

State: Rhode Island **Filing Company:** Blue Cross & Blue Shield of Rhode Island
TOI/Sub-TOI: MS08G Group Medicare Supplement - Standard Plans 2010/MS08G.012 Multi-Plan 2010
Product Name: Plan 65 Group
Project Name/Number: 2017 Plan 65 Group Rating Factors/PL65GRP2017-2018

Filing at a Glance

Company: Blue Cross & Blue Shield of Rhode Island
Product Name: Plan 65 Group
State: Rhode Island
TOI: MS08G Group Medicare Supplement - Standard Plans 2010
Sub-TOI: MS08G.012 Multi-Plan 2010
Filing Type: Rate
Date Submitted: 02/20/2018
SERFF Tr Num: BCBS-131387414
SERFF Status: Assigned
State Tr Num:
State Status: Open-Pending Actuary Review
Co Tr Num: PL65GRP2018-2019
Implementation: 07/01/2018
Date Requested:
Author(s): Jessie Knowles, Sean Neylon
Reviewer(s): Linda Johnson (primary), Charles DeWeese, Maria Casale, Victor Woods
Disposition Date:
Disposition Status:
Implementation Date:
State Filing Description:

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General Information

Project Name: 2017 Plan 65 Group Rating Factors Status of Filing in Domicile: Not Filed
 Project Number: PL65GRP2017-2018 Date Approved in Domicile:
 Requested Filing Mode: Review & Approval Domicile Status Comments:
 Explanation for Combination/Other: Market Type: Group
 Submission Type: New Submission Group Market Size: Small and Large
 Group Market Type: Employer, Association Overall Rate Impact: -3.6%
 Filing Status Changed: 02/21/2018 Deemer Date:
 State Status Changed: 02/21/2018 Submitted By: Sean Neylon
 Created By: Jessie Knowles
 Corresponding Filing Tracking Number: BCBS-126755351

Filing Description:

Rating Factors Applicable to Plan 65 Group Rates Effective July 2018 - June 2019. Factors for new plans G and N, as well as existing plan C and existing riders.

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: \$75.00
 Retaliatory? No
 Fee Explanation: 3 plans at \$25 each
 Per Company: Yes

Company	Amount	Date Processed	Transaction #
Blue Cross & Blue Shield of Rhode Island	\$75.00	02/20/2018	135252521

SERFF Tracking #:

BCBS-131387414

State Tracking #:

Company Tracking #:

PL65GRP2018-2019

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Rate Information

Rate data applies to filing.

Filing Method: Review and Approve

Rate Change Type: Decrease

Overall Percentage of Last Rate Revision: 1.500%

Effective Date of Last Rate Revision: 07/01/2017

Filing Method of Last Filing: Review and Approve

SERFF Tracking Number of Last Filing: BCBS-130919563

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	-3.600%	-3.600%	\$-619,700	7,250	\$17,455,700	-0.900%	-7.000%

SERFF Tracking #:

BCBS-131387414

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

PL65GRP2018-2019

State:

Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

TOI/Sub-TOI:

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

Product Name:

Plan 65 Group

Project Name/Number:

2017 Plan 65 Group Rating Factors/PL65GRP2017-2018

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Consumer Narrative		New		Group P65 Consumer Narrative.pdf,
2		Filing Letter		New		201807 Group Plan 65 Rate Factor Filing.pdf,

Consumer Disclosure – Group Plan 65

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

Scope and Range of the Rate Change:

BCBSRI has proposed rate decreases for Group Medicare Supplement plans for Rhode Island members. These rate changes, once approved, will apply to about 7,300 members. The new monthly premium rates will apply to members upon the group’s renewal, beginning July 1, 2018.

The average rate change for these plans is expected to be -3.6%. The range of rate changes groups will experience is: -0.9% to -7.0%.

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

Key Drivers for this Filing:

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

Healthcare expenses are driven by:

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

Increases in the cost of medical services continue to drive the increase in overall healthcare expenses. New drug treatments account for a large part of the increase. The increase in the cost of medical services is partly offset by expected savings from negotiated pharmacy prices.

Increasing utilization is also a part of the increase in healthcare expenses. The number of medical services our members receive continues to grow year over year. Medicare deductibles and copayments that are covered under these plans are expected to increase as well. Administrative costs factor into this filing, as do premium taxes paid to the State of Rhode Island.

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

February 20, 2018

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

Subject: Rating factors applicable to Plan 65 group plans with effective dates of July 1, 2018 through June 1, 2019

Dear Commissioner Ganim:

This letter and the attached exhibits comprise a filing by Blue Cross & Blue Shield of Rhode Island (BCBSRI) of rating factors for Plan 65 group plans with effective dates of July 1, 2018 through June 1, 2019.

Based on current membership, approximately 7,300 members will be affected by this filing.

This filing represents an average decrease of 3.6% for the Plan 65 medical and rider rates with effective dates of July 2018 through June 2019. This average rate change is an estimate utilizing the latest available claims experience base. Actual rates will be determined using updated claims experience, and thus the resulting average rate change is not guaranteed.

The group Plan 65 coverage we offer today, Group Plan C without Skilled Nursing Facility (SNF), covers the following Medicare cost-sharing categories: Medicare Part A Deductible, Medicare Part A Copayments/365 Additional Days, Medicare Part B Deductible, Medicare Part B Copayment: Outpatient, and Medicare Part B Co-payment: Physician. With this filing, BCBSRI seeks to offer two new plans effective July 1, 2018: Group Plan G w/o SNF and Group Plan N w/o SNF. Group Plan G w/o SNF covers the aforementioned Medicare cost-sharing categories with the exception of the Part B deductible. This plan also covers Part B Excess Charges. Group Plan N w/o SNF also covers the Medicare cost-sharing categories in Group Plan C, with the exception of the Part B deductible, and also including \$20 office visit copays and \$50 emergency room visit copays. We offer SNF coverage for all of these plans as a separate rider. The claims portion of premiums for these plans will be calculated utilizing the benefit adjustment factors shown in Exhibit I.

Exhibit I displays the filed annual incurred claims projection factors for calendar years 2017-2020 by benefit for all of the Basic Benefits. Exhibit II displays the comparable annual incurred claims projection factors for the SNF, Major Medical, Prescription Drug, and Vision riders. The price assumptions for the projection of incurred claims expense for Basic Benefits and the SNF rider have been developed utilizing the latest information published by CMS and actuarial assumptions where final published numbers are not available. The utilization/mix projection factors for Basic Benefits and the SNF rider have been developed utilizing BCBSRI's standard methodology that has been employed in rate filings submitted to the Office of the Health Insurance Commissioner in the past.

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

Commissioner Ganim
February 20, 2018
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Exhibits I and II display the administrative expense per contract per month values to be utilized for Plan 65 group rates and riders effective in CY 2018, CY 2019, and CY 2020.

We request approval in this filing for a reserve contribution factor at 4.0% of premium, which includes federal taxes on the reserve, consistent with the current approved rating factors, as displayed in Exhibits I and II.

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

Finally, Exhibits I and II display an investment income credit factor of -0.26% of premium to be utilized for the rating of Plan 65 group plans.

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

We respectfully ask for your early consideration and approval of the proposed rating factors. Approval by March 31, 2018 would be greatly appreciated to ensure adequate lead-time to accommodate the notification of Plan 65 group rates effective in the third quarter of 2018.

Sincerely,



Jeffrey McLane, F.S.A, M.A.A.A.
Chief Actuary

cc: Ms. Monica Neronha, Esquire

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

PLAN 65 – BASIC BENEFITS

**Group Plan 65 Basic Benefit Rating Factors for Group Prospective Rates
 For Plan Years with Effective Dates of July 1, 2018 through June 1, 2019**

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>CY 2017</u>	<u>CY 2018</u>	<u>CY 2019</u>	<u>CY 2020</u>	<u>Factor</u>	<u>Application</u>
Annual Incurred Claims Projection Factor ^(A)						
Part A Deductible	1.0391	1.0376	1.0464	1.0545		X
Part A Copayments/365 Add'l Days	1.0217	1.0182	1.0269	1.0349		X
Part B Deductible	1.1024	1.0000	1.0000	1.0383		X
Part B Physician Coinsurance	1.0120	1.0120	1.0120	1.0058		X
Part B Outpatient Coinsurance	0.9957	1.0369	1.0434	1.0487		X
Basic Benefits	1.0221	1.0207	1.0241	1.0285		X
Benefit Adjustment Factor ^(B)						
Group Plan C w/o SNF					1.0000	X
Group Plan G w/o SNF					0.8778	X
Group Plan N w/o SNF					0.7712	X
Administrative Expense PCPM ^(C)						
Group Plan C, G, and N w/o SNF		\$22.09	\$22.28	\$22.27		+
Reserve Factor					4.00%	
Tax Liability Factor ^(D)					2.00%	
Investment Income Credit					-0.26%	
Total Variable Retention Factor ^(E)					5.74%	X

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

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

PLAN 65 – RIDERS

**Group Plan 65 Rider Rating Factors for Group Prospective Rates
 For Plan Years with Effective Dates of July 1, 2018 through June 1, 2019**

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>CY 2017</u>	<u>CY 2018</u>	<u>CY 2019</u>	<u>CY 2020</u>	<u>Factor</u>	<u>Application</u>
Annual Incurred Claims Projection Factor ^(A)						
Skilled Nursing Facility Benefits	1.0136	1.0182	1.0269	1.0349		X
Major Medical/Pharmacy Benefits ^(B)	0.9639 ^(B)	1.0883	1.0883	1.0883		X
Vision Benefits	1.0000	1.0000	1.0000	1.0000		X
Administrative Expense PCPM ^(C)						
Skilled Nursing Facility Benefits		\$1.81	\$1.83	\$1.84		+
Major Medical/Pharmacy Benefits		\$33.95	\$36.38	\$38.50		+
Vision Benefits		\$0.31	\$0.30	\$0.29		+
Reserve Factor					4.00%	
Tax Liability Factor ^(D)					2.00%	
Investment Income Credit					-0.26%	
Total Variable Retention Factor ^(E)					5.74%	X

- (A) Provides for changes in Medicare benefits, provider fees, price, utilization/mix, or other expected changes in pure premium.
- (B) The factor for CY 2017 represents five months of trend, because the base period runs through July 2017. It also includes an adjustment for projected pharmacy savings which aren't in the Aug-Dec 2016 portion of the base period.
- (C) Based on Administrative Expense per Contract per Month (PCPM) derived from Administrative Expense Budgets for anticipated expenses as estimated at the time of rate calculation.
- (D) Tax Liability Factor for prospective premium accounts includes 2.00% state premium tax liability. In the event that Rhode Island or the federal government enacts increases to taxes and/or assessments, BCBSRI reserves the right to modify the Tax Liability Factor component to fund such increases going forward.
- (E) Total Variable Retention Factor is the sum of the Reserve Factor plus the Tax Liability Factor plus the Investment Income Credit. The Required Premium is the sum of the Projected Experience Claims PCPM plus the Administrative Expense PCPM, that quantity divided by (1 - Total Variable Retention Factor).

State: Rhode Island

Filing Company:

Blue Cross & Blue Shield of Rhode Island

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

Product Name: Plan 65 Group

Project Name/Number: 2017 Plan 65 Group Rating Factors/PL65GRP2017-2018

Supporting Document Schedules

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

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

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

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

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