

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 2021 PL65 Individual/2021PL65I

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: 03/04/2021
SERFF Tr Num: BCBS-132685194
SERFF Status: Assigned
State Tr Num:
State Status: Open-Pending Actuary Review
Co Tr Num: 2021PL65I
Effective: 07/01/2021
Date Requested:
Author(s): Jessie Knowles, Michael Bodenrader, Huy Ho, Seth Lawlor, Konrad Lech
Reviewer(s): John Garrett (primary), Bela Gorman, Charles DeWeese, Victor Woods, Jennifer Smagula, Courtney Miner, Alyssa Metivier
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 2021 PL65 Individual	Status of Filing in Domicile: Not Filed
Project Number: 2021PL65I	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: 2.3%	Filing Status Changed: 03/05/2021
	State Status Changed: 03/05/2021
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 7/1/2021 through 6/30/2022.

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
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Filing Fees

State Fees

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

Company	Amount	Date Processed	Transaction #
Blue Cross & Blue Shield of Rhode Island	\$275.00	03/04/2021 04:05 PM	195877036
EFT Total	\$275.00		

SERFF Tracking #:

BCBS-132685194

State Tracking #:

Company Tracking #:

2021PL65I

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 2021 PL65 Individual/2021PL65I

Correspondence Summary

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Public Comment	Reviewer Note	Courtney Miner	03/05/2021	

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 2021 PL65 Individual/2021PL65I

Reviewer Note

Created By:

Courtney Miner on 03/05/2021 07:51 AM

Subject:

Public Comment

Comments:

Over 300 lives, will go out for public comment

SERFF Tracking #:

BCBS-132685194

State Tracking #:

Company Tracking #:

2021PL65I

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 2021 PL65 Individual/2021PL65I

Rate Information

Rate data applies to filing.

Filing Method:

Review and Approve

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

10.100%

Effective Date of Last Rate Revision:

07/01/2020

Filing Method of Last Filing:

Review and Approve

SERFF Tracking Number of Last Filing:

BCBS-132262087

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Blue Cross & Blue Shield of Rhode Island	2.300%	2.300%	\$998,971	17,500	\$43,100,489	25.100%	1.500%

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 2021 PL65 Individual/2021PL65I

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		Plan 65 Individual Rate Filing Effective July 2021.pdf,
2		Filing Letter		New		Filing Letter 2021 Submission.pdf,
3		Actuarial Summary		New		Actuarial Summary 2021.pdf,
4		Consumer Narrative		New		Consumer Narrative 2021.pdf,

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

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MONTHLY SUBSCRIPTION RATES EFFECTIVE JULY 1, 2021

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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 7/1/2021	Percent Increase
Medigap Plan A <i>(enrolled prior to May 1, 2016)</i>	Discount Rate	\$249.99	\$312.49	25.0%
	Base Rate	\$277.76	\$347.20	25.0%
	Age-in Rate for Ages 65-67	\$180.54	\$225.68	25.0%
	Age-in Rate for Ages 68-70	\$216.65	\$270.82	25.0%
	Age-in Rate for Ages 71-72	\$249.98	\$312.48	25.0%
Medigap Plan A <i>(<65 enroll 5/1/16-6/30/19; 65+ enroll >=5/1/16)</i>	Base Rate	\$306.75	\$383.65	25.1%
	Age-in Rate for Ages 65-67	\$199.38	\$249.37	25.1%
	Age-in Rate for Ages 68-70	\$239.26	\$299.25	25.1%
	Age-in Rate for Ages 71-72	\$276.07	\$345.28	25.1%
Medigap Plan A <i>(<65, enroll 7/1/19 or after)</i>	Base Rate	\$351.78	\$439.98	25.1%
Medigap Plan B	Base Rate	\$169.13	\$171.73	1.5%
Medigap Plan C	Discount Rate	\$250.05	\$253.90	1.5%
	Base Rate	\$277.83	\$282.10	1.5%
Medigap Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$268.27	\$272.40	1.5%
	Age-in Rate for Ages 65-67	\$174.38	\$177.06	1.5%
	Age-in Rate for Ages 68-70	\$209.25	\$212.47	1.5%
	Age-in Rate for Ages 71-72	\$241.44	\$245.16	1.5%
Medigap Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$296.27	\$300.99	1.6%
	Age-in Rate for Ages 65-67	\$192.58	\$195.65	1.6%
	Age-in Rate for Ages 68-70	\$231.09	\$234.77	1.6%
	Age-in Rate for Ages 71-72	\$266.64	\$270.90	1.6%
Medigap Plan G	Base Rate	\$219.60	\$223.10	1.6%
	Age-in Rate for Ages 65-67	\$142.74	\$145.02	1.6%
	Age-in Rate for Ages 68-70	\$171.29	\$174.02	1.6%
	Age-in Rate for Ages 71-72	\$197.65	\$200.80	1.6%
Medigap Plan N	Base Rate	\$184.82	\$187.76	1.6%
	Age-in Rate for Ages 65-67	\$120.13	\$122.04	1.6%
	Age-in Rate for Ages 68-70	\$144.15	\$146.45	1.6%
	Age-in Rate for Ages 71-72	\$166.34	\$168.98	1.6%

Plan 65 Select Monthly Rates For Tobacco Users				
Plan	Tier	Present Rate	Rate Effective 7/1/2021	Percent Increase
Select Plan B	Base Rate	\$163.05	\$165.56	1.5%
	Transfer Rate	\$198.20	\$201.25	1.5%
Select Plan C	Base Rate	\$207.63	\$210.82	1.5%
	Transfer Rate	\$265.52	\$269.60	1.5%
Select Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$200.50	\$203.58	1.5%
	Transfer Rate	\$256.39	\$260.33	1.5%
	Age-in Rate for Ages 65-67	\$130.33	\$132.33	1.5%
	Age-in Rate for Ages 68-70	\$156.39	\$158.79	1.5%
	Age-in Rate for Ages 71-72	\$180.45	\$183.22	1.5%
Select Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$221.42	\$224.95	1.6%
	Transfer Rate	\$283.15	\$287.66	1.6%
	Age-in Rate for Ages 65-67	\$143.93	\$146.22	1.6%
	Age-in Rate for Ages 68-70	\$172.71	\$175.46	1.6%
	Age-in Rate for Ages 71-72	\$199.28	\$202.45	1.6%
Select Plan L	Transfer Rate	\$159.91	\$162.37	1.5%
Select Plan G	Base Rate	n/a	\$198.75	n/a
	Transfer Rate	n/a	\$210.93	n/a
	Age-in Rate for Ages 65-67	n/a	\$129.19	n/a
	Age-in Rate for Ages 68-70	n/a	\$155.03	n/a
	Age-in Rate for Ages 71-72	n/a	\$178.87	n/a

Plan 65 Medigap Monthly Rates For Non-Tobacco Users				
Plan	Tier	Present Rate	Rate Effective 7/1/2021	Percent Increase
Medigap Plan A <i>(enrolled prior to May 1, 2016)</i>	Discount Rate	\$249.99	\$312.49	25.0%
	Base Rate	\$277.76	\$347.20	25.0%
	Age-in Rate for Ages 65-67	\$180.54	\$225.68	25.0%
	Age-in Rate for Ages 68-70	\$216.65	\$270.82	25.0%
	Age-in Rate for Ages 71-72	\$249.98	\$312.48	25.0%
Medigap Plan A <i>(<65 enroll 5/1/16-6/30/19; 65+ enroll >=5/1/16)</i>	Base Rate	\$276.08	\$345.29	25.1%
	Age-in Rate for Ages 65-67	\$179.44	\$224.43	25.1%
	Age-in Rate for Ages 68-70	\$215.33	\$269.33	25.1%
	Age-in Rate for Ages 71-72	\$248.46	\$310.75	25.1%
Medigap Plan A <i>(<65, enroll 7/1/19 or after)</i>	Base Rate	\$316.60	\$395.98	25.1%
Medigap Plan B	Base Rate	\$169.13	\$171.73	1.5%
Medigap Plan C	Discount Rate	\$250.05	\$253.90	1.5%
	Base Rate	\$277.83	\$282.10	1.5%
Medigap Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$268.27	\$272.40	1.5%
	Age-in Rate for Ages 65-67	\$174.38	\$177.06	1.5%
	Age-in Rate for Ages 68-70	\$209.25	\$212.47	1.5%
	Age-in Rate for Ages 71-72	\$241.44	\$245.16	1.5%
Medigap Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$266.64	\$270.89	1.6%
	Age-in Rate for Ages 65-67	\$173.32	\$176.09	1.6%
	Age-in Rate for Ages 68-70	\$207.98	\$211.29	1.6%
	Age-in Rate for Ages 71-72	\$239.98	\$243.81	1.6%
Medigap Plan G	Base Rate	\$197.64	\$200.79	1.6%
	Age-in Rate for Ages 65-67	\$128.47	\$130.52	1.6%
	Age-in Rate for Ages 68-70	\$154.16	\$156.62	1.6%
	Age-in Rate for Ages 71-72	\$177.89	\$180.72	1.6%
Medigap Plan N	Base Rate	\$166.34	\$168.98	1.6%
	Age-in Rate for Ages 65-67	\$108.12	\$109.84	1.6%
	Age-in Rate for Ages 68-70	\$129.74	\$131.81	1.6%
	Age-in Rate for Ages 71-72	\$149.71	\$152.08	1.6%

Plan 65 Select Monthly Rates For Non-Tobacco Users				
Plan	Tier	Present Rate	Rate Effective 7/1/2021	Percent Increase
Select Plan B	Base Rate	\$163.05	\$165.56	1.5%
	Transfer Rate	\$198.20	\$201.25	1.5%
Select Plan C	Base Rate	\$207.63	\$210.82	1.5%
	Transfer Rate	\$265.52	\$269.60	1.5%
Select Plan F <i>(enrolled prior to May 1, 2016)</i>	Base Rate	\$200.50	\$203.58	1.5%
	Transfer Rate	\$256.39	\$260.33	1.5%
	Age-in Rate for Ages 65-67	\$130.33	\$132.33	1.5%
	Age-in Rate for Ages 68-70	\$156.39	\$158.79	1.5%
	Age-in Rate for Ages 71-72	\$180.45	\$183.22	1.5%
Select Plan F <i>(enrolled on or after May 1, 2016)</i>	Base Rate	\$199.28	\$202.46	1.6%
	Transfer Rate	\$254.84	\$258.89	1.6%
	Age-in Rate for Ages 65-67	\$129.54	\$131.60	1.6%
	Age-in Rate for Ages 68-70	\$155.44	\$157.91	1.6%
	Age-in Rate for Ages 71-72	\$179.35	\$182.21	1.6%
Select Plan L	Transfer Rate	\$159.91	\$162.37	1.5%
Select Plan G	Base Rate	n/a	\$178.88	n/a
	Transfer Rate	n/a	\$189.84	n/a
	Age-in Rate for Ages 65-67	n/a	\$116.27	n/a
	Age-in Rate for Ages 68-70	n/a	\$139.53	n/a
	Age-in Rate for Ages 71-72	n/a	\$160.98	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, 2021
PLAN 65 MEDIGAP

	<u>Medigap A</u>	<u>Medigap A</u> <i>under 65</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, 2020		<i>enroll 7/1/19 or after</i>					
Discount Rate (A)	\$249.99	N/A	N/A	\$250.05	N/A	N/A	N/A
Base Rate	\$277.76	\$318.54	\$169.13	\$277.83	\$268.27	\$198.85	\$167.35
Age-in Rate for Ages 65-67 (B)	\$180.54	N/A	N/A	N/A	\$174.38	\$129.25	\$108.78
Age-in Rate for Ages 68-70 (B)	\$216.65	N/A	N/A	N/A	\$209.25	\$155.10	\$130.53
Age-in Rate for Ages 71-72 (B)	\$249.98	N/A	N/A	N/A	\$241.44	\$178.97	\$150.62
Rate Adjustment Factor (C)	1.250	1.250	1.015	1.015	1.015	1.015	1.015
Required Rates Effective July 1, 2021							
Discount Rate (A)	\$312.49	N/A	N/A	\$253.90	N/A	N/A	N/A
Base Rate	\$347.20	\$398.18	\$171.73	\$282.10	\$272.40	\$201.91	\$169.92
Age-in Rate for Ages 65-67 (B)	\$225.68	N/A	N/A	N/A	\$177.06	\$131.24	\$110.45
Age-in Rate for Ages 68-70 (B)	\$270.82	N/A	N/A	N/A	\$212.47	\$157.49	\$132.54
Age-in Rate for Ages 71-72 (B)	\$312.48	N/A	N/A	N/A	\$245.16	\$181.72	\$152.93

(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, 2021
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, 2020					
Base Rate	\$163.05	\$207.63	\$200.50	N/A	
Transfer Rate (A)	\$198.20	\$265.52	\$256.39	\$159.91	
Age-in Rate for Ages 65-67 (B)	N/A	N/A	\$130.33	N/A	
Age-in Rate for Ages 68-70 (B)	N/A	N/A	\$156.39	N/A	
Age-in Rate for Ages 71-72 (B)	N/A	N/A	\$180.45	N/A	
Required Rate Adjustment Factor (C)	1.015	1.015	1.015	1.015	
Required Rates Effective July 1, 2021					
Base Rate	\$165.56	\$210.82	\$203.58	N/A	\$179.87 (D)
Transfer Rate (A)	\$201.25	\$269.60	\$260.33	\$162.37	\$190.89
Age-in Rate for Ages 65-67 (B)	N/A	N/A	\$132.33	N/A	\$116.92
Age-in Rate for Ages 68-70 (B)	N/A	N/A	\$158.79	N/A	\$140.30
Age-in Rate for Ages 71-72 (B)	N/A	N/A	\$183.22	N/A	\$161.88

(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 1.0800, 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, 2021 - JUNE 30, 2022
PLAN 65 MEDIGAP AND SELECT**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Projected		Total	Investment	Contribution	Required	Redistributed	Required	Selected
	Projected	Claims	Administrative	Incurred	Income	to Reserve/	Subscription	Present	Rate	Rate
	Member Months	Expense	Expense	Claims and	Credit	Tax	Income	Weighted	Adjustment	Adjustment
		(A)		Administrative	(C)	(D)	(E)	Average	(G)	(H)
				Expense				Subscription		
				(B)				Income		
								(F)		
Medigap Plan A	4,789	\$430.06	\$54.13	\$484.19	(\$0.41)	\$26.81	\$510.59	\$256.15	99.3%	25.0%
Medigap Plan A (eff 7/1/19 under 65)	798									25.0%
Medigap Plan B	349	\$158.06	\$23.99	\$182.06	(\$0.15)	\$10.07	\$191.98	\$156.60	22.6%	1.5%
Medigap Plan C	47,791	\$191.64	\$27.71	\$219.35	(\$0.19)	\$12.15	\$231.31	\$253.78	-8.9%	1.5%
Medigap Plan F	25,843	\$191.64	\$27.71	\$219.35	(\$0.19)	\$12.15	\$231.31	\$248.40	-6.9%	1.5%
Medigap Plan G	28,078	\$174.35	\$25.80	\$200.14	(\$0.17)	\$11.09	\$211.06	\$184.12	14.6%	1.5%
Medigap Plan N	1,978	\$152.55	\$23.38	\$175.94	(\$0.15)	\$9.74	\$185.53	\$154.95	19.7%	1.5%
Select Plan L	333	\$120.86	\$19.87	\$140.73	(\$0.12)	\$7.79	\$148.40	\$148.06	0.2%	1.5%
Medigap & Select L	109,959	\$198.31	\$28.45	\$226.77	(\$0.20)	\$12.56	\$239.13	\$232.44	2.9%	2.9%
Select Plan B	105	\$129.39	\$20.81	\$150.20	(\$0.13)	\$8.32	\$158.39	\$155.04	2.2%	1.5%
Select Plan C	60,677	\$160.44	\$24.26	\$184.70	(\$0.16)	\$10.22	\$194.76	\$194.97	-0.1%	1.5%
Select Plan F	30,372	\$160.44	\$24.26	\$184.70	(\$0.16)	\$10.22	\$194.76	\$185.65	4.9%	1.5%
Select Plan G	333	\$136.35	\$21.59	\$157.94	(\$0.13)	\$8.74	\$166.55	\$168.85	-1.4%	1.5%
Select B, C, F & G	91,487	\$160.32	\$24.24	\$184.56	(\$0.16)	\$10.22	\$194.62	\$191.73	1.5%	1.5%
Grand Total	201,447	\$181.06	\$26.54	\$207.60	(\$0.18)	\$11.49	\$218.91	\$213.95	2.3%	2.3%

(A) 6 months of projected 2021 rates and 6 months of projected 2022 rates. The formula is 6/12ths multiplied by the CY 2021 rates (shown on Schedules 9 and 11) plus 6/12ths multiplied by the CY 2022 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 0.08% of premium.

(D) 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.

(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) 25.0% 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 2.3%.

(I) Refer to the Actuarial Summary, page 9, for the development of these Projected Claims.

Schedule 9

**BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2021
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)
	Base Period Claims Expense		Projection Factors		Projected Claims Expense per Contract Month 1/1/21 - 12/31/21							
	Medigap Plan A	Medigap Plans B, C, F, G, N & Select L	CY 2020 over CY 2019	CY 2021 over CY 2020	All Benefits	Medigap Plan A	Medigap Plan B	Medigap Plan C	Medigap Plan F	Medigap Plan G	Medigap Plan N (E)	Select Plan L
Plan 65 Benefit												
Part A Deductible		\$2,489,081	0.9545	1.1399	\$28.00	-	\$28.00	\$28.00	\$28.00	\$28.00	\$24.50	\$11.31 (A)
Part A Copay/365 Add'l Days (B)		\$351,873	1.0323	1.0540	\$3.65	\$3.65	\$3.65	\$3.65	\$3.65	\$3.65	\$3.19	\$0.11 (C)
Skilled Nursing Facility Copayment		\$1,422,639	1.0271	1.0540	\$16.00	-	-	\$16.00	\$16.00	\$16.00	\$14.00	\$12.14 (D)
Part B Deductible		\$1,370,449	1.0703	1.0253	\$16.92	-	-	\$16.92	\$16.92	-	-	-
Coinsurance - Physician	\$1,246,233	\$7,483,163	0.8809	1.1325	\$76.60	\$151.43	\$76.60	\$76.60	\$76.60	\$76.60	\$67.03	\$58.09 (D)
Coinsurance - Outpatient	\$2,133,525	\$4,202,142	0.8626	1.2305	\$45.77	\$275.83	\$45.77	\$45.77	\$45.77	\$45.77	\$40.05	\$34.70 (D)
Select Network: Part A Adjustment (PMPM)		\$1.73	0.9641	1.1293	\$1.88							\$1.43
Grand Total						\$430.91	\$154.01	\$186.93	\$186.93	\$170.02	\$148.76	\$117.77

(A) Select L Part A Deductible is calculated as 93.2% 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 75.8% 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 each benefit by overall factor of 0.875 to account for member copays.

Schedule 10

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2022
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 1/1/21 - 12/31/21			Projection Factors CY 2022 over CY 2021	Projected Claims Expense per Contract Month 1/1/22 - 12/31/22						
	Medigap <u>Plan A</u>	All Other <u>Benefits</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>	Medigap <u>Plan G</u>	Medigap <u>Plan N (D)</u>
<u>Plan 65 Benefit</u>											
Part A Deductible		\$28.00	1.0350	\$28.98	-	\$28.98	\$28.98	\$28.98	\$28.98	\$25.35	\$11.70 (A)
Part A Copay/365 Add'l Days	\$3.65	\$3.65	1.0350	\$3.78	\$3.78	\$3.78	\$3.78	\$3.78	\$3.78	\$3.30	\$0.11 (B)
Skilled Nursing Facility Copayment		\$16.00	1.0350	\$16.56	-	-	\$16.56	\$16.56	\$16.56	\$14.49	\$12.56 (C)
Part B Deductible		\$16.92	1.0443	\$17.67	-	-	\$17.67	\$17.67	-	-	-
Coinsurance - Physician	\$151.43	\$76.60	1.0356	\$79.33	\$156.82	\$79.33	\$79.33	\$79.33	\$79.33	\$69.41	\$60.15 (C)
Coinsurance - Outpatient	\$275.83	\$45.77	1.0933	\$50.04	\$301.57	\$50.04	\$50.04	\$50.04	\$50.04	\$43.78	\$37.94 (C)
Select Network: Part A <u>Adjustment (PMPM)</u>		\$1.88	1.0350	\$1.95							<u>\$1.48</u>
Grand Total					\$462.17	\$162.12	\$196.35	\$196.35	\$178.68	\$156.35	\$123.95

(A) Select L Part A Deductible is calculated as 93.2% 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 75.8% 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 each benefit by overall factor of 0.875 to account for member copays.

Schedule 11

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)	(7)
	Base Period	Projection Factors		Projected			
	Claims Expense			Claims Expense per Contract Month			
	1/1/21 - 12/31/21			1/1/21 - 12/31/21			
	Select	CY 2020 over	CY 2021 over	All	Select	Select	Select
	Plans B, C, F	CY 2019	CY 2020	Benefits	Plan B	Plan C	Plan F
<u>Plan 65 Benefit</u>							
Part A Deductible	\$528,667	0.9545	1.1399	\$5.26	\$5.26	\$5.26	\$5.26
Part A Copay/365 Add'l Days	\$95,135	1.0323	1.0540	\$0.95	\$0.95	\$0.95	\$0.95
Skilled Nursing Facility Copayment	\$1,362,028	1.0271	1.0540	\$13.52	-	\$13.52	\$13.52
Part B Deductible	\$1,681,342	1.0703	1.0253	\$16.92	-	\$16.92	\$16.92
Coinsurance - Physician	\$8,393,238	0.8809	1.1325	\$76.57	\$76.57	\$76.57	\$76.57
Coinsurance - Outpatient	\$4,254,567	0.8626	1.2305	\$41.30	\$41.30	\$41.30	\$41.30
Select Network: Part A	\$1.73	0.9664	1.1268	\$1.88	<u>\$1.88</u>	<u>\$1.88</u>	<u>\$1.88</u>
<u>Adjustment (PMPM)</u>							
Grand Total					\$125.96	\$156.40	\$156.40

Schedule 12

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
PROJECTION OF JANUARY THROUGH DECEMBER 2022
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			
	1/1/21 - 12/31/21	CY 2022 over	Claims Expense per Contract Month			
	Expense per	CY 2021	1/1/22 - 12/31/22			
<u>Plan 65 Benefit</u>	<u>Contract Month</u>		<u>All</u>	<u>Select</u>	<u>Select</u>	<u>Select</u>
			<u>Benefits</u>	<u>Plan B</u>	<u>Plan C</u>	<u>Plan F</u>
Part A Deductible	\$5.26	1.0350	\$5.44	\$5.44	\$5.44	\$5.44
Part A Copay/365 Add'l Days	\$0.95	1.0350	\$0.98	\$0.98	\$0.98	\$0.98
Skilled Nursing Facility Copayment	\$13.52	1.0350	\$13.99	-	\$13.99	\$13.99
Part B Deductible	\$16.92	1.0443	\$17.67	-	\$17.67	\$17.67
Coinsurance - Physician	\$76.57	1.0356	\$79.30	\$79.30	\$79.30	\$79.30
Coinsurance - Outpatient	\$41.30	1.0933	\$45.15	\$45.15	\$45.15	\$45.15
Select Network: Part A	\$1.88	1.0350	\$1.95	<u>\$1.95</u>	<u>\$1.95</u>	<u>\$1.95</u>
<u>Adjustment (PMPM)</u>						
Grand Total				\$132.82	\$164.48	\$164.48

Schedule 13

Plan 65 Medigap and Plan 65 Select

Projection Factors

Schedule 14

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		0.9246	0.9545
Part A Copay/365 Add'l Days	1.0323		1.0000	1.0323
Skilled Nursing Facility Copayment	1.0323		0.9950	1.0271
Part B Deductible	1.0703		1.0000	1.0703
Coinsurance - Physician	0.9983	1.0000	0.8823	0.8809
Coinsurance - Outpatient	0.9983	1.0234	0.8443	0.8626

(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 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>Changes</u>	<u>Provider</u> <u>Fees</u>	<u>Utilization/</u> <u>Mix</u>	<u>Composite</u>
Part A Deductible	1.0540		1.0815	1.1399
Part A Copay/365 Add'l Days	1.0540		1.0000	1.0540
Skilled Nursing Facility Copayment	1.0540		1.0000	1.0540
Part B Deductible	1.0253		1.0000	1.0253
Coinsurance - Physician	0.9993	1.0000	1.1333	1.1325
Coinsurance - Outpatient	0.9993	1.0397	1.1844	1.2305

(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 2022 OVER CALENDAR YEAR 2021

	(1)	(2)	(3)	(4)
	<u>Projection Factors CY 2022 over CY 2021 (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	1.0350		1.0000	1.0350
Part A Copay/365 Add'l Days	1.0350		1.0000	1.0350
Skilled Nursing Facility Copayment	1.0350		1.0000	1.0350
Part B Deductible	1.0443		1.0000	1.0443
Coinsurance - Physician	0.9989	1.0000	1.0368	1.0356
Coinsurance - Outpatient	0.9989	1.0266	1.0662	1.0933

(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 OCTOBER 2020
PLAN 65 MEDIGAP AND PLAN 65 SELECT**

	(1)	(2)	(3)	(4)	(5)
	October 2020 Contracts	Present Monthly Subscription Rates Effective Jul 2020	Present Monthly Subscription Rates w/o Age-in Credit (A)	Impact of Age-in Credit (B)	Redistributed Present Monthly Subscription Rate (C)
Plan 65 Medigap Plan A					
Discount Rate	2	\$249.99	\$249.99		
Under 65 Rate eff 7/1/19	60	\$318.54	\$318.54		
Base Rate	545	\$277.76	\$277.76		
Age-in Ages 65-67	0	\$180.54	\$277.76		
Age-in Ages 68-70	1	\$216.65	\$277.76		
Age-in Ages 71-72	2	\$249.98	\$277.76		
Total Medigap Plan A	610	\$281.49	\$281.68	1.0800	\$260.81
Plan 65 Medigap Plan B					
Discount Rate	35	\$169.13	\$169.13	1.0800	\$156.60
Plan 65 Medigap Plan C					
Discount Rate	629	\$250.05	\$250.05		
Base Rate	4,031	\$277.83	\$277.83		
Total Medigap Plan C	4,660	\$274.08	\$274.08	1.0800	\$253.78
Plan 65 Medigap Plan F					
Base Rate	465	\$268.27	\$268.27		
Age-in Ages 65-67	587	\$174.38	\$268.27		
Age-in Ages 68-70	958	\$209.25	\$268.27		
Age-in Ages 71-72	183	\$241.44	\$268.27		
Total Medigap Plan F	2,193	\$215.12	\$268.27	1.0800	\$248.40
Plan 65 Medigap Plan G					
Base Rate	190	\$198.85	\$198.85		
Age-in Ages 65-67	1,048	\$129.25	\$198.85		
Age-in Ages 68-70	175	\$155.10	\$198.85		
Age-in Ages 71-72	59	\$178.97	\$198.85		
Total Medigap Plan G	1,472	\$143.30	\$198.85	1.0800	\$184.12
Plan 65 Medigap Plan N					
Base Rate	9	\$167.35	\$167.35		
Age-in Ages 65-67	65	\$108.78	\$167.35		
Age-in Ages 68-70	15	\$130.53	\$167.35		
Age-in Ages 71-72	3	\$150.62	\$167.35		
Total Medigap Plan N	92	\$119.42	\$167.35	1.0800	\$154.95
Plan 65 Select Plan B					
Base Rate	14	\$163.05	\$163.05		
Transfer Rate	2	\$198.20	\$198.20		
Total Select Plan B	16	\$167.44	\$167.44	1.0800	\$155.04
Plan 65 Select Plan C					
Base Rate	5,406	\$207.63	\$207.63		
Transfer Rate	289	\$265.52	\$265.52		
Total Select Plan C	5,695	\$210.57	\$210.57	1.0800	\$194.97
Plan 65 Select Plan F					
Base Rate	697	\$200.50	\$200.50		
Transfer Rate	0	\$256.39	\$256.39		
Age-in Ages 65-67	634	\$130.33	\$200.50		
Age-in Ages 68-70	1,177	\$156.39	\$200.50		
Age-in Ages 71-72	245	\$180.45	\$200.50		
Total Select Plan F	2,753	\$163.70	\$200.50	1.0800	\$185.65
Plan 65 Select Plan G					
Base Rate	0	\$182.36	\$182.36		
Transfer Rate	0	\$190.61	\$182.36		
Age-in Ages 65-67	5	\$118.53	\$182.36		
Age-in Ages 68-70	1	\$142.24	\$182.36		
Age-in Ages 71-72	1	\$164.12	\$182.36		
Total Select Plan G	7	\$128.43	\$182.36	1.0800	\$168.85
Plan 65 Select Plan L					
Base Rate	44	\$159.91	\$159.91	1.0800	\$148.06
Grand Total Plan 65	17,577	\$216.70	\$234.03	1.0800	\$216.69

(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, 2019 (A)	\$1,364	\$341	\$682	\$170.50	\$185
2. January 1, 2020 (A)	\$1,408	\$352	\$704	\$176.00	\$198
3. January 1, 2021 (A)	\$1,484	\$371	\$742	\$185.50	\$203
4. January 1, 2022 (B)	\$1,536	\$384	\$768	\$192.00	\$212

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, 2020 (F)	1.0323	1.0323	1.0323	1.0323	1.0703
6. January 1, 2021 (G)	1.0540	1.0540	1.0540	1.0540	1.0253
7. January 1, 2022 (H)	1.0350	1.0350	1.0350	1.0350	1.0443

(A) Actual copayments and deductibles.

(B) The estimated 2022 Part A deductible reflects the 2020 CMS Trustee's Report, plus the \$32 difference in the 2021 actual deductible and the 2021 estimate shown in the Trustee's Report. The estimated 2021 Part B deductible reflects the amount shown in the Trustees Report, minus \$9 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.



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

March 4, 2021

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 Tigue:

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.

Additionally, effective July 1, 2021, we will no longer offer Medigap A to new members outside of the six-month Medicare open enrollment period at age 65 and guaranteed issue enrollment periods. This is consistent with enrollment eligibility for our other plans as well as Medigap offerings from other carriers. These enrollment changes are intended to help keep Plan 65 rates more affordable for everyone. In addition, the availability of Medicare Advantage plans to individuals eligible for Medicare due disability and end-stage renal disease means comprehensive coverage is available to these individuals and can meet their coverage needs. In this filing, this enrollment policy change reduces the overall rate need by 0.6%. Over time, this change will reduce the subsidy required for Medigap A, improving rates in all plans. We understand that state legislation has been introduced that will require all carriers to offer Medigap plans to Medicare-eligible individuals under the age of 65. If legislation to this or similar effect is enacted, BCBSRI will update its enrollment policies and submit a revised rate filing.

In CY 2019, on average 95.0% of members enrolled since May 1, 2016 identified as non-tobacco users. Thus, we are updating our pricing assumptions to reflect that 95.0% of the population does not use tobacco (our prior assumption was 94.5%). 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 0.1% to members enrolled on or after May 1, 2016, to account for fewer members paying the 10% premium differential.

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), and Plan 65 Outline (07-20).

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.



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

Sincerely,

DocuSigned by:

Konrad Lech

3A9084908054416...

Konrad Lech, ASA, MAAA
Sr. Actuary

cc: Ms. Monica Auciello, Esquire

**Actuarial Summary
Plan 65 Non-Group Rate Filing
Effective July 1, 2021**

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 December 2020, there are 17,469 subscribers enrolled in BCBSRI's Plan 65 and Plan 65 Select individual plans.

The current subscription rates were filed on February 25, 2020 and approved by the Office of the Health Insurance Commissioner ("OHIC") on April 13, 2020. They are effective from July 1, 2020 through June 30, 2021.

The requested rates have been calculated using Calendar Year 2019 experience and trend assumptions through June 2022. We are proposing these rates apply for twelve months commencing July 1, 2021 and ending June 30, 2022.

➤ **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 2019 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 2015 through 2018 pure premiums for each pool, price projected to calendar year 2019.

➤ **Projected Pure Premium**

The projected pure premiums for all plans are calculated by projecting the claims expense PCPM from the base year 2019 to the July 2021 – June 2022 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 2019 through 2021 are the actual deductible amounts as published in the Federal Register. The estimated 2022 Part A deductible reflects the 2020 CMS Trustee's Report released April 22, 2020 (Trustee's Report), which estimated the amount to be \$1,504, plus the \$32 difference in the 2021 actual deductible and the 2021 estimate shown in the Trustee's Report.
- The Part B Deductibles from 2019 through 2021 reflect the actual deductible amounts as published in the Federal Register. The estimated 2022 Part B

deductible reflects the Trustee's Report, which estimated the amount to be \$221, less the \$9 difference in the 2021 actual deductible and the 2021 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 0.0% for 2020, 0.0% for 2021, and 0.0% for 2022. These are the amounts provided in the narrative on page 127 of the Trustee's Report.

The estimated provider fee changes effective for Part B outpatient coinsurances beginning 2020, 2021, and 2022 are 2.34%, 3.97%, and 2.66%, 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 summarized as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
1) Hospital Deductible	\$1,364	\$1,408	\$1,484	\$1,536
2) Increase in conversion factor		3.23%	5.40%	3.50%
<u>3) Portion of Copayments to increase</u>		<u>72.4%</u>	<u>73.5%</u>	<u>75.9%</u>
4) Part B OP Copay Trend (line 2x3)		2.34%	3.97%	2.66%

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 2017 price level by dividing out the price factors for each year relative to calendar year 2017. 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 2019. Additional actual data is provided through November 2020. This year, because of the impact of COVID-19 on claims after February 2020, we have chosen to utilize a hybrid approach to determine the appropriate trends, as described below.

- The first part of this approach identifies the trend from CY 2019 claims to CY 2020 using the annualized trend from CY 2019 to the period of December 2019 through November 2020, our latest data point for inpatient, outpatient, and professional utilization. Then, based on actuarial judgment, we applied the inverse of that trend to project CY 2021 utilization, which gets utilization back to the 2019 claims level. This produces a 0% trend estimate from CY 2019 to CY 2021. For SNF, we used the actual trend of -0.5% from CY 2019 to the period of

September 2019 through August 2020 (our latest SNF data point), then assumed a 0% trend moving forward.

- The second part of this approach selects trends for CY 2021 to CY 2022 for inpatient, outpatient and professional utilization, using pre-COVID-19 incurred data incurred through Feb 2020. Our determinations are described as follows:
 - The utilization trend for the Part A Deductible is based on the Inpatient Trend. The calculated annual Inpatient Trend is 2.8% with an r-squared value of 0.543, based on 16 12-month moving points. This r-squared value does not meet the minimum value. Since the trend has been flattening in more recent months and the overall trend based on all 25 data points is also near 0.0%, we have selected a trend of 0.0% for trend beyond CY 2021.
 - 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 0.0%. The calculated annual trend is -11.9% with an r-squared value of 0.798, based on 24 12-month moving points. Although this is a valid R-squared value, the data seems to have reached a low point and we do not believe it will continue to decline. The more recent data points show relatively flat/slightly increasing utilization. Thus, we have selected a 0.0% trend projection.
 - 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 3.68% based on 24 12-month moving points, with an r-squared of 0.981. This r-squared value is valid and 3.68% is our selection for trend beyond CY 2021.
 - The annual utilization/mix trend factor for the Part B Outpatient Coinsurance is based on the Outpatient trend. The calculated annual trend is 6.62% with an r-squared value of 0.954 based on all 25 12-month

moving points. This r-squared value is valid and 6.62% is our selection for trend beyond CY 2021.

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 2021 and 2022. Then it was weighted by the number of months in the projected rate period (6 months in 2021 and 6 months in 2022).

➤ **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 2021 is \$25.55 PCPM. The 2021 Plan 65 budget was developed by utilizing the 2020 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 2022 is \$27.53 PCPM, a 7.7% increase over 2021. Thus, the administrative expense is calculated to be \$26.54 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 0.08%.

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, 2021 is 2.3%. 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	25.0%	1.5%	1.5%	1.5%	1.5%	--	1.5%
Plan 65 Select	--	1.5%	1.5%	1.5%	1.5%	1.5%	--

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.

We are proposing a 25% increase for all members in Medigap A. 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. In order to address this ongoing rate inadequacy, effective July 1, 2021, BCBSRI is closing Medigap A to enrollment outside of the six-month Medicare open enrollment period at age 65 and guaranteed issue

enrollment periods. This change reduces the overall rate need by 0.6%. Over time, this change will reduce the subsidy required for Medigap A, improving rates in all plans.

The selected rate adjustment shown in column 10 of Schedule 8 is 1.5% for Medigap Plan B, Medigap Plan C, Medigap Plan F, Medigap G, Medigap N, Select Plan L, Select Plan B, Select Plan C, Select Plan F, and Select Plan G. 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 2.3% 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 2018 data, that showed on average, 94.5% of our population identified as non-tobacco users. In this filing, we used data from CY 2019, that showed on average, 95.0% of this population identified as non-tobacco users. Thus, we are updating the pricing assumptions to reflect that 95.0% of the population does not use tobacco. This produces a minimal impact to the final rates. The impact is a rate increase of about 0.1% 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 Medigap Plan G and Medigap Plan N effective July 1, 2018. 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 introduced Select Plan G effective July 1, 2020.

Now that Medigap Plan G and Medigap Plan N have a full year of experience in our base period, we have aligned the pricing methodology with the other plans and project claims based on the benefits each plan covers.

For Select Plan G, we utilized the Select experience in developing the proposed rates. Specifically, BCBSRI utilized experience from 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. 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 2021</u>	<u>CY 2022</u>	<u>Rate Year</u>
Part A Deductible	\$5.26	\$5.44	\$5.35
Part A Copay	\$0.95	\$0.98	\$0.97
SNF	\$13.52	\$13.99	\$13.76
Coinsurance - Physician	\$76.57	\$79.30	\$77.94
Coinsurance - Outpatient	\$41.30	\$45.15	\$43.23
<u>Select Network: Part A Adjustment</u>	\$1.88	\$1.95	<u>\$1.92</u>
Total	\$139.48	\$146.81	\$143.15
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)			\$136.35

➤ **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	134.3%	99.4%	74.4%	76.0%	93.3%	--	97.0%
Plan 65 Select	--	82.2%	81.0%	85.1%	79.5%	80.4%	--

➤ **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 2019 to the July 2021 - June 2022 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.

DocuSigned by:

Konrad Lech

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Konrad Lech, ASA, MAAA

Sr. Actuary

3/4/2021

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 17,500 members. The new monthly premium rates will apply to members beginning July 1, 2021.

The average expected rate increase for these plans is 2.3%. Rate changes vary by plan. The range of rate changes members will experience is: 1.5% to 25.1%. 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-132685194

State Tracking #:

Company Tracking #:

2021PL65I

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 2021 PL65 Individual/2021PL65I

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:	