:

07/01/2019

Filing Method of Last Filing:

Review and Approve

SERFF Tracking Number of Last Filing:

BCBS-131779103

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	10.100%	10.100%	\$4,372,149	18,088	\$47,481,999	40.000%	9.500%

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 2020 PL65 Individual/2019PL65I

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Filing Schedules		New		Filing Schedules 2020.pdf,
2		Filing Letter		New		Filing Letter 2020.pdf,
3		Actuarial Summary		New		Actuarial Summary 2020.pdf,
4		Consumer Narrative		New		Consumer Narrative 2020.pdf,

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

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MONTHLY SUBSCRIPTION RATES EFFECTIVE JULY 1, 2020

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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 7/1/2020	Percent Increase
Medigap Plan A <i>(enrolled prior to May 1, 2016)</i>	Discount Rate	\$199.99	\$249.99	25.0%
	Base Rate	\$222.21	\$277.76	25.0%
	Age-in Rate for Ages 65-67	\$144.44	\$180.54	25.0%
	Age-in Rate for Ages 68-70	\$173.32	\$216.65	25.0%
	Age-in Rate for Ages 71-72	\$199.99	\$249.98	25.0%
Medigap Plan A <i>(<65 enroll 5/1/16-6/30/19; 65+ enroll >=5/1/16)</i>	Base Rate	\$244.72	\$306.75	25.3%
	Age-in Rate for Ages 65-67	\$159.07	\$199.38	25.3%
	Age-in Rate for Ages 68-70	\$190.88	\$239.26	25.3%
	Age-in Rate for Ages 71-72	\$220.25	\$276.07	25.3%
Medigap Plan A <i>(<65, enroll 7/1/19 or after)</i>	Base Rate	\$280.65	\$393.99	40.4%
Medigap Plan B	Base Rate	\$154.46	\$169.13	9.5%
Medigap Plan C	Discount Rate	\$228.37	\$250.06	9.5%
	Base Rate	\$253.74	\$277.84	9.5%
Medigap Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$245.01	\$268.29	9.5%
	Age-in Rate for Ages 65-67	\$159.26	\$174.39	9.5%
	Age-in Rate for Ages 68-70	\$191.11	\$209.27	9.5%
	Age-in Rate for Ages 71-72	\$220.51	\$241.46	9.5%
Medigap Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$269.83	\$296.29	9.8%
	Age-in Rate for Ages 65-67	\$175.40	\$192.59	9.8%
	Age-in Rate for Ages 68-70	\$210.47	\$231.11	9.8%
	Age-in Rate for Ages 71-72	\$242.85	\$266.66	9.8%
Medigap Plan G	Base Rate	\$200.01	\$219.61	9.8%
	Age-in Rate for Ages 65-67	\$130.01	\$142.75	9.8%
	Age-in Rate for Ages 68-70	\$156.01	\$171.30	9.8%
	Age-in Rate for Ages 71-72	\$180.01	\$197.65	9.8%
Medigap Plan N	Base Rate	\$168.33	\$184.83	9.8%
	Age-in Rate for Ages 65-67	\$109.42	\$120.13	9.8%
	Age-in Rate for Ages 68-70	\$131.30	\$144.16	9.8%
	Age-in Rate for Ages 71-72	\$151.50	\$166.34	9.8%

Plan 65 Select Monthly Rates For Tobacco Users				
Plan	Tier	Present Rate	Rate Effective 7/1/2020	Percent Increase
Select Plan B	Base Rate	\$148.91	\$163.06	9.5%
	Transfer Rate	\$181.01	\$198.21	9.5%
Select Plan C	Base Rate	\$189.63	\$207.64	9.5%
	Transfer Rate	\$242.50	\$265.54	9.5%
Select Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$183.11	\$200.50	9.5%
	Transfer Rate	\$234.16	\$256.40	9.5%
	Age-in Rate for Ages 65-67	\$119.02	\$130.33	9.5%
	Age-in Rate for Ages 68-70	\$142.83	\$156.39	9.5%
	Age-in Rate for Ages 71-72	\$164.80	\$180.45	9.5%
Select Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$201.66	\$221.42	9.8%
	Transfer Rate	\$257.89	\$283.16	9.8%
	Age-in Rate for Ages 65-67	\$131.08	\$143.93	9.8%
	Age-in Rate for Ages 68-70	\$157.30	\$172.71	9.8%
	Age-in Rate for Ages 71-72	\$181.50	\$199.28	9.8%
Select Plan L	Transfer Rate	\$146.04	\$159.91	9.5%
Select Plan G	Base Rate	n/a	\$201.47	n/a
	Transfer Rate	n/a	\$210.55	n/a
	Age-in Rate for Ages 65-67	n/a	\$130.96	n/a
	Age-in Rate for Ages 68-70	n/a	\$157.15	n/a
	Age-in Rate for Ages 71-72	n/a	\$181.33	n/a

Schedule 4

Plan 65 Medigap Monthly Rates For Non-Tobacco Users				
Plan	Tier	Present Rate	Rate Effective 7/1/2020	Percent Increase
Medigap Plan A <i>(enrolled prior to May 1, 2016)</i>	Discount Rate	\$199.99	\$249.99	25.0%
	Base Rate	\$222.21	\$277.76	25.0%
	Age-in Rate for Ages 65-67	\$144.44	\$180.54	25.0%
	Age-in Rate for Ages 68-70	\$173.32	\$216.65	25.0%
	Age-in Rate for Ages 71-72	\$199.99	\$249.98	25.0%
Medigap Plan A <i>(<65 enroll 5/1/16-6/30/19; 65+ enroll >=5/1/16)</i>	Base Rate	\$220.25	\$276.08	25.3%
	Age-in Rate for Ages 65-67	\$143.16	\$179.44	25.3%
	Age-in Rate for Ages 68-70	\$171.79	\$215.33	25.3%
	Age-in Rate for Ages 71-72	\$198.23	\$248.46	25.3%
Medigap Plan A <i>(<65, enroll 7/1/19 or after)</i>	Base Rate	\$252.59	\$354.59	40.4%
Medigap Plan B	Base Rate	\$154.46	\$169.13	9.5%
Medigap Plan C	Discount Rate	\$228.37	\$250.06	9.5%
	Base Rate	\$253.74	\$277.84	9.5%
Medigap Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$245.01	\$268.29	9.5%
	Age-in Rate for Ages 65-67	\$159.26	\$174.39	9.5%
	Age-in Rate for Ages 68-70	\$191.11	\$209.27	9.5%
	Age-in Rate for Ages 71-72	\$220.51	\$241.46	9.5%
Medigap Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$242.85	\$266.66	9.8%
	Age-in Rate for Ages 65-67	\$157.86	\$173.33	9.8%
	Age-in Rate for Ages 68-70	\$189.42	\$208.00	9.8%
	Age-in Rate for Ages 71-72	\$218.57	\$239.99	9.8%
Medigap Plan G	Base Rate	\$180.01	\$197.65	9.8%
	Age-in Rate for Ages 65-67	\$117.01	\$128.48	9.8%
	Age-in Rate for Ages 68-70	\$140.41	\$154.17	9.8%
	Age-in Rate for Ages 71-72	\$162.01	\$177.89	9.8%
Medigap Plan N	Base Rate	\$151.50	\$166.35	9.8%
	Age-in Rate for Ages 65-67	\$98.48	\$108.12	9.8%
	Age-in Rate for Ages 68-70	\$118.17	\$129.74	9.8%
	Age-in Rate for Ages 71-72	\$136.35	\$149.71	9.8%

Plan 65 Select Monthly Rates For Non-Tobacco Users				
Plan	Tier	Present Rate	Rate Effective 7/1/2020	Percent Increase
Select Plan B	Base Rate	\$148.91	\$163.06	9.5%
	Transfer Rate	\$181.01	\$198.21	9.5%
Select Plan C	Base Rate	\$189.63	\$207.64	9.5%
	Transfer Rate	\$242.50	\$265.54	9.5%
Select Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$183.11	\$200.50	9.5%
	Transfer Rate	\$234.16	\$256.40	9.5%
	Age-in Rate for Ages 65-67	\$119.02	\$130.33	9.5%
	Age-in Rate for Ages 68-70	\$142.83	\$156.39	9.5%
	Age-in Rate for Ages 71-72	\$164.80	\$180.45	9.5%
Select Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$181.49	\$199.28	9.8%
	Transfer Rate	\$232.10	\$254.84	9.8%
	Age-in Rate for Ages 65-67	\$117.97	\$129.54	9.8%
	Age-in Rate for Ages 68-70	\$141.57	\$155.44	9.8%
	Age-in Rate for Ages 71-72	\$163.35	\$179.35	9.8%
Select Plan L	Transfer Rate	\$146.04	\$159.91	9.5%
Select Plan G	Base Rate	n/a	\$181.32	n/a
	Transfer Rate	n/a	\$189.50	n/a
	Age-in Rate for Ages 65-67	n/a	\$117.86	n/a
	Age-in Rate for Ages 68-70	n/a	\$141.44	n/a
	Age-in Rate for Ages 71-72	n/a	\$163.20	n/a

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, 2020

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, 2019							
Discount Rate (A)	\$199.99	N/A	N/A	\$228.37	N/A	N/A	N/A
Base Rate	\$222.21	\$254.83	\$154.46	\$253.74	\$245.01	\$181.61	\$152.84
Age-in Rate for Ages 65-67 (B)	\$144.44	N/A	N/A	N/A	\$159.26	\$118.05	\$99.35
Age-in Rate for Ages 68-70 (B)	\$173.32	N/A	N/A	N/A	\$191.11	\$141.66	\$119.22
Age-in Rate for Ages 71-72 (B)	\$199.99	N/A	N/A	N/A	\$220.51	\$163.45	\$137.56
Rate Adjustment Factor (C)	1.250	1.400	1.095	1.095	1.095	1.095	1.095
Required Rates Effective July 1, 2020							
Discount Rate (A)	\$249.99	N/A	N/A	\$250.06	N/A	N/A	N/A
Base Rate	\$277.76	\$356.76	\$169.13	\$277.84	\$268.29	\$198.86	\$167.36
Age-in Rate for Ages 65-67 (B)	\$180.54	N/A	N/A	N/A	\$174.39	\$129.26	\$108.78
Age-in Rate for Ages 68-70 (B)	\$216.65	N/A	N/A	N/A	\$209.27	\$155.11	\$130.54
Age-in Rate for Ages 71-72 (B)	\$249.98	N/A	N/A	N/A	\$241.46	\$178.97	\$150.62

(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, 2020
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, 2019					
Base Rate	\$148.91	\$189.63	\$183.11	N/A	
Transfer Rate (A)	\$181.01	\$242.50	\$234.16	\$146.04	
Age-in Rate for Ages 65-67 (B)	N/A	N/A	\$119.02	N/A	
Age-in Rate for Ages 68-70 (B)	N/A	N/A	\$142.83	N/A	
Age-in Rate for Ages 71-72 (B)	N/A	N/A	\$164.80	N/A	
Required Rate Adjustment Factor (C)	1.095	1.095	1.095	1.095	
Required Rates Effective July 1, 2020					
Base Rate	\$163.06	\$207.64	\$200.50	N/A	\$182.43 (D)
Transfer Rate (A)	\$198.21	\$265.54	\$256.40	\$159.91	\$190.65
Age-in Rate for Ages 65-67 (B)	N/A	N/A	\$130.33	N/A	\$118.58
Age-in Rate for Ages 68-70 (B)	N/A	N/A	\$156.39	N/A	\$142.30
Age-in Rate for Ages 71-72 (B)	N/A	N/A	\$180.45	N/A	\$164.19

(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.

(D) Required Income, shown in Schedule 8, column 7, multiplied by age-in credit impact of 1.0634, shown in Schedule 18, column 4.

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, 2020 - JUNE 30, 2021
PLAN 65 MEDIGAP AND SELECT**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	<u>Members</u>	<u>Projected Claims Expense</u>	<u>Administrative Expense</u>	<u>Total Incurred Claims and Administrative Expense</u>	<u>Investment Income Credit</u>	<u>Contribution to Reserve/Tax</u>	<u>Required Subscription Income</u>	<u>Redistributed Present Weighted Average Subscription Income</u>	<u>Required Rate Adjustment</u>	<u>Selected Rate Adjustment</u>
	(A)	(B)		(C)	(D)	(E)	(F)	(G)	(H)	(I)
Medigap Plan A	627									
Medigap Plan A (eff 7/1/19 under 65)	43	\$454.30	\$53.46	\$507.76	(\$1.71)	\$28.04	\$534.09	\$208.90	155.7%	40.0%
Medigap Plan B	47	\$161.08	\$22.26	\$183.34	(\$0.62)	\$10.12	\$192.84	\$145.25	32.8%	9.5%
Medigap Plan C	5,645	\$190.53	\$25.39	\$215.92	(\$0.73)	\$11.93	\$227.12	\$235.01	-3.4%	9.5%
Medigap Plan F	1,876	\$190.53	\$25.39	\$215.92	(\$0.73)	\$11.93	\$227.12	\$230.40	-1.4%	9.5%
Medigap Plan G	209	\$165.38	(J) \$22.71	\$188.09	(\$0.63)	\$10.39	\$197.85	\$170.78	15.9%	9.5%
Medigap Plan N	7	\$138.49	(J) \$19.85	\$158.34	(\$0.53)	\$8.74	\$166.55	\$143.73	15.9%	9.5%
Select Plan L	<u>63</u>	<u>\$117.21</u>		<u>\$134.80</u>	<u>(\$0.45)</u>	<u>\$7.44</u>	<u>\$141.79</u>	<u>\$137.33</u>	<u>3.2%</u>	<u>9.5%</u>
Medigap & Select L	8,517	\$207.62	\$27.18	\$234.81	(\$0.79)	\$12.97	\$246.98	\$228.02	8.3%	11.2%
Select Plan B	26	\$139.82	\$19.99	\$159.81	(\$0.54)	\$8.83	\$168.10	\$149.32	12.6%	9.5%
Select Plan C	6,594	\$166.81	\$22.87	\$189.67	(\$0.64)	\$10.48	\$199.51	\$181.55	9.9%	9.5%
Select Plan F	2,558	\$166.81	\$22.87	\$189.67	(\$0.64)	\$10.48	\$199.51	<u>\$172.19</u>	<u>15.9%</u>	<u>9.5%</u>
<u>Select Plan G</u>	<u>0</u>	<u>\$142.78</u>	<u>(J) \$20.31</u>	<u>\$163.09</u>	<u>(\$0.55)</u>	<u>\$9.01</u>	<u>\$171.55</u>			
Select B, C & F	9,178	\$166.73	\$22.86	\$189.59	(\$0.64)	\$10.47	\$199.42	\$178.85	11.5%	9.5%
Grand Total	17,695	\$187.52	\$25.07	\$212.59	(\$0.72)	\$11.74	\$223.61	\$203.02	10.1%	10.1%

(A) This is our enrollment in these plans as of December 2018 except for Medigap Plan A under 65 which were effective 7/1/2019. Enrollment for Medigap plan A is based on 5 months of membership since inception, projected forward 18 months into middle of rate period.

(B) 6 months of projected 2020 rates and 6 months of projected 2021 rates. The formula is 6/12ths multiplied by the CY 2020 rates (shown on Schedules 9 and 11) plus 6/12ths multiplied by the CY 2021 rates (shown on Schedules 10 and 12).

(C) Sum of columns 2 and 3.

(D) Reduction of required subscription income per contract per month due to anticipated return on invested funds, which is 0.32% of premium.

(E) Contribution to Reserve at 3.25% of premium plus 2.00% for state premium assessment, which equates to 5.25% of premium. The premium tax assessment is levied pursuant to section 44-17-1 of the Rhode Island General Laws.

(F) Sum of column 4 through column 6.

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

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

(I) 40.0% capped rate change selected for Medigap A under 65 effective on or after 7/1/19; 25.0% capped rate change selected for remaining Medigap A. The remaining rate adjustments were developed to maintain consistency among products and maintain the overall rate need of 10.1%.

(J) Refer to the Actuarial Summary, page 8, for the development of these Projected Claims.

Schedule 9

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2020
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR MEDIGAP PLANS A, B, C AND F AND SELECT PLAN L

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Base Period Claims Expense		Projection Factors		Projected Claims Expense per Contract Month 1/1/20 - 12/31/20					
	Medigap Plan A	Medigap Plans B, C, F, G, N & Select L	CY 2019 over CY 2018	CY 2020 over CY 2019	All Benefits	Medigap Plan A	Medigap Plan B	Medigap Plan C	Medigap Plan F	Select Plan L
Plan 65 Benefit										
Part A Deductible		\$2,447,266	1.0383	1.0219	\$28.09	-	\$28.09	\$28.09	\$28.09	\$5.85 (A)
Part A Copay/365 Add'l Days (B)		\$246,691	1.0179	1.0323	\$2.58	\$2.58	\$2.58	\$2.58	\$2.58	\$0.08 (C)
Skilled Nursing Facility Copayment		\$1,477,821	0.9019	0.9043	\$13.12	-	-	\$13.12	\$13.12	\$9.88 (D)
Part B Deductible		\$1,388,787	1.0109	1.0703	\$16.50	-	-	\$16.50	\$16.50	-
Coinsurance - Physician	\$1,242,999	\$6,973,576	1.0443	1.0323	\$80.63	\$167.58	\$80.63	\$80.63	\$80.63	\$60.73 (D)
Coinsurance - Outpatient	\$1,839,904	\$3,659,817	1.0822	1.0819	\$45.96	\$269.41	\$45.96	\$45.96	\$45.96	\$34.61 (D)
Select Network: Part A Adjustment (PMPM)		\$5.22	1.0364	1.0229	\$5.53					\$4.16
Grand Total						\$439.58	\$157.26	\$186.88	\$186.88	\$115.32

(A) Select L Part A Deductible is calculated as 59.2% 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 75.3% 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.

Schedule 10

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2021
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR MEDIGAP PLANS A, B, C AND F AND SELECT PLAN L

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
	Projected Claims Expense per Contract Month 1/1/20 - 12/31/20		Projection Factors	Projected Claims Expense per Contract Month 1/1/21 - 12/31/21							
	Medigap <u>Plan A</u>	All Other <u>Benefits</u>	CY 2021 over <u>CY 2020</u>	All <u>Benefits</u>	Medigap <u>Plan A</u>	Medigap <u>Plan B</u>	Medigap <u>Plan C</u>	Medigap <u>Plan F</u>	Select <u>Plan L</u>		
<u>Plan 65 Benefit</u>											
Part A Deductible		\$28.09	1.0294	\$28.91	-	\$28.91	\$28.91	\$28.91	\$5.33	(A)	
Part A Copay/365 Add'l Days	\$2.58	\$2.58	1.0398	\$2.68	\$2.68	\$2.68	\$2.68	\$2.68	\$0.08	(B)	
Skilled Nursing Facility Copayment		\$13.12	0.9108	\$11.95	-	-	\$11.95	\$11.95	\$9.00	(C)	
Part B Deductible		\$16.50	1.0505	\$17.33	-	-	\$17.33	\$17.33	-		
Coinsurance - Physician	\$167.58	\$80.63	1.0327	\$83.27	\$173.06	\$83.27	\$83.27	\$83.27	\$62.71	(C)	
Coinsurance - Outpatient	\$269.41	\$45.96	1.0886	\$50.03	\$293.28	\$50.03	\$50.03	\$50.03	\$37.68	(C)	
Select Network: Part A <u>Adjustment (PMPM)</u>		\$5.53	1.0304	\$5.70					<u>\$4.29</u>		
Grand Total					\$469.03	\$164.90	\$194.18	\$194.18	\$119.10		

(A) Select L Part A Deductible is calculated as 59.2% 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 75.3% 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.

Schedule 11

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2020
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR SELECT PLANS B, C, AND F
PLAN 65 SELECT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Base Period	Projection Factors		Projected			
	Claims Expense			Claims Expense per Contract Month			
	Select	CY 2019 over	CY 2020 over	All	Select	Select	Select
<u>Plan 65 Benefit</u>	<u>Plans B, C, F</u>	<u>CY 2018</u>	<u>CY 2019</u>	<u>Benefits</u>	<u>Plan B</u>	<u>Plan C</u>	<u>Plan F</u>
Part A Deductible	\$653,391	1.0383	1.0219	\$6.32	\$6.32	\$6.32	\$6.32
Part A Copay/365 Add'l Days	\$74,632	1.0179	1.0323	\$0.71	\$0.71	\$0.71	\$0.71
Skilled Nursing Facility Copayment	\$1,414,019	0.9019	0.9043	\$10.54	-	\$10.54	\$10.54
Part B Deductible	\$1,668,411	1.0109	1.0703	\$16.50	-	\$16.50	\$16.50
Coinsurance - Physician	\$8,078,934	1.0443	1.0323	\$79.35	\$79.35	\$79.35	\$79.35
Coinsurance - Outpatient	\$4,167,110	1.0822	1.0819	\$44.45	\$44.45	\$44.45	\$44.45
Select Network: Part A <u>Adjustment (PMPM)</u>	\$5.22	1.0362	1.0230	\$5.53	<u>\$5.53</u>	<u>\$5.53</u>	<u>\$5.53</u>
Grand Total					\$136.36	\$163.40	\$163.40

Schedule 12

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2021
INCURRED CLAIMS EXPENSE PER CONTRACT MONTH
FOR SELECT PLANS B, C, AND F
PLAN 65 SELECT

	(1)	(2)	(3)	(4)	(5)	(6)
	Projected	Projection Factors	Projected			
	1/1/20 - 12/31/20	CY 2021 over	Claims Expense per Contract Month			
	Expense per	CY 2020	All	Select	Select	Select
<u>Plan 65 Benefit</u>	<u>Contract Month</u>	<u>CY 2020</u>	<u>Benefits</u>	<u>Plan B</u>	<u>Plan C</u>	<u>Plan F</u>
Part A Deductible	\$6.32	1.0294	\$6.51	\$6.51	\$6.51	\$6.51
Part A Copay/365 Add'l Days	\$0.71	1.0398	\$0.74	\$0.74	\$0.74	\$0.74
Skilled Nursing Facility Copayment	\$10.54	0.9108	\$9.60	-	\$9.60	\$9.60
Part B Deductible	\$16.50	1.0505	\$17.33	-	\$17.33	\$17.33
Coinsurance - Physician	\$79.35	1.0327	\$81.94	\$81.94	\$81.94	\$81.94
Coinsurance - Outpatient	\$44.45	1.0886	\$48.39	\$48.39	\$48.39	\$48.39
Select Network: Part A <u>Adjustment (PMPM)</u>	\$5.53	1.0305	\$5.70	<u>\$5.70</u>	<u>\$5.70</u>	<u>\$5.70</u>
Grand Total				\$143.28	\$170.21	\$170.21

Schedule 13

Plan 65 Medigap and Plan 65 Select

Projection Factors

Schedule 14

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION FACTORS
CALENDAR YEAR 2019 OVER CALENDAR YEAR 2018

	(1)	(2)	(3)	(4)
	<u>Projection Factors CY 2019 over CY 2018 (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	1.0179		1.0200	1.0383
Part A Copay/365 Add'l Days	1.0179		1.0000	1.0179
Skilled Nursing Facility Copayment	1.0179		0.8860	0.9019
Part B Deductible	1.0109		1.0000	1.0109
Coinsurance - Physician	0.9997	1.0025	1.0420	1.0443
Coinsurance - Outpatient	0.9997	1.0126	1.0690	1.0822

(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 2020 OVER CALENDAR YEAR 2019

	(1)	(2)	(3)	(4)
	<u>Projection Factors CY 2020 over CY 2019 (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	1.0323		0.9900	1.0219
Part A Copay/365 Add'l Days	1.0323		1.0000	1.0323
Skilled Nursing Facility Copayment	1.0323		0.8760	0.9043
Part B Deductible	1.0703		1.0000	1.0703
Coinsurance - Physician	0.9983	1.0000	1.0340	1.0323
Coinsurance - Outpatient	0.9983	1.0234	1.0590	1.0819

(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 2021 OVER CALENDAR YEAR 2020

	(1)	(2)	(3)	(4)
	<u>Projection Factors CY 2021 over CY 2020 (A)</u>			
<u>Plan 65 Benefit</u>	<u>Benefit</u>	<u>Provider</u>	<u>Utilization/</u>	
	<u>Changes</u>	<u>Fees</u>	<u>Mix</u>	<u>Composite</u>
Part A Deductible	1.0398		0.9900	1.0294
Part A Copay/365 Add'l Days	1.0398		1.0000	1.0398
Skilled Nursing Facility Copayment	1.0398		0.8760	0.9108
Part B Deductible	1.0505		1.0000	1.0505
Coinsurance - Physician	0.9988	1.0000	1.0340	1.0327
Coinsurance - Outpatient	0.9988	1.0292	1.0590	1.0886

(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
CONTRACTS AT DECEMBER 2018
PLAN 65 MEDIGAP AND PLAN 65 SELECT**

	(1)	(2)	(3)	(4)	(5)
	<u>December 2018</u> <u>Contracts</u>	<u>Present Monthly</u> <u>Subscription Rates</u> <u>Effective Jul 2019</u>	<u>Present Monthly</u> <u>Subscription Rates</u> <u>w/o Age-in Credit</u> (A)	<u>Impact of</u> <u>Age-in</u> <u>Credit</u> (B)	<u>Redistributed</u> <u>Present Monthly</u> <u>Subscription Rate</u> (C)
Plan 65 Medigap Plan A					
Discount Rate	2	\$199.99	\$199.99		
Under 65 Rate eff 7/1/19	0	\$254.83	\$254.83		
Base Rate	637	\$222.21	\$222.21		
Age-in Ages 65-67	10	\$144.44	\$222.21		
Age-in Ages 68-70	11	\$173.32	\$222.21		
<u>Age-in Ages 71-72</u>	<u>10</u>	<u>\$199.99</u>	<u>\$222.21</u>		
Total Medigap Plan A	670	\$219.85	\$222.14	1.0634	\$208.90
Plan 65 Medigap Plan B					
	47	\$154.46	\$154.46	1.0634	\$145.25
Plan 65 Medigap Plan C					
Discount Rate	852	\$228.37	\$228.37		
<u>Base Rate</u>	<u>4,793</u>	<u>\$253.74</u>	<u>\$253.74</u>		
Total Medigap Plan C	5,645	\$249.91	\$249.91	1.0634	\$235.01
Plan 65 Medigap Plan F					
Base Rate	323	\$245.01	\$245.01		
Age-in Ages 65-67	911	\$159.26	\$245.01		
Age-in Ages 68-70	532	\$191.11	\$245.01		
<u>Age-in Ages 71-72</u>	<u>110</u>	<u>\$220.51</u>	<u>\$245.01</u>		
Total Medigap Plan F	1,876	\$186.65	\$245.01	1.0634	\$230.40
Plan 65 Medigap Plan G					
Base Rate	35	\$181.61	\$181.61		
Age-in Ages 65-67	138	\$118.05	\$181.61		
Age-in Ages 68-70	28	\$141.66	\$181.61		
<u>Age-in Ages 71-72</u>	<u>8</u>	<u>\$163.45</u>	<u>\$181.61</u>		
Total Medigap Plan G	209	\$133.59	\$181.61	1.0634	\$170.78
Plan 65 Medigap Plan N					
Base Rate	3	\$152.84	\$152.84		
Age-in Ages 65-67	4	\$99.35	\$152.84		
Age-in Ages 68-70	0	\$119.22	\$152.84		
<u>Age-in Ages 71-72</u>	<u>0</u>	<u>\$137.56</u>	<u>\$152.84</u>		
Total Medigap Plan N	7	\$122.27	\$152.84	1.0634	\$143.73
Plan 65 Select Plan B					
Base Rate	18	\$148.91	\$148.91		
<u>Transfer Rate</u>	<u>8</u>	<u>\$181.01</u>	<u>\$181.01</u>		
Total Select Plan B	26	\$158.79	\$158.79	1.0634	\$149.32
Plan 65 Select Plan C					
Base Rate	6,166	\$189.63	\$189.63		
<u>Transfer Rate</u>	<u>428</u>	<u>\$242.50</u>	<u>\$242.50</u>		
Total Select Plan C	6,594	\$193.06	\$193.06	1.0634	\$181.55
Plan 65 Select Plan F					
Base Rate	511	\$183.11	\$183.11		
Transfer Rate	0	\$234.16	\$234.16		
Age-in Ages 65-67	1,182	\$119.02	\$183.11		
Age-in Ages 68-70	674	\$142.83	\$183.11		
<u>Age-in Ages 71-72</u>	<u>191</u>	<u>\$164.80</u>	<u>\$183.11</u>		
Total Select Plan F	2,558	\$141.51	\$183.11	1.0634	\$172.19
Plan 65 Select Plan L					
	63	\$146.04	\$146.04	1.0634	\$137.33
Grand Total Plan 65	17,695	\$203.03	\$215.90	1.0634	\$203.02

(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, 2018 (A)	\$1,340	\$335	\$670	\$167.50	\$183
2. January 1, 2019 (A)	\$1,364	\$341	\$682	\$170.50	\$185
3. January 1, 2020 (A)	\$1,408	\$352	\$704	\$176.00	\$198
4. January 1, 2021 (B)	\$1,464	\$366	\$732	\$183.00	\$208

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, 2019 (F)	1.0179	1.0179	1.0179	1.0179	1.0109
6. January 1, 2020 (G)	1.0323	1.0323	1.0323	1.0323	1.0703
7. January 1, 2021 (H)	1.0398	1.0398	1.0398	1.0398	1.0505

(A) Actual copayments and deductibles.

(B) The estimated 2021 Part A deductible reflects the 2019 CMS Trustee's Report, less the \$12 difference in the 2020 actual deductible and the 2020 estimate shown in the Trustee's Report. The estimated 2020 Part B deductible reflects the amount shown in the Trustees Report, plus \$1 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.

February 24, 2020

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 Commissioner Ganim:

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.

Please note that, due to changes required by the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), effective January 1, 2020 BCBSRI no longer offers Medigap F and Select F to newly eligible Medicare beneficiaries. Medigap C and Select C are already closed to new enrollment. These changes do not have a rate impact.

In CY 2018, on average 94.5% of members enrolled since May 1, 2016 identified as non-tobacco users. Thus, we are updating our pricing assumptions to reflect that 94.5% of the population does not use tobacco (our prior assumption was 92%). This produces a minimal impact to the final rates, which is not reflected in the expected rate changes or on Schedule 8. The impact is a rate increase of about 0.3% to members enrolled on or after May 1, 2016, to account for fewer members paying the 10% premium differential.

In this filing, we are also introducing a new plan, Select Plan G. For additional details please refer to the Actuarial Summary.

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 (01-20), Plan 65 B (01-20), Plan 65 C (01-20), Plan 65 F (01-20), Plan 65 G (01-20), Plan 65 N (01-20), Plan 65 Select B (01-20), Plan 65 Select C (01-20), Plan 65 Select L (01-20), Plan 65 Select F (01-20), Plan 65 Select G (07-20), Plan 65 and Plan 65 Outline (01-20).

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,



Scott Lucarelli, ASA, MAAA
Lead Health Data Analyst



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

cc: Ms. Monica Auciello, Esquire

**Actuarial Summary
Plan 65 Non-Group Rate Filing
Effective July 1, 2020**

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 (formerly OHIC Regulation 8). 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 November 2019, there are 18,088 subscribers enrolled in BCBSRI's Plan 65 and Plan 65 Select individual plans.

The current subscription rates were filed on March 12, 2019, and approved by the Office of the Health Insurance Commissioner ("OHIC") on April 18, 2019. They are effective from July 1, 2019 through June 30, 2020.

The requested rates have been calculated using Calendar Year 2018 experience and trend assumptions through June 2021. We are proposing these rates apply for twelve months commencing July 1, 2020 and ending June 30, 2021.

➤ **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. The present rates within each rate band are multiplied by this factor to derive the required rates for each product. These processes will be described in more detail later in the summary.

The claims base used in this rate filing consists of experience from ten 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, 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, and Select Plan F were pooled together and rated based on their combined experience.

The claims base represents calendar year 2018 claims data for all benefits except the Part A Co-payment and 365 Additional Days benefits. Due to the erratic nature of these benefits, we have chosen not to project their pure premiums using our standard methodology. The claims base for the Part A Co-payment/365 Additional Days benefits uses an average of the 2014 through 2017 pure premiums for each pool, price projected to calendar year 2018.

➤ **Projected Pure Premium**

The projected pure premiums for all plans are calculated by projecting the claims expense PCPM from the base year 2018 to the July 2020 – June 2021 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 reflect 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 2018 through 2020 are the actual deductible amounts as published in the Federal Register. The estimated 2021 Part A deductible reflects the 2019 CMS Trustee's Report released April 22, 2019 (Trustee's Report), which estimated the amount to be \$1,476, less the \$12 difference in the 2020 actual deductible and the 2020 estimate shown in the Trustee's Report.
- The Part B Deductibles from 2018 through 2020 reflect the actual deductible amounts as published in the Federal Register. The estimated 2021 Part B

deductible reflects the Trustee's Report, which estimated the amount to be \$207, plus the \$1 difference in the 2020 actual deductible and the 2020 estimate shown in the Trustee's Report.

- 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 the physician services conversion factor, we have utilized 0.25% for 2019, 0.0% for 2020, and 0.0% for 2021. These are the amounts provided in the narrative on page 125 of the Trustee's Report.

The estimated provider fee changes effective for Part B outpatient coinsurances beginning 2019, 2020, and 2021 are 1.26%, 2.34%, and 2.92%, respectively. The outpatient provider fee changes are determined by applying an outpatient prospective payment fee increase to the portion of claims that will experience an increase in payment. The outpatient prospective payment fee increase is calculated as the year over year hospital deductible change, since they are both based on the hospital market basket increase. Some services' copayments are currently at greater than 20% of the total cost of the service, and as such, the copayments for these services are not expected to increase. BCBSRI calculated these increases as summarized below:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1) Hospital Deductible	\$1,340	\$1,364	\$1,408	\$1,464
2) Increase in conversion factor		1.79%	3.23%	3.98%
<u>3) Portion of Copayments to increase</u>		<u>70.6%</u>	<u>72.4%</u>	<u>73.5%</u>
4) Part B OP Copay Trend (line 2x3)		1.26%	2.34%	2.92%

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. All benefits are converted to their calendar year 2016 price level by dividing out the price factors for each year relative to calendar year 2016. 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 Plan 65 claims data have recently been more unstable than is typical, especially for the more recent time periods. To account for this, we are using all 25 data points in our trend selections. Except for Inpatient, whose r-squared value does not meet the minimum threshold, the r-squared values using all 25 data points are valid and quite close to the maximum r-squared values.

The base period used in the filing is calendar year 2018. Additional actual data is provided through August 31, 2019 (except Skilled Nursing Facilities (SNF) Co-Payment, which is provided through May 31, 2019 in order to include additional run out). The selected annual utilization trends consider the additional eight months (five months for SNF) of actual data where appropriate and are as follows:

- The utilization trend for the Part A Deductible is based on the Inpatient Trend. The calculated annual Inpatient Trend is -2.6% with an r-squared value of 0.329, based on 22 12-month moving points. This r-squared value does not meet the minimum value. For the above reasons, we used all 25 data points to arrive at a trend of -1.0% for trend beyond CY 2019. Incorporating the additional eight months of actual data (the annualized trend from CY 2018 to the last point is 3.6%), a 2.0% trend was chosen for the projection of CY 2018 to CY 2019. This trend is based on 8 months of actual trend at 3.6% and 4 months of projected trend at -1.0%.
- 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.
- The selected annual utilization trend factor for the Skilled Nursing Facility (SNF) Co-payment is -12.4%. The calculated annual trend is -12.4% with an r-squared value of 0.905, based on 25 12-month moving points. Incorporating the additional actual data (the annualized trend from CY 2018 to the last point is -10.0%), a -11.4% trend was selected for the projection of CY 2018 to CY 2019. This trend is based on 5 months of actual trend at -10.0% and 7 months of projected trend at -12.4%.
- 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 3.9% based on 18 12-month moving points, with an r-squared of 0.983. This r-squared value is valid; however, as discussed above, we used all 25 12-month moving points to arrive at a mitigated trend of 3.4%, with an r-squared value of .976, for trend beyond CY 2019. Incorporating the additional actual data (the annualized trend from CY 2018 to the last point is 4.6%), a 4.2% trend was chosen for the projection of CY 2018 to CY 2019. This trend is based on 8 months of actual trend at 4.6% and 4 months of projected trend at 3.4%.
- The annual utilization/mix trend factor for the Part B Outpatient Coinsurance is based on the Outpatient trend. The calculated annual trend is 7.4% with an r-squared value of 0.985 and based on 18 12-month moving points. The r-squared value is valid; however, as discussed above, we used all 25 12-month moving

points to arrive at a mitigated trend of 5.9%, with an r-squared value of 0.941, for trend beyond CY 2019. Incorporating the additional actual data (the annualized trend from CY 2018 to the last point is 7.4%), a 6.9% trend was chosen for the projection of CY 2018 to CY 2019. This is based on 8 months of actual trend at 7.4% and 4 months of projected trend at 5.9%.

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 2020 and 2021. Then it was weighted by the number of months in the projected rate period (6 months in 2020 and 6 months in 2021).

➤ Retention

The retention component of the required rate is made up of four parts: the 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 2020 is \$24.74 PCPM. The 2020 Plan 65 budget was developed by utilizing the 2019 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 market place. In addition, areas that are corporate in nature were adjusted to reflect the corporate outlook (i.e. cost reduction strategies, strategic projects, etc.). The budget was also compared by natural account (personal service cost, equipment, consulting, etc.) to prior year actual experience and some adjustments were made based on observed trends. The projected administrative expense for calendar year 2021 is \$25.40 PCPM, a 2.7% increase over 2020. Thus, the administrative expense is calculated to be \$25.07 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 0.32%.

The contribution to reserve/tax factor of 5.25% 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 3.25%.

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, 2020 is 10.1%. Rate changes by plan are shown in the table below:

	Expected Rate Increases							
	Plan A	Plan A <i>Eff 7/19 or after, under 65</i>	Plan B	Plan C	Plan F	Plan G	Plan L	Plan N
Plan 65 Medigap	25.0%	40.0%	9.5%	9.5%	9.5%	9.5%	--	9.5%
Plan 65 Select	--	--	9.5%	9.5%	9.5%	--	9.5%	--

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.

Last year, for members who enrolled into Medigap A on or after 7/1/2019, we introduced a higher rate for those under age 65. Historically, members under age 65, who become eligible for Medicare due to disability, have a significantly higher claims experience than members who become eligible due to age. To more accurately reflect the experience differential between these two populations, we are proposing a 40% increase for members under age 65 and a 25% increase for members 65 and over enrolling in Medigap A. Even with these proposed rate increases, the proposed rates are much lower than what would be appropriate based solely on the claims experience of these populations. As of November 2019, there are 12 members who would be impacted by the 40% rate increase.

The selected rate adjustment shown in column 10 of Schedule 8 is 9.5% for Medigap Plan B, Medigap Plan C, Medigap Plan F, Medigap G, Medigap N, Select Plan L, Select Plan B, Select Plan C, and Select Plan F. A single rate adjustment factor was utilized for these plans in order to maintain rate stability in the Select plans. These selections produce the required rate change of 10.1% 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 the last filing, we used CY 2017 data, that showed on average, 92% of our population identified as non-tobacco users. In this filing, we used data from CY 2018, that showed on average, 94.5% of this population identified as non-tobacco users. Thus, we are updating the pricing assumptions to reflect that 94.5% of the population does not use tobacco. This produces a minimal impact to the final rates. The impact is a rate increase of about 0.3% to members enrolled on or after May 1, 2016, to account for fewer members paying the 10% premium differential.

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.

➤ **New Plans: Medigap Plan G, Medigap Plan N, and Select Plan G**

BCBSRI introduced two new plans effective July 1, 2018: Medigap Plan G and Medigap Plan N. Medigap Plan G covers Medicare cost-sharing except the Part B deductible. Medigap Plan N covers Medicare cost-sharing except the Part B deductible, \$20 office visit copays, and \$50 emergency room visit copays.

In addition, BCBSRI is introducing a Select Plan G plan effective July 1, 2020. With this introduction, we have modified our rating methodology for Medigap Plans G and N. The previous methodology based Medigap Plans G and N rates on Select experience. At the time, there was not a corresponding Select product, and the assumption was that members choosing these lower-cost products would resemble the Select population. The current methodology bases Medigap Plans G and N rates on other Medigap plan experience. This change captures the expected difference in member choice, now that there will be a Select G plan and no longer the option of a Plan F. The new Select Plan G utilizes the Select experience in developing the proposed rates

BCBSRI utilized experience from plans Medigap Plan B, Medigap Plan C, Medigap Plan F, Medigap Plan G, Medigap Plan N, and Select Plan L in developing the claims expense estimates for Medigap Plan G and Medigap Plan N shown in column 2 of Schedule 8. As before, we adjusted the claims projection for induced utilization, excluding members under age 65, and benefit differences. The below table details the calculation of expected claims expenses for Medigap Plans G and N shown on Schedule 8.

<u>Cost Category (Medigap)</u>	<u>CY 2020</u>	<u>CY 2021</u>	<u>Rate Year</u>
Part A Deductible	\$28.09	\$28.91	\$28.50
Part A Copay	\$2.58	\$2.68	\$2.63
SNF	\$13.12	\$11.95	\$12.54
Coinsurance – Physician	\$80.63	\$83.27	\$81.95
<u>Coinsurance – Outpatient</u>	<u>\$45.96</u>	<u>\$50.03</u>	<u>\$48.00</u>
Total Medigap F without Pt B Ded	\$170.38	\$176.85	\$173.62
Plan F to G Induced Utilization Adjustment			0.982
<u>Exclude Under Age 65</u>			<u>0.970</u>
Plan G Rate Year Expected Claims (Sch 8)			\$165.38
Plan G Rate Year Expected Claims			\$165.38
Plan G to N Benefit Adjustment Calculation			0.875
<u>Plan G to N Induced Utilization Adjustment</u>			<u>0.957</u>
Plan N Rate Year Expected Claims (Sch 8)			\$138.49

BCBSRI utilized experience from plans Select Plan B, Select Plan C, and Select Plan F in developing the claims expense estimates for Select Plan G shown in column 2 of Schedule 8. As with Medigap Plan G, we adjusted the claims projection for induced

utilization and excluding members under age 65. The below table details the calculation of expected claims expenses for Select Plan G as shown on Schedule 8.

<u>Cost Category (Select)</u>	<u>CY 2020</u>	<u>CY 2021</u>	<u>Rate Year</u>
Part A Deductible	\$6.32	\$6.51	\$6.42
Part A Copay	\$0.71	\$0.74	\$0.73
SNF	\$10.54	\$9.60	\$10.07
Coinsurance – Physician	\$79.35	\$81.94	\$80.65
Coinsurance – Outpatient	\$44.45	\$48.39	\$46.42
<u>Select Network: Part A Adjustment</u>	<u>\$5.53</u>	<u>\$5.70</u>	<u>\$5.62</u>
Total Select Plan F without Part B Ded	\$146.90	\$152.88	\$149.89
Plan F to G Induced Utilization Adjustment			0.982
<u>Exclude Under Age 65</u>			<u>0.970</u>
Select Plan G Rate Year Expected Claims (Sch 8)			\$142.78

➤ **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	172.6%	101.3%	74.0%	75.5%	88.4%	--	88.0%
Plan 65 Select	--	85.5%	83.9%	88.5%	83.2%	77.9%	--

➤ **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 2018 to the July 2020 - June 2021 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.



Scott Lucarelli, ASA, MAAA
Lead Health Data Analyst

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 18,100 members. The new monthly premium rates will apply to members beginning July 1, 2020.

The average expected rate increase for these plans is 10.1%. Rate changes vary by plan. The range of rate changes members will experience is: 9.5% to 40.4%. 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.

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 2020 PL65 Individual/2019PL65I

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:	