

SERFF Tracking Number: AWLP-126884869 State: Connecticut  
Filing Company: Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield of Connecticut State Tracking Number:  
Company Tracking Number:  
TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.005A Individual - Preferred Provider (PPO)  
Product Name: Grandfathered Anthem Direct Pay Plan Options Effective January 1, 2011  
Project Name/Number: /

## Filing at a Glance

Company: Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield of Connecticut  
Product Name: Grandfathered Anthem Direct Pay Plan Options Effective January 1, 2011 SERFF Tr Num: AWLP-126884869 State: Connecticut  
TOI: H16I Individual Health - Major Medical SERFF Status: Submitted to State State Tr Num:  
Sub-TOI: H16I.005A Individual - Preferred Provider (PPO) Co Tr Num: State Status:  
Filing Type: Rate Reviewer(s):  
Authors: Jennie Casaday, Barney Hamann, Charlie Kearns Disposition Date:  
Date Submitted: 11/01/2010 Disposition Status:  
Implementation Date Requested: 01/01/2011 Implementation Date:  
State Filing Description:

## General Information

Project Name: Status of Filing in Domicile: Not Filed  
Project Number: Date Approved in Domicile:  
Requested Filing Mode: Review & Approval Domicile Status Comments:  
Explanation for Combination/Other: Market Type: Individual  
Submission Type: New Submission Group Market Size:  
Overall Rate Impact: 19.9% Group Market Type:  
Filing Status Changed: 11/01/2010 Explanation for Other Group Market Type:  
Deemer Date: State Status Changed:  
Submitted By: Jennie Casaday Created By: Jennie Casaday  
PPACA: Grandfathered Immed Mkt Reforms Corresponding Filing Tracking Number:  
Filing Description:  
Grandfathered Anthem Direct Pay Plan Options Effective January 1, 2011

## Company and Contact

### Filing Contact Information

SERFF Tracking Number: AWLP-126884869 State: Connecticut  
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 (PPO)

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Jennie Casaday, Individual jennie.casaday@anthem.com  
 3000 Goffs Falls Road 312-234-7814 [Phone]  
 Manchester , NH 03111

**Filing Company Information**

Anthem Health Plans, Inc dba Anthem Blue CoCode: 60217 State of Domicile: Connecticut  
 Cross and Blue Shield of Connecticut  
 370 Bassett Road Group Code: 671 Company Type: Life, Accident,  
 Health  
 North Haven, CT 06473 Group Name: WellPoint Inc Group State ID Number:  
 (203) 239-4911 ext. [Phone] FEIN Number: 06-1475928

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**Filing Fees**

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield of Connecticut	\$0.00	11/01/2010	

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## Supporting Document Schedules

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Actuarial Memorandum		
<b>Comments:</b>		
<b>Attachment:</b> CT_RateFiling_eff2011Jan_2010Nov1.pdf		



November 1, 2010

Ms. Mary Ellen Breault  
Director of the Life and Health Division  
Insurance Department  
State of Connecticut  
P.O. Box 816  
Hartford, CT 06142-0816

**Re: Grandfathered Anthem Direct Pay Rate Filing Effective January 1, 2011**

Submitted for your review and approval are revised medical and prescription drug rates for our Grandfathered Individual health insurance plans such as Direct Pay BlueCare HMO, Century Preferred, Lumenos, and Tonik. This filing is for those "grandfathered" products that are *not* subject to some of the new requirements of the federal Patient Protection and Affordable Care Act (PPACA). The revised rates included in this filing will be effective January 1, 2011.

Please note that this filing is independent from our previously approved PPACA-compliant non-grandfathered filing and affects different members (see table below). Specifically, this filing impacts our grandfathered health insurance plans and members who were enrolled in certain plans on or before March 23, 2010.

<b>Product Family</b>	<b>General Description</b>	<b>Approximate Membership</b>	<b>Rate Filing Impacting Members</b>
Grandfathered	Defined by legislation	48,000	Included in this rate application
Non-Grandfathered existing members	Policyholders that enrolled between 3/24/2010 and prior to 9/23/2010	9,000	Previously approved, Sept. 16, 2010

The pricing structure of our individual products is a reflection of the medical risks and costs associated with this market. Health care costs and utilization are the two main drivers of increasing health insurance premiums. We continue to be concerned with the rapidly increasing claims cost in Connecticut, which our own actuarial analysis indicates is growing by double digits (12.5% projection period trend as shown in this filing). Claim cost trend is based on actual claims experience including cost to deliver care and utilization. Anthem is experiencing increased utilization costs that are affected in part by the increasing need for medical services, the use of new, expensive prescription drugs, and the rising cost of advanced technologies.

In addition to claim cost trend, the total cost of providing benefits is influenced by other factors as well. A primary driver of additional cost is the impact of underwriting wear-off, which typically occurs as an individual policy matures. For example, members entering their second year of an individual policy typically have claims costs that are 30 percent higher than the claims cost they had during their first year as an individual policy holder. We measure this impact using policy duration, which is the length of time since the member's initial underwriting. Underwriting wear-off continues to negatively impact rates. The actuarial analysis included in this filing indicates that our projected distribution of members by policy duration during 2011 will increase claims costs by 8.5%.

It is also important to note that a combination of changes in plan mix, medical loss ratio requirements and other actuarial impacts will reduce the total anticipated rate increase by 1.5%. This adjustment is discussed in more detail in the Actuarial Memorandum and accompanying Exhibits.

In total, the combined impact of cost trends, underwriting wear-off, and these additional changes require a 19.9% base rate increase for 2011 on these "grandfathered" products. We believe our rate filing is actuarially sound in relation to the benefits provided and the underlying risks associated with this pool. We remain concerned however, about the increasing cost of care and its adverse effect on premiums, our members and Connecticut consumers. Anthem is investing in many initiatives to reduce the cost of care, promote wellness and preventive care for our members and communities, as well as working with providers to encourage high-quality, evidence-based care, which costs less over time.

Thank you for your attention to this filing. We are dedicated to working with our members to find health coverage plans that are the most appropriate and beneficial for their needs.

A handwritten signature in black ink that reads "Robert Ruiz-Moss". The signature is written in a cursive, flowing style.

Robert Ruiz-Moss  
Segment Lead, Individual Markets



**Anthem Health Plans - Connecticut  
Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
Actuarial Memorandum**

**Scope and Purpose of Rate Filing**

Submitted for your review and approval are revised medical and prescription drug rates for our Grandfathered Anthem Direct Pay Plan Options effective January 1, 2011. The purpose of this filing is to provide the department with the proposed rate changes for the above products; this information may not be appropriate for other purposes.

Anthem is requesting a rate revision because claim costs associated with the benefits offered have increased and are expected to continue increasing and the rates for these products, if not increased, are and would continue to be inadequate. This rate revision applies to grandfathered in-force business for the policy forms shown in Exhibit I and is intended to align rates with regulatory requirements and emerging experience.

**Effective Date and Implementation**

Effective date: 1/1/2011

Implementation: All policyholders renew on January 1st regardless of the policy effective month.

**Requirements from Bulletin HC-81**

Policy Forms: Exhibit I contains product families and corresponding policy form numbers affected by this rate revision.

Historical Experience: Exhibit II details historical experience for the Individual policy forms included in the rate application.

Consistency with most recent financial statement: The rate development is based on claim costs by incurred date which is reconciled to the claim lags (Exhibit V) used to set reserves. Claim lags are then reconciled to the data warehouse and ultimately to the financial statements.

Anticipated trend information by cost, utilization, technology and other components: Exhibit III details Anthem's trend assumption.

Benefit buy-down impact: Anthem relies on allowed claim cost data as described below such that the impact of buy-downs is excluded from the underlying claim cost trend. The impact of benefit buy-downs on the required premium is discussed below.

Mandated benefit changes: The impact of changes in benefits are shown in Exhibit IV and are discussed below.

Claim lag triangles: The total claim triangle for Anthem Direct Pay business is shown in Exhibit V. Products that are excluded from the rate application are noted.

Retention Charges: Exhibit VI compares the retention charges for the products in this filing to the most recently filed statutory financial statement.

Expected loss ratio: Anthem has demonstrated our anticipated loss ratio in the attached Exhibits. Anthem has developed our proposed rate impact based on our the loss ratio shown in Exhibit IV.

Summary of Proposed Rate Changes: Appendix A details the components of the proposed base rate increase.



**Anthem Health Plans - Connecticut  
Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
Actuarial Memorandum**

Rate Development and Assumptions

As shown in Exhibit IV, Anthem is requesting a 19.9% base rate change effective January 1, 2011 for all plan options included in this filing. The following narrative is submitted in support of the assumptions underlying the rate development:

Claims Experience: The base experience period is the aggregate twelve month experience period incurred from 7/1/2009 to 6/30/2010 and paid through 8/31/2010.

Underlying Medical and Pharmacy Claim Cost Trend: Allowed claim cost data reflects the cost of benefits prior to member cost sharing. Anthem reviews allowed claim cost data to neutralize the impact of shifts in benefit coverage over time. Additionally, observed allowed claim cost data is normalized for (or adjusted to remove) the impact of policy duration (or underwriting wear-off) on observed data and the impact of changes in the demographic population (specifically attained age and gender). The normalized allowed trends are shown in Exhibit III for the observed period and the projection period. It is important to note that normalization removes the impact of policy duration and demographic changes from underlying claim cost trend data to ensure that there is no double-counting as we project the impact of these claim cost drivers into the rate effective period. It is important to note that paid claim cost trends are not a correct measure of underlying trend. Paid trends are artificially suppressed by multiple impacts: the effect of benefit buy-downs within product, changes in mix of business between products and other demographic changes. In order to compare the paid claim cost trends for the book of business to the assumed underlying claim cost trend, one would need to review the claim trend for each product family separately, restore the impact of benefit buy-downs and account for any demographic changes.

Projected underlying medical and pharmacy cost of care assumptions are based on known and anticipated changes in provider/network reimbursement levels, changes in utilization, and other claims trends including savings initiatives. Deductible and benefit leveraging is then applied to the resulting total claim cost trend.

Impact of Policy Duration (Underwriting Wearoff): The effect of policy duration is included in the projection of claim cost PMPMs in Exhibit IV. As stated above, this projection adjustment is appropriate because we have adjusted (or removed) the historic impact from underlying claim cost trend. The impact of policy duration captures the expected additional cost associated with policyholders as the length of time from underwriting increases [see Society of Actuaries research paper at <http://www.soa.org/research/research-projects/health/research-variation-by-duration-in-individual-health-medical-insurance-claims.aspx>]. We used Milliman claim cost factors by policy year to project the impact of the change in member distribution on the expected claim cost. For example, the claim cost for a member entering their second year on the policy is expected to be 30.8% higher than the first year. Underwriting wear-off is calculated by comparing the distribution of members in each policy year during the base period and comparing to the expected distribution during the rate effective period. The following summarizes this impact:

<u>Policy Year</u> <u>(since enrollment)</u>	<u>Experience</u> <u>Period</u> <u>Distribution</u>	<u>Rating Period</u> <u>Distribution</u>	<u>Assumed</u> <u>Claim Cost</u> <u>Factor*</u>
1**	29.0%	6.7%	0.65
2	20.1%	24.0%	0.85
3	12.7%	20.5%	0.95
4	9.1%	12.6%	1.00
5	8.9%	8.8%	1.05
6+	20.2%	27.5%	1.10
<i>Total</i>	<i>0.887</i>	<i>0.962</i>	<i>8.5%</i>

\* Assumed factors are based on Milliman 2008 HCGs (page E3.6 table of durational adjustments to claim cost)

\*\* Grandfathered products are no longer available for new sales thus the distribution of members in the first policy year is reduced.



**Anthem Health Plans - Connecticut  
Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
Actuarial Memorandum**

Attained age impact: The effect of member demographics (age and gender) is not added back into the rate development for either premium or claim cost PMPMs. The rating methodology assumes that the impact of aging and changes in member demographics is accounted for in the attained age band tables. More specifically, as subscribers age on their policy, the calculation assumes that their claim cost increases at the same rate that their premium increases.

Benefit buy-down impact: Policyholders have and will continue to migrate to more affordable plan design options including higher deductible levels. However, Buy-downs are not reflected in this rate application because, in most cases, grandfathered status will be lost if any changes are made to decrease plan benefits (buy-down).

Changes in Mandated Benefits: The following coverage changes are required under federal law (PPACA) for grandfathered members as well as changes in CT state mandated benefits:

<u>Benefit Change</u>	<u>Impact on</u>	
	<u>Claims</u>	<u>Notes</u>
Unlimited lifetime maximum	0.0%	Negligible impact
Dependent to age 26	0.2%	Definitional difference
Rescission changes	0.0%	Negligible impact
<hr/>		
<i>Total PPACA Impact</i>	<i>0.2%</i>	
Oral chemotherapy CT mandate	0.2%	S.B. 50
<i>Total Benefit Change Impact</i>	<i>0.4%</i>	

Other claims adjustments PMPM: Benefit expenses including capitated claims, state assessments for the HRA pool, pharmacy rebates, and a portion of healthcare management fees.

Other rating factors: No changes are proposed to the existing age/gender factors or to the existing HSA aggregate family deductible factors.

Actuarial certification

I, Jennie Keith Casaday, am an Actuarial Director for WellPoint Inc. I am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Jennie Keith Casaday, F.S.A., M.A.A.A.  
Actuarial Director, Individual Product Pricing  
Anthem Health Plans, 370 Bassett Road, North Haven, CT 06473  
Email jennie.casaday@anthem.com





Exhibit I

Anthem Health Plans - Connecticut  
Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
Grandfathered Policy Forms

Plan Name	Form No.
BlueCare (HMO)	N7221
Century Preferred Direct/ Lumenos	N1369
Tonik	N1414
BlueCare Plus Individual Value	N974
BlueCare Plus Individual Premier	N296
Blue Care Plus Advantage	N7221
Semi-Private 200	N427
Community	N117
Direct Pay 30	N373
Century 90 endorsements	132
Basicare	3200



Exhibit II

Anthem Health Plans - Connecticut  
 Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
 Historical Experience

Incurred Date	Premium	Incurred Claims from Exhibit V excl. CHCBP	Other PMPM (assessments, capitation, med. management)*	Total Benefit Expense	Members	Rolling 12			
						Premium	Total Benefit Expense	Estimated HCR-Adj. Loss Ratio**	Member Months
<b>Dec-07</b>						<b>\$174,484,309</b>	<b>\$132,434,012</b>	<b>78.9%</b>	<b>651,642</b>
Jan-08	\$16,348,528	\$10,031,397	\$226,951	\$10,258,347	54,819	\$175,873,575	\$131,502,130	77.8%	652,962
Feb-08	\$15,929,927	\$10,157,341	\$227,634	\$10,384,974	54,984	\$177,248,021	\$132,854,502	78.0%	654,463
Mar-08	\$15,754,752	\$11,782,151	\$227,278	\$12,009,428	54,898	\$178,468,136	\$133,496,056	77.8%	655,643
Apr-08	\$15,752,684	\$11,528,136	\$227,808	\$11,755,943	55,026	\$179,586,310	\$135,254,247	78.3%	656,858
May-08	\$15,664,893	\$11,901,013	\$228,296	\$12,129,309	55,144	\$180,271,274	\$135,035,892	77.9%	657,927
Jun-08	\$15,672,801	\$11,745,404	\$230,217	\$11,975,621	55,608	\$181,823,831	\$136,134,416	77.9%	659,179
Jul-08	\$15,882,879	\$12,767,291	\$231,886	\$12,999,177	56,011	\$183,069,677	\$138,521,368	78.7%	660,468
Aug-08	\$15,764,555	\$13,044,453	\$232,093	\$13,276,545	56,061	\$184,512,722	\$140,441,475	79.2%	661,769
Sep-08	\$15,572,981	\$12,254,818	\$231,033	\$12,485,850	55,805	\$185,586,168	\$142,636,811	79.9%	662,824
Oct-08	\$15,697,181	\$14,096,881	\$231,252	\$14,328,133	55,858	\$186,987,173	\$144,884,100	80.6%	663,868
Nov-08	\$15,463,565	\$12,680,824	\$230,573	\$12,911,397	55,694	\$187,881,933	\$146,152,705	80.9%	664,717
<b>Dec-08</b>	<b>\$15,298,844</b>	<b>\$14,521,191</b>	<b>\$229,033</b>	<b>\$14,750,224</b>	<b>55,322</b>	<b>\$188,803,590</b>	<b>\$149,264,950</b>	<b>82.2%</b>	<b>665,230</b>
Jan-09	\$17,257,298	\$10,761,874	\$228,706	\$10,990,581	55,243	\$189,712,359	\$149,997,183	82.2%	665,654
Feb-09	\$16,568,312	\$10,956,791	\$229,240	\$11,186,031	55,372	\$190,350,744	\$150,798,239	82.4%	666,042
Mar-09	\$16,595,828	\$12,218,086	\$229,973	\$12,448,059	55,549	\$191,191,820	\$151,236,870	82.3%	666,693
Apr-09	\$16,510,168	\$12,833,263	\$230,917	\$13,064,180	55,777	\$191,949,303	\$152,545,106	82.7%	667,444
May-09	\$16,499,082	\$12,734,895	\$231,641	\$12,966,537	55,952	\$192,783,492	\$153,382,334	82.7%	668,252
Jun-09	\$16,644,312	\$13,383,986	\$232,987	\$13,616,972	56,277	\$193,755,003	\$155,023,685	83.2%	668,921
Jul-09	\$16,567,178	\$14,199,444	\$234,618	\$14,434,062	56,671	\$194,439,301	\$156,458,571	83.7%	669,581
Aug-09	\$16,429,766	\$13,148,626	\$235,446	\$13,384,072	56,871	\$195,104,512	\$156,566,097	83.5%	670,391
Sep-09	\$16,367,886	\$14,397,044	\$235,512	\$14,632,556	56,887	\$195,899,418	\$158,712,803	84.3%	671,473
Oct-09	\$15,556,213	\$15,311,352	\$235,612	\$15,546,963	56,911	\$195,758,450	\$159,931,634	85.0%	672,526
Nov-09	\$15,847,295	\$15,751,045	\$235,641	\$15,986,686	56,918	\$196,142,180	\$163,006,922	86.4%	673,750
<b>Dec-09</b>	<b>\$16,162,133</b>	<b>\$16,255,348</b>	<b>\$234,154</b>	<b>\$16,489,503</b>	<b>56,559</b>	<b>\$197,005,469</b>	<b>\$164,746,200</b>	<b>87.0%</b>	<b>674,987</b>
Jan-10	\$18,388,382	\$10,130,464	\$230,842	\$10,361,306	55,759	\$198,136,553	\$164,116,926	86.1%	675,503
Feb-10	\$17,461,395	\$10,544,299	\$230,466	\$10,774,765	55,668	\$199,029,637	\$163,705,660	85.5%	675,799
Mar-10	\$17,621,961	\$12,345,754	\$229,517	\$12,575,271	55,439	\$200,055,770	\$163,832,873	85.2%	675,689
Apr-10	\$17,323,570	\$12,574,877	\$229,074	\$12,803,952	55,332	\$200,869,172	\$163,572,645	84.7%	675,244
May-10	\$17,225,923	\$12,100,202	\$229,224	\$12,329,425	55,368	\$201,596,013	\$162,935,533	84.1%	674,660
Jun-10	\$17,221,265	\$13,132,832	\$229,166	\$13,361,997	55,354	\$202,172,966	\$162,680,558	83.7%	673,737

\*Historical amounts of assessments, capitation, etc were not available thus these claims are set equal to the product of the membership and other PMPM in Exhibit IV.

\*\*Assuming premium tax and federal income tax off-sets are the same as shown in the rate development.

Note: Prior to the 2011 rate filing, projected membership by product family was not calculated in the rate development thus expected loss ratios are not available.



Exhibit III

**Anthem Health Plans - Connecticut  
Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
Claim Cost Trend Assumption**

	PPO Products			HMO Products		
	Unit Cost	Utilization	Total Trend	Unit Cost	Utilization	Total Trend
<b>Observed Allowed Trends *</b>						
Medical	8.6%	0.0%	8.6%	7.5%	8.3%	15.8%
Pharmacy	10.0%	-0.9%	9.0%	22.9%	6.5%	29.4%
<b>Combined Med + Rx</b>			<b>8.6%</b>			<b>17.7%</b>
<b>Projected Underlying Cost of Care</b>			8.9%			16.0%
Benefit and Deductible Leveraging			1.5%			1.0%
<b>Pricing Trend</b>			<b>10.4%</b>			<b>17.0%</b>
Proportion of Claims			68%			32%
<b>Combined Total Book Trend</b>						<b>12.5%</b>

**Drivers of Incremental Trend Change**

- Provider contracting increases have a negligible incremental impact over observed trends during the projection period.
- Anthem does not track medical technology trend separately from other trend components but it is incorporated in unit cost trend.
- Benefit and deductible leveraging is calculated using our in-house relativity model which is based on Milliman Health Cost Guidelines.

\* Observed trend is adjusted to remove the impact of changes in the distribution of members by policy duration (impact of underwriting wear-off) and attained age band. Observed trends are for the 12 months ending 4/2010 with 2 months run-out



Exhibit IV

**Anthem Health Plans - Connecticut  
Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
Summary Rate Development**

<b>Experience Period Fully Incurred Claims <sup>1</sup></b>		<u>Est. Incurred</u>	<u>Member Mos.</u>	
Medical and Rx		\$159,891,287	673,737	
Total Fully Incurred Claims PMPM			\$237.32	
Trend Projected to Rating Period		<u>Annual</u>	<u>Months of Trend</u>	<u>Projected<sup>2</sup></u>
Medical & Rx Blended		12.5%	18.0	19.3%
<b>Trended Claim Cost PMPM Effective 1/1/2011</b>			<b>\$283.18</b>	
<b>Claim Cost Adjustments</b>				
Policy Duration (Underwriting Wear-Off) Impact %			8.5%	
Benefit Factor (Buy-down) Impact		4	0.0%	
Benefit changes: PPACA and other mandate changes		3	0.4%	
Other PMPM (assessments, capitation, med mngt, etc)			\$4.14	
<b>Adjusted Claim Cost PMPM during Rate Effective Period</b>			<b>\$312.62</b>	
<b>Premium at Current Rates Premium PMPM (Med + Rx)</b>			<b>\$324.45</b>	
Premium Relativity Factor (Buy-down) Impact		4	0.0%	
Adjusted Premium at Current Rates PMPM			\$324.45	
HCR Target Loss Ratio			<b>82.5%</b>	
Premium tax (reduce denominator)			1.75%	
Federal income tax (reduce denominator)		5	2.10%	
Target Pre-Tax Loss Ratio			79.3%	
Required Premium PMPM 1/1/2011			\$394.11	
Calculated (Required) Increase			<b>21.5%</b>	<b>Proposed Increase 19.9%</b>
Expected HCR-Adjusted Loss Ratio at Proposed Increase		6		<b>83.6%</b>

<sup>1</sup> Incurred 7/1/2009 to 6/30/2010 and paid thru 8/31/2010.

<sup>2</sup> Annual trend projected for 18 months from experience period to rating period midpoint.

<sup>3</sup> Changes in the definition of Dependent to age 26 result in an impact of 0.2% and the Oral chemotherapy CT mandate result in an impact of 0.2%.

<sup>4</sup> Buy-downs are not reflected in this rate application because, in most cases, grandfathered status will be lost if any changes are made to decrease plan benefits (buy-do

<sup>5</sup> Federal income tax is approximate based on 35% tax on potential operating margin.

<sup>6</sup> The expected loss ratio does not consider any increase in lapses or additional risk associated with a closed block of business.

Exhibit V

Anthem Health Plans - Connecticut  
 Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
 Claim Triangle Paid Thru August 2010

Paid Thru Date ==>

Incurred	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
Jan-07	\$5,024,345	\$4,239,021	\$1,172,145	\$149,131	\$143,771	\$203,699	\$45,367	\$12,860	\$15,430	\$11,487	\$26,857	\$1,667	\$3,893	\$13,318	\$4,215	\$1,645	\$4,203	\$1,217
Feb-07	\$0	\$4,286,064	\$3,600,500	\$679,935	\$145,275	\$73,840	\$48,378	\$19,174	\$43,905	\$8,097	\$5,206	\$2,391	\$5,888	-\$8,340	\$1,621	-\$51,768	\$1,390	\$1,563
Mar-07	\$0	\$0	\$5,587,258	\$4,122,007	\$691,955	\$275,074	\$97,222	\$136,419	\$52,239	\$68,538	-\$12,897	\$34,455	\$45,063	\$938	\$326	\$58,113	\$6,324	\$67,902
Apr-07	\$0	\$0	\$0	\$4,634,444	\$4,049,707	\$669,792	\$157,433	\$141,226	\$42,347	\$27,759	\$23,596	-\$946	\$23,453	\$23,136	\$18,075	\$13,300	\$2,867	\$5,685
May-07	\$0	\$0	\$0	\$0	\$5,341,503	\$4,263,768	\$844,965	\$906,606	\$218,887	\$64,173	\$70,826	\$10,354	\$433,049	\$17,979	-\$1,783	\$31,330	-\$1,785	\$10,924
Jun-07	\$0	\$0	\$0	\$0	\$0	\$5,154,451	\$3,936,822	\$769,067	\$408,032	\$176,380	\$102,880	\$64,639	\$38,782	\$31,868	\$25,297	\$9,410	\$5,122	\$5,145
Jul-07	\$0	\$0	\$0	\$0	\$0	\$0	\$4,901,085	\$4,387,766	\$484,986	\$203,644	\$152,219	\$84,251	\$73,854	\$13,132	-\$13,523	\$148,707	\$11,670	-\$8,563
Aug-07	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,671,081	\$4,266,120	\$597,484	\$208,948	\$270,945	\$68,906	\$55,705	\$30,469	-\$5,959	\$10,339	\$6,812
Sep-07	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,838,628	\$4,044,587	\$569,568	\$145,131	\$120,047	\$229,769	\$40,914	-\$64,751	\$22,497	\$33,429
Oct-07	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,879,481	\$4,555,528	\$865,516	\$293,002	\$233,069	\$90,407	\$67,567	\$11,894	\$22,024
Nov-07	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,566,238	\$4,356,962	\$943,199	\$272,602	\$135,369	\$72,730	\$54,123	\$25,716
Dec-07	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,332,704	\$4,900,581	\$775,606	\$263,492	\$81,718	\$71,240	\$36,617
Jan-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,895,326	\$4,127,395	\$564,207	\$192,888	\$146,207	\$83,865
Feb-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,596,924	\$4,273,699	\$800,862	\$192,657	\$126,869
Mar-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,069,967	\$4,902,876	\$1,031,687	\$532,775
Apr-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,624,545	\$4,329,268	\$767,001
May-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,645,587	\$4,599,050
Jun-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,489,989
Jul-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Aug-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sep-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Oct-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nov-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dec-08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jan-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Feb-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mar-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Apr-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jul-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Aug-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sep-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Oct-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nov-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dec-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jan-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Feb-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mar-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Apr-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Exhibit V

Anthem Health Plans - Connecticut  
 Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
 Claim Triangle Paid Thru August 2010

Paid Thru Date ==>

	<u>Jul-08</u>	<u>Aug-08</u>	<u>Sep-08</u>	<u>Oct-08</u>	<u>Nov-08</u>	<u>Dec-08</u>	<u>Jan-09</u>	<u>Feb-09</u>	<u>Mar-09</u>	<u>Apr-09</u>	<u>May-09</u>	<u>Jun-09</u>	<u>Jul-09</u>	<u>Aug-09</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	
Incurred																			
Jan-07	\$3,808	-\$576	-\$85,503	-\$3,737	\$85,544	\$842	-\$69	-\$3	-\$1,075	-\$2,010	\$3,520	-\$1,775	-\$256	\$0	\$120	\$264	\$0	\$328	
Feb-07	\$1,872	\$19,649	-\$3,124	\$839	\$835	-\$27	-\$338	\$1,731	\$84	\$0	\$162	-\$187	\$2,595	\$2,076	\$827	\$0	\$0	\$764	
Mar-07	-\$3,646	\$607	-\$2,208	\$1,249	\$885	\$1,338	\$42	-\$11,750	\$277	\$148	-\$33	\$0	\$14	-\$1,405	\$28	\$0	\$0	\$611	
Apr-07	-\$2,652	\$6,776	\$382	-\$2,779	\$912	-\$1,381	\$773	\$179	\$1,178	\$1,235	\$282	\$580	\$0	\$9	\$28	\$0	\$0	-\$308	
May-07	\$19,027	\$391	\$1,372	\$44	-\$30	\$129	\$730	-\$1,816	\$11,893	\$630	\$988	\$0	-\$778	\$6,528	-\$83	\$224	\$0	\$0	
Jun-07	-\$574	\$2,432	\$3,613	-\$1,822	\$625	\$374	\$2,201	\$927	\$744	-\$150	-\$45	\$1,141	\$73	-\$108	-\$113	-\$63	\$0	\$1,602	
Jul-07	\$3,495	\$2,328	\$8,887	-\$1,470	-\$4,201	\$22	\$1,101	-\$245	\$1,890	\$127	\$11,800	\$1,002	-\$273	\$4,219	\$0	\$0	\$994	\$0	
Aug-07	-\$182	\$6,404	\$8,492	-\$6,013	\$1,900	-\$680	\$6,286	\$886	\$3,316	\$3,393	\$1,179	\$397	\$2,837	-\$259	\$114	\$360	\$0	-\$196	
Sep-07	\$5,928	\$7,566	\$4,965	-\$1,693	-\$12,281	\$1,302	\$11,570	\$2,677	\$73,556	\$1,786	\$183	\$38,217	\$7,535	\$118	\$466	\$91	\$1,848	\$4,461	
Oct-07	\$9,097	-\$5,618	\$99,563	\$1,150	\$765	-\$10,136	\$1,628	\$13,982	\$2,187	\$18,068	\$11,157	\$1,714	\$0	\$4,601	\$0	\$525	\$0	\$0	
Nov-07	\$23,525	\$18,040	\$13,348	\$13,975	-\$2,125	-\$18,155	\$11,927	\$2,820	\$1,763	\$539	\$2,795	\$34	\$217	-\$187	\$4,534	\$4,974	\$197	\$0	
Dec-07	\$13,749	\$12,543	-\$8,300	-\$1,810	-\$2,901	-\$1,227	\$3,170	\$2,715	\$2,218	\$1,761	-\$1,475	-\$70	-\$81	-\$117	-\$13	\$899	\$0	\$257	
Jan-08	-\$21,172	\$48,962	\$7,059	\$3,528	-\$34,389	\$42,065	-\$3,261	\$14,937	\$2,535	\$6,679	\$4,256	\$1,760	-\$12	\$1,408	\$1,041	\$1,455	-\$1,405	\$1,191	
Feb-08	-\$2,290	\$89,055	\$27,169	\$4,018	\$8,388	\$12,411	\$3,631	\$5,113	\$8,564	\$4,732	\$13,586	\$10,524	\$7,636	\$2,983	\$1,356	\$1,478	-\$184	\$589	
Mar-08	\$123,162	\$82,413	\$24,562	\$17,563	\$10,470	\$9,963	\$12,167	-\$2,928	-\$1,538	\$7,146	\$4,684	\$2,464	\$780	-\$1,333	\$6,692	-\$7,734	\$5,459	\$247	
Apr-08	\$509,988	\$156,250	\$44,181	\$13,677	\$80,224	\$3,096	\$25,355	\$45,721	\$19,450	\$12,733	\$5,922	-\$13,561	\$2,049	\$2,731	\$983	\$1,018	\$93	\$5,192	
May-08	\$1,104,369	\$107,558	\$313,698	\$80,204	\$30,594	\$10,322	\$20,722	\$3,368	\$7,186	\$16,397	\$23,866	\$1,588	\$12,452	\$6,255	\$167	\$550	-\$159	\$1,390	
Jun-08	\$5,087,884	\$532,962	\$289,391	\$205,281	\$90,923	\$29,468	\$23,345	\$13,123	\$3,485	\$7,547	\$3,392	\$19,465	-\$580	-\$368	\$4,355	-\$4,024	-\$4,983	\$1,332	
Jul-08	\$6,041,173	\$4,998,681	\$1,043,858	\$467,684	\$92,784	\$33,214	\$65,046	\$21,055	\$27,944	\$10,137	\$24,417	\$11,857	\$4,701	\$4,625	\$5,158	\$1,859	\$2,932	\$1,425	
Aug-08	\$0	\$5,612,938	\$5,494,700	\$1,878,379	\$207,637	\$28,573	-\$420,567	\$124,066	\$88,237	\$25,403	\$14,551	\$49,026	-\$4,681	-\$4,612	-\$10,774	\$9,685	\$4,881	\$1,384	
Sep-08	\$0	\$0	\$6,319,377	\$4,556,460	\$464,156	\$288,966	\$284,471	\$40,385	\$58,976	\$65,038	\$55,517	\$53,316	\$17,376	\$20,115	\$30,331	\$8,990	\$27,344	\$2,664	
Oct-08	\$0	\$0	\$0	\$6,962,235	\$5,072,075	\$921,843	\$331,803	\$567,687	\$117,899	\$82,358	\$32,341	\$34,271	\$176	\$7,969	\$5,453	\$3,499	\$3,623	\$3,292	
Nov-08	\$0	\$0	\$0	\$0	\$5,441,872	\$5,174,953	\$848,042	\$277,633	\$95,435	\$95,359	\$16,721	\$102,340	\$49,278	\$579,019	\$28,643	-\$1,117	-\$212,252	\$252,018	
Dec-08	\$0	\$0	\$0	\$0	\$7,552,290	\$5,822,304	\$705,431	\$228,607	\$84,254	\$29,531	\$64,957	\$4,753	\$7,383	-\$7,497	\$21,151	\$24,389	\$13,315	\$13,315	
Jan-09	\$0	\$0	\$0	\$0	\$0	\$0	\$4,988,493	\$4,528,142	\$766,580	\$216,966	\$90,010	\$56,887	\$21,177	-\$15,273	\$1,639	\$55,986	\$8,296	\$20,046	
Feb-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,983,467	\$5,000,798	\$567,509	\$135,809	\$114,115	\$29,708	\$77,693	-\$4,219	\$22,278	\$701	\$5,651	
Mar-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,234,871	\$4,956,851	\$564,318	\$228,943	\$134,799	\$29,579	\$22,577	\$17,749	\$14,097	\$104,013	\$104,013	
Apr-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,888,527	\$4,937,771	\$983,047	\$744,597	\$148,383	\$29,702	\$67,550	\$2,913	\$28,934	
May-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,021,739	\$5,009,709	\$681,889	\$480,317	\$86,091	\$50,143	\$38,196	\$350,882	
Jun-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,257	
Jul-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,856,669	\$5,356,240	\$897,028	\$273,137	\$150,895	
Aug-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,299,008	\$5,092,139	\$772,597	\$179,830	\$217,214	
Sep-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,349,449	\$5,635,422	\$612,975	\$445,182	
Oct-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,466,262	\$5,763,218	\$815,832	
Nov-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,398,553	\$6,210,570	
Dec-09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,885,492	
Jan-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Feb-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Mar-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Apr-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
May-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Jun-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Exhibit V

Anthem Health Plans - Connecticut  
Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
Claim Triangle Paid Thru August 2010

Paid Thru Date ==>

Table with columns: Incurred (Jan-10 to Jun-10), Incurred (Jan-07 to Jun-10), Members, Totals, factors, Total Estimated Incurred, IBNR, CHCBBP Paid, CHCBBP Members, CHCBBP Incurred, Total Excluding CHCBBP, Members Excluding CHCBBP. Data rows span from Jan-07 to Jun-10.



Exhibit VI

**Anthem Health Plans - Connecticut  
Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
Anthem SG&A Expense Ratio**

<b>Calendar Year 2009</b>	<b>Comprehensive (Hospital &amp; Medical)</b>	<b>Source</b>
CAE	34,036,250	Analysis of Operations by Lines of Business line 19
GAE	173,125,686	Analysis of Operations by Lines of Business line 20
<b>Total Statutory Expense</b>	<b>207,161,936</b>	
Premium Tax	(27,549,377)	
Broker Commissions	(53,263,443)	
<b>Net Administrative Expense</b>	<b>126,349,116</b>	
State Health Assessments	(6,968,615)	
Medical Management Related Fees	(19,503,931)	
Immunization	(4,085,292)	
<b>Adjusted Administrative Expense</b>	<b>95,791,278</b>	
<b>Net Premium Income</b>	<b>2,204,080,331</b>	Analysis of Operations by Lines of Business line 1
Administrative Expense Ratio	4.3%	
Individual Scaling Factor	3.5%	Based on level of premium and administrative cost differences
<i>Individual Administrative Expenses</i>	8.0%	
Selling Expense	3.5%	
<b>Individual SG&amp;A Ratio</b>	<b>11.5%</b>	



**APPENDIX A**

**Anthem Health Plans - Connecticut  
Grandfathered Anthem Direct Pay Plan Options Effective 1/1/2011  
Components of the Proposed Rate Increase**

<b>Product Family</b>	<b>Proposed Base Rate Change <sup>1</sup></b>	<b>Components of Rate Change</b>			
		<b>Medical and Pharmacy Claim Cost Trend</b>	<b>Underwriting Wear-Off Impact</b>	<b>Mandated Benefit Changes</b>	<b>Experience Variance</b>
All Grandfathered Policyholders*	19.9%	12.5%	8.5%	0.4%	-1.5%

\*Grandfathered policyholders on the policy forms shown in Exhibit I. Non-grandfathered policyholders (generally those that enrolled on or after March 24, 2010) are not affected by this rate revision.

**Medical and Pharmacy Claim Cost Trend**

The pricing structure of our individual products is a reflection of the medical risks and costs associated with this market. Health care costs and utilization are the two main drivers of increasing health insurance premiums. We continue to be concerned with the rapidly increasing claims cost in Connecticut, which our own actuarial analysis indicates is growing by double digits (projected 12.5% claim cost trend as shown in this filing). Claim cost trend is based on actual claims experience including cost to deliver care and utilization. Anthem is experiencing increased utilization costs that are affected in part by the increasing need for medical services, the use of new, expensive prescription drugs, and the rising cost of advanced technologies.

**Underwriting Wear-Off Impact**

In addition to claim cost trend, the total cost of providing benefits is influenced by other factors as well. A primary driver of additional cost is the impact of underwriting wear-off, which typically occurs as an individual policy matures. For example, members entering their second year of an individual policy typically have claims costs that are 30 percent higher than the claims cost they had during their first year as an individual policyholder. We measure this impact using policy duration, which is the length of time since the member's initial underwriting. Underwriting wear-off continues to negatively impact rates. The actuarial analysis included in this filing indicates that our projected distribution of members by policy duration during 2011 will increase claims costs by 8.5%.

**Mandated Benefit Changes**

Grandfathered policyholders will receive a number of benefit enhancements as a result of federal (PPACA) and state mandate changes. These include an unlimited lifetime maximum, dependents to age 26, rescission changes, and a new CT oral chemotherapy mandate.

**Experience Variance**

It is also important to note that a combination of changes in plan mix, medical loss ratio requirements and other actuarial impacts will reduce the total anticipated rate increase by 1.5%.

<sup>1</sup> Additional rating factors include attained age band and contract type which are not reflected in the rate change above.