

**State:** Connecticut **Filing Company:** Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield of Connecticut

**TOI/Sub-TOI:** HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other

**Product Name:** ABCBS BlueCare Health Plan HMO

**Project Name/Number:** /

**Filing at a Glance**

Company: Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield of Connecticut

Product Name: ABCBS BlueCare Health Plan HMO

State: Connecticut

TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)

Sub-TOI: HOrg02G.004E Small Group Only - Other

Filing Type: Rate

Date Submitted: 08/15/2012

SERFF Tr Num: AWLP-128617804

SERFF Status: Submitted to State

State Tr Num: 201291008

State Status:

Co Tr Num:

Implementation: 01/01/2013

Date Requested:

Author(s): John Bryson, Jennifer Becher, Peter Sieviac, Suzanne Conforti

Reviewer(s):

Disposition Date:

Disposition Status:

Implementation Date:

**State:** Connecticut **Filing Company:** Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield of Connecticut

**TOI/Sub-TOI:** HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other

**Product Name:** ABCBS BlueCare Health Plan HMO

**Project Name/Number:** /

**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: Group  
 Submission Type: New Submission Group Market Size: Small  
 Group Market Type: Employer Overall Rate Impact:  
 Filing Status Changed: 08/15/2012  
 State Status Changed: Deemer Date:  
 Created By: Jennifer Becher Submitted By: Jennifer Becher  
 Corresponding Filing Tracking Number:

PPACA: Not PPACA-Related

PPACA Notes: null

Filing Description:  
 Anthem Blue Cross Blue Shield BlueCare HMO 2013 Small Group Rate Filing

**Company and Contact**

**Filing Contact Information**

Jennifer Becher, Commercial CT Jennifer.Becher@Anthem.com  
 370 Bassett Road 203-985-7285 [Phone]  
 New Haven, CT 06473

**Filing Company Information**

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

**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	08/15/2012	

SERFF Tracking #: AWLP-128617804

State Tracking #: 201291008

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Product Name: ABCBS BlueCare Health Plan HMO

Project Name/Number: /

### Rate Information

Rate data applies to filing.

Filing Method: Review & Approval

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 4.200%

Effective Date of Last Rate Revision: 01/01/2012

Filing Method of Last Filing: Review & Approval

### Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
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Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield of Connecticut	Increase	%	%				%	%
---	----------	---	---	--	--	--	---	---

Product Type:	HMO	PPO	EPO	POS	HSA	HDHP	FFS	Other
Covered Lives:	32,029			33,936				
Policy Holders:	18,277			17,443				

SERFF Tracking #:

AWLP-128617804

State Tracking #:

201291008

Company Tracking #:

State:

Connecticut

Filing Company:

Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield  
of Connecticut

TOI/Sub-TOI:

HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other

Product Name:

ABCBS BlueCare Health Plan HMO

Project Name/Number:

/

## Rate Review Detail

### COMPANY:

Company Name: Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield of Connecticut  
HHS Issuer Id: 86545  
Product Names: BlueCare HMO & POS  
Trend Factors:

### FORMS:

New Policy Forms: N1064, N6508, N734  
Affected Forms:  
Other Affected Forms:

### REQUESTED RATE CHANGE INFORMATION:

Change Period: Quarterly  
Member Months: 708,224  
Benefit Change: Increase  
Percent Change Requested: Min: -3.3 Max: 13.4 Avg: 11.4

### PRIOR RATE:

Total Earned Premium: 424,342,236.00  
Total Incurred Claims: 364,004,637.00  
Annual \$: Min: 147.10 Max: 1,704.26 Avg: 520.32

### REQUESTED RATE:

Projected Earned Premium: 500,032,837.00  
Projected Incurred Claims: 415,207,375.00  
Annual \$: Min: 143.99 Max: 1,862.04 Avg: 579.65

**SERFF Tracking #:**

AWLP-128617804

**State Tracking #:**

201291008

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

Connecticut

**Filing Company:**Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield  
of Connecticut**TOI/Sub-TOI:**

HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other

**Product Name:**

ABCBS BlueCare Health Plan HMO

**Project Name/Number:**

/

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action*	Rate Action Information	Attachments
1		Anthem 2013 Rate Filing Supporting Exhibits		New		Anthem 2013 Rate Filing Supporting Exhibits.pdf
2		CT SG HMOPOS 2013 RateSummaryTemplate		New		CT_SG_HMOPOS_2013_RateSummaryTemplate.xls



**Exhibit I - Rate Development**

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**ANTHEM BLUE CROSS AND BLUE SHIELD**

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BLUECARE HEALTH PLANS

**Experience Period 5/2011-4/2012, Paid through 5/2012**

Total BlueCare Fully Incurred PMPM \$413.14

**Trend (Projected 21.1 months)**

BlueCare Trend Annual Projected

9.1% 16.6%

**Trended Claim Cost PMPM**

Total BlueCare PMPM \$481.67

**Benefit Adjustments**

State Mandates 0.3%

Federal Mandates 0.3%

Benefit and Cost Share Adjustments -2.8%

**Adjusted Claim Cost PMPM**

\$471.11

**Other Services and Assessments**

Medical Management Fees \$4.66

Capitation \$6.91

Drug Rebates (\$3.47)

State Assessments \$2.11

Total Other Services and Assessments \$10.21

**BlueCare Pure Premium PMPM**

\$481.32

**Retention**

Administrative Expense \$29.71

Comparative Effectiveness Research Fee \$0.17

Commissions \$20.39

ACA Reinsurance Fee \$0.41

Total Fixed Costs \$50.68

ACA Insurer Fee 0.17%

Federal Income Tax 2.21%

State Premium Tax 1.75%

Risk and Net Profit Margin 4.10%

Total Variable Costs 8.22%

Total Retention \$98.33

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**Required Average Premium Effective 01/01/2013**

**\$579.65**

**Premium at Current Rates**

\$546.89

**Proposed Rate Increase over 10/01/2012**

**6.0%**

**Premium at 01/01/2012 Rates**

\$520.32

**Proposed Rate Increase over 01/01/2012**

**11.4%**

**Exhibit II - Annual Rate Increases**

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**ANTHEM BLUE CROSS AND BLUE SHIELD**

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BLUECARE HEALTH PLANS

<b>Renewal Quarter</b>	<b>Quarterly Pricing Trend</b>	<b>Incremental Impact of Federal Fees<sup>1</sup></b>	<b>Quarterly Rate Change</b>	<b>Average Annual Rate Change</b>
1Q13			6.0%	11.4%
2Q13	2.2%	1.4%	3.6%	13.5%
3Q13	2.2%	0.9%	3.1%	15.0%
4Q13	2.2%	1.1%	3.3%	<u>16.9%</u>
Annual Trend	9.1%	Federal Threshold Rate Increase		13.8%

<sup>1</sup> Incremental quarterly impact of including federal fees relating to the portion of the rating period in 2014.



Exhibit III - Historical Experience

**ANTHEM BLUE CROSS AND BLUE SHIELD**

BLUECARE HEALTH PLANS  
Anthem Historical Experience

Period	Earned Premium	Paid & Incurred Claims	Incurred Claims	Capitation	Total Claims <sup>1</sup>	Members	Loss Ratio
CY 2007	448,909,084	351,402,015	351,402,015	7,260,131	358,662,145	1,184,474	79.9%
CY 2008	408,184,089	322,292,667	322,292,667	6,297,663	328,590,330	1,002,988	80.5%
CY 2009	344,814,791	274,716,949	274,737,182	5,317,490	280,054,672	776,156	81.2%
CY 2010	309,801,666	243,796,337	244,179,119	4,308,733	248,487,852	646,125	80.2%
CY 2011	331,521,387	260,038,301	261,005,305	4,247,101	265,252,405	653,755	80.0%
YE Apr-12	360,164,985	285,514,843	292,586,886	4,569,983	297,156,869	708,224	82.5%
Jan-10	26,621,189	21,250,576	21,254,971	390,459	21,645,430	57,461	81.3%
Feb-10	26,260,636	18,967,888	18,972,611	378,474	19,351,085	56,413	73.7%
Mar-10	26,258,798	22,821,390	23,145,899	375,403	23,521,302	56,116	89.6%
Apr-10	26,066,045	19,916,882	19,922,350	370,548	20,292,898	55,390	77.9%
May-10	25,881,144	20,664,725	20,669,884	367,502	21,037,386	54,751	81.3%
Jun-10	25,783,083	20,621,605	20,627,684	572,301	21,199,985	54,078	82.2%
Jul-10	25,808,772	19,282,505	19,288,203	248,015	19,536,218	53,235	75.7%
Aug-10	25,674,228	18,722,071	18,727,638	247,679	18,975,317	53,101	73.9%
Sep-10	25,530,576	20,926,371	20,932,594	346,655	21,279,249	52,545	83.3%
Oct-10	25,599,729	20,780,873	20,786,744	343,892	21,130,636	52,008	82.5%
Nov-10	25,201,144	20,445,874	20,452,660	335,349	20,788,010	50,871	82.5%
Dec-10	25,116,324	19,395,577	19,397,880	332,456	19,730,336	50,156	78.6%
Jan-11	25,454,179	17,937,486	17,939,357	333,890	18,273,247	50,494	71.8%
Feb-11	25,403,272	18,646,020	18,649,151	332,341	18,981,492	50,356	74.7%
Mar-11	25,807,525	22,250,969	22,256,577	337,177	22,593,753	51,231	87.5%
Apr-11	26,387,858	19,495,072	19,501,511	341,895	19,843,407	51,958	75.2%
May-11	26,888,753	20,553,904	20,563,667	347,666	20,911,333	52,917	77.8%
Jun-11	27,561,029	22,232,304	22,247,187	354,363	22,601,550	54,437	82.0%
Jul-11	28,220,312	21,768,348	21,788,243	362,014	22,150,257	55,548	78.5%
Aug-11	28,493,575	22,753,043	22,784,725	365,269	23,149,993	56,047	81.2%
Sep-11	28,880,022	24,937,297	25,067,169	363,541	25,430,710	56,824	88.1%
Oct-11	29,135,873	24,446,282	24,848,582	368,225	25,216,807	57,221	86.5%
Nov-11	29,375,432	23,000,503	23,090,403	370,897	23,461,299	57,832	79.9%
Dec-11	29,913,554	22,017,072	22,268,733	369,823	22,638,556	58,890	75.7%
Jan-12	32,104,755	25,632,557	26,248,119	411,838	26,659,958	63,061	83.0%
Feb-12	32,626,311	26,915,858	27,682,547	412,361	28,094,909	64,136	86.1%
Mar-12	33,326,721	27,230,217	29,093,605	418,726	29,512,331	65,346	88.6%
Apr-12	33,638,647	24,027,459	26,903,905	425,260	27,329,165	65,965	81.2%

<sup>1</sup> Historical experience excludes assessments, medical management costs, rebates and other accounting entries.







Exhibit V - Trend

**ANTHEM BLUE CROSS AND BLUE SHIELD**

BLUECARE HEALTH PLANS

**Anthem Trends**

**Rating Trend**

Based on the considerations below, Anthem proposes a 9.1% trend. The rating trend is developed from the expected allowed trend adjusted for leveraging to account for the impact of fixed member cost shares.

**Observed Allowed Trends**

Observed trends have been normalized to remove the impact of aging, shifts in gender and allowed impact of medical benefit changes and the inpatient claims are capped at \$250,000. Due to the normalization for medical benefit changes, an explicit buy-down assumption is not necessary for the development of the rating trend.

**Provider Contracting**

Provider contracting expected to have a 0.2% greater impact as compared to the observed trend.

**Leveraging**

Deductible leveraging is calculated using our in-house relativity model which is based on industry guidelines. The deductible leveraging is 0.9% for HMO based on membership distribution.

**Other Trend Components**

Medical technology trend is included in observed experience and not an independent assumption.

**Historical Cost and Utilization Allowed Data**

	<u>Inpatient</u>	<u>Outpatient</u>	<u>Professional</u>	<u>Rx Drug</u>	<u>Total</u>
<b>Normalized Unit Cost Data</b>					
CY 2009	\$2,798	\$594	\$173	\$90	
CY 2010	\$3,081	\$629	\$181	\$92	
CY 2011	\$3,287	\$698	\$185	\$100	
12 mos. Ending April 2011	\$3,115	\$643	\$183	\$94	
12 mos. Ending April 2012	\$3,414	\$731	\$186	\$104	
<b>Utilization Data (per thousand members)</b>					
CY 2009	21.6	118.6	751.5	822.8	
CY 2010	22.5	112.3	733.2	827.7	
CY 2011	21.2	113.4	729.4	834.5	
12 mos. Ending April 2011	22.6	112.6	726.5	831.3	
12 mos. Ending April 2012	21.5	115.2	745.4	834.6	
<b>Allowed PMPM</b>					
CY 2009	\$60.52	\$70.38	\$130.10	\$73.69	\$334.69
CY 2010	\$69.31	\$70.64	\$132.81	\$76.53	\$349.29
CY 2011	\$69.58	\$79.21	\$135.05	\$83.76	\$367.60
12 mos. Ending April 2011	\$70.30	\$72.42	\$133.03	\$78.14	\$353.89
12 mos. Ending April 2012	\$73.51	\$84.25	\$138.56	\$86.56	\$382.88
<b>Allowed Cost Trend</b>					
CY 2010	10.1%	6.0%	4.6%	3.3%	
CY 2011	6.7%	11.0%	2.2%	8.5%	
12 mos. Ending April 2012	9.6%	13.7%	1.5%	10.3%	
<b>Allowed Utilization Trend</b>					
CY 2010	4.0%	-5.3%	-2.4%	0.6%	
CY 2011	-5.9%	1.0%	-0.5%	0.8%	
12 mos. Ending April 2012	-4.6%	2.3%	2.6%	0.4%	
<b>Allowed Trend (excluding leveraging)</b>					
CY 2010	14.5%	0.4%	2.1%	3.9%	4.4%
CY 2011	0.4%	12.1%	1.7%	9.4%	5.2%
12 mos. Ending April 2012	4.6%	16.3%	4.2%	10.8%	8.2%



## Exhibit VI - Rating Methodology

# ANTHEM BLUE CROSS AND BLUE SHIELD

## BLUECARE HEALTH PLANS

### 2013 Rating Methodology Overview

All groups with less than 51 eligibles are rated utilizing a Modified Community Rating by Class approach by applying the following allowable group specific factors to the Class I rate.

#### **SIC Code:**

Anthem does not utilize SIC code at this time.

#### **Area Factor:**

Planwide	1.000
Area 1 (Fairfield County)	1.100
Area 2 (Hartford, Tolland, Windham and Litchfield Counties plus Waterbury)	0.935
Area 3 (Middlesex, New London and New Haven Counties excluding Waterbury)	1.010

#### **Group Size:**

Group size 10 - 50 (same rate as 51+)	1.000
Group size 03 - 09	1.050
Group size 01 - 02	1.250

#### **Demographics:**

Age Band	Single		2-Person	Family
	Male	Female		
< 30	0.448	0.860	1.418	2.286
30 - 34	0.597	0.962	1.439	2.564
35 - 39	0.597	0.962	1.439	2.564
40 - 44	0.821	1.041	1.578	2.733
45 - 49	0.950	1.192	1.752	2.850
50 - 54	1.293	1.383	2.269	3.155
55 - 59	1.691	1.747	2.963	3.820
60 - 64	2.272	2.085	3.760	4.504
Over 65	2.199	2.026	3.723	4.276

#### **Composite Rating:**

For composite rated groups the Class II and Class III rates are calculated as follows:

Class II Rate (2-Person)	2.15 * Class I Rate
Class III Rate (Family)	2.70 * Class I Rate



Exhibit VII - Base Rates

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**ANTHEM BLUE CROSS AND BLUE SHIELD**

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BLUECARE HEALTH PLANS  
Base Rates Effective 1/1/2013

**1Q13**

**Medical Product**

POE 20/30 500_1500/150/300	\$583.35
POE 30/45 500_2000/150/500	\$459.32
BASIC POE 1500 30/45	\$442.98
BASIC POE 3000 30/45	\$405.26
BASIC POE 5000 30/45	\$372.59
POE Upfront Ded 3000/6000 30/45	\$338.63
POE Upfront Ded 5000/10000 30/45	\$294.67
Lumenos POE 3000 Ded \$30(45) 10/25/40	\$443.43
Lumenos POE 5000 Ded \$30(45) 10/25/40	\$368.46
Lumenos POE 3000 Ded \$30(45) 10/25/50%(125)	\$439.93
Lumenos POE 5000 Ded \$30(45) 10/25/50%(125)	\$367.03
Access 10	\$736.33
POS 20/30 500_1500/150/300	\$601.88
POS 30/500_2000/150/500	\$466.34
BASIC POS 1500 30/45	\$449.98
BASIC POS 3000 30/45	\$408.32
BASIC POS 5000 30/45	\$374.41

**Rx Rider**

10/25/40 CO-PAY (UL Max)	\$124.90
5/5 CO-PAY (UL Max)	\$130.51
Generic Premium 10/25/40 (UL Max)	\$103.03
200 Ded, 10/25/40 (UL Max)	\$113.01
10/40/50%(125) (UL Max)	\$109.26
15/50%(100)/50%(125) (UL Max)	\$94.67
200 Ded,15/50%(100)/50%(125) (UL Max)	\$89.55

**Other Riders**

BlueCare DME 50% (UL Max)	\$2.72
BlueCare Infertility - UL with restrictions	\$1.77

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**State:** Connecticut **Filing Company:** Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield of Connecticut

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- Other

**Product Name:** ABCBS BlueCare Health Plan HMO

**Project Name/Number: /**  
**Rate/Rule Schedule**

---

**State:** Connecticut **Filing Company:** Anthem Health Plans, Inc dba Anthem Blue Cross and Blue Shield of Connecticut

**TOI/Sub-TOI:** HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only  
- Other

**Product Name:** ABCBS BlueCare Health Plan HMO

**Project Name/Number:** /

**Attachment CT\_SG\_HMOPOS\_2013\_RateSummaryTemplate.xls is not a PDF document and cannot be reproduced here.**

SERFF Tracking #:

AWLP-128617804

State Tracking #:

201291008

Company Tracking #:

State:

Connecticut

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TOI/Sub-TOI:

HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other

Product Name:

ABCBS BlueCare Health Plan HMO

Project Name/Number:

/

## Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Memorandum		
Comments:			
Attachment(s):			
Anthem 2013 Small Group Rate Filing Actuarial Memorandum.pdf			

		Item Status:	Status Date:
Bypassed - Item:	Rate Summary Worksheet		
Bypass Reason:	Technical difficulties with SERFF, a developer has been contacted to research. This document is attached in the rate/rule schedule section.		
Comments:			

		Item Status:	Status Date:
Bypassed - Item:	Consumer Disclosure Form		
Bypass Reason:	Consumer Disclosure Form unavailable at this time.		
Comments:			

		Item Status:	Status Date:
Satisfied - Item:	Anthem 2013 Rate Filing Cover Letter		
Comments:			
Attachment(s):			
Anthem 2013 Rate Filing Cover Letter.pdf			



**Anthem Health Plans – Connecticut  
BlueCare HMO 2013 Small Group Rate Filing  
Actuarial Memorandum**

**Scope and Purpose of Rate Filing**

Submitted for your review and approval are proposed medical and prescription drug premium rates for our BlueCare Health Plan HMO product lines, effective January 1, 2013 through December 31, 2013. 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 to the fourth quarter 2012 rates. This rate revision applies to small group business for the policy forms indicated below and is intended to align rates with emerging experience, new federal mandates and fees and market conditions.

Proposed premium rates were developed using incurred claims experience, trending to the rating period, adjusting for other benefit costs, mandates, benefit and cost share changes, and adding retention. The proposed 2013 rates represent an average increase of **13.8%** over our 2012 rates.

An annual trend factor of **9.1%** and the estimated impact of the Affordable Care Act (ACA) Insurer Fee and Reinsurance Fee applicable to the 2014 portion of the rate period are applied to generate the rates for the second, third and fourth quarters of 2013. Anthem will file a rate revision when it believes that the rates derived by the quarterly trend are no longer adequate.

**Requirements from Bulletin HC-81-2**

**Effective date:** The effective date of the rate increase is January 1, 2013 with subsequent increases on April 1, 2013, July 1, 2013 and October 1, 2013. Rate increases will go into effect upon renewal.

**Policy forms:** The following policy forms are included in this filing: N734, N1064, and N6508.

**Historical experience:** Exhibit III details historical experience for the policy forms included in the rate application. Experience includes capitation and excludes assessments, medical management costs, rebates and other accounting entries.

**Consistency with most recent financial statement:** Anthem reconciles its internal source systems monthly to ensure consistency with reported financials. Please note that the Small Group products contained in this filing are only a part of the total business reported on the financial statements. In addition there exist timing differences and certain definitional differences in the statutory statements compared to emerging experience utilized in this filing.

**Trend information by cost, utilization, impact of leverage on trend, technology and other components:** Exhibit V details Anthem's trend information. Observed trends have been normalized to remove the impact of aging, shifts in gender and allowed impact of medical benefit changes and the inpatient claims are capped at \$250,000.

**Benefit buy-down impact:** The allowed cost experience used to develop the trend assumption was normalized for the impact of medical benefit changes. The premium at current rates was developed using a rate times census approach to account for the distribution of products in the claims experience used for the rate development. No explicit buy-down impact was used in the rate development.

**Mandated benefit changes:** The estimated impacts of coverage changes required under federal and state law are as follows: 0.3% for the federal Women's Preventive Health mandate and 0.5% for applicable state mandates, as referenced in our 2012 rate filing. Some of these coverage changes are related to previous time periods and are partially reflected in the experience. To determine the amount currently in the experience for coverage changes effective on renewal, a calculation was done using the current renewal distribution for the products contained in the





filing and adjusting for benefit seasonality where applicable. The experience claims are then adjusted for the remaining impact from the experience period to the rating period, yielding a federal mandate adjustment of 0.3% and a state mandate adjustment of 0.3% in the rate development.

Retention charges: The proposed retention charge in the rate development is **17.0%**. This is comprised of both fixed and variable expenses and includes selling expense, administrative expense, federal fees, federal income tax and risk and net profit margin. The December 31, 2011 Annual Statement for Anthem Health Plans, Inc. has a retention amount of 20.1%. The following calculation is based on the Analysis of Operations by Lines of Business:  $1 - [\text{line 17, column 2 } \$1,106,838,321 / \text{line 7, column 2 } \$1,385,163,463] = 20.1\%$ .

Claim lag triangles: The total claim lag triangle is shown in Exhibit IV.

Current capital and surplus for the regulated entity: The current capital and surplus for Anthem Health Plans, Inc. is \$343,247,344, as shown on page 5, line 49, of the March 31, 2012 Quarterly Statement.

Expected loss ratio: The proposed rates outlined in this filing are expected to produce results consistent with the federal requirement of an 80% loss ratio for Small Group business.

Summary of proposed rate changes: Please reference the Rate Review Detail form in SERFF. The range of rate increases is due to the impacts of benefit and cost share changes varying by product in addition to the impact of our 3Q12 rate change for our Upfront Deductible products. Actual rate increases can vary from the average and range of increases for such factors as changes in age band, family composition and group size. Exhibit VII details the proposed base rates.

Number of covered individuals, number of policy holders, min and maximum premium: Please reference the Rate Information form in SERFF for the number of covered individuals and policy holders. Please reference the Rate Review Detail form in SERFF for the minimum and maximum premium.

Components of rate increase: Please see enclosed exhibit "Anthem\_SG\_HMOPOS\_2013\_RateSummary Template.xls" for the components of the rate increase.

Actuarial Certification: Please see enclosed exhibit "Actuarial Certification".

### **Rate Development and Assumptions**

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 5/1/2011 to 4/30/2012 and paid through 5/31/2012.

#### Claim cost trend development

Projected underlying 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 applied to the resulting claim cost trend. Deductible and benefit leveraging accounts for the impact of fixed member cost shares from the experience period to the rate period which are not accounted for in the development of the allowed trends.

#### Other claims adjustments:

Other claim adjustments include benefit expense costs for capitation, state assessments, a portion of medical management fees, a credit for pharmacy rebates and the impact of benefit and portfolio changes (discussed below). State assessments include the vaccine assessment and the Health Reinsurance Association (HRA) assessment. The net impact of participation in the Connecticut Small Employer Health Reinsurance Pool (CSEHRP) is assumed to be break-even.



### Benefit and Cost Share Changes

Anthem continually reviews its benefits to ensure we are meeting the needs of our customers and changes in our portfolio reflect the result of that process. Those changes to our portfolio are driven by the market need to better manage utilization and medical expenses, making rates more affordable. The overall proposed average rate increase and the proposed range of rate increases in this filing reflect the impact of benefit and cost share changes on our existing groups.

### Affordable Care Act (ACA) Fees

Specific adjustments were made in anticipation of new expenses due to the ACA. The Comparative Effectiveness Research (CER) Fee is effective for policy years ending on or after 10/1/2012. The impact is \$2 per member per year for policy years ending on or after 10/1/2013 and before 10/1/2014. For this filing, the estimated impact is \$0.17 per member per month (PMPM). The ACA Insurer Fee and the Reinsurance Fee will take effect January 1, 2014. These fees do not take effect on renewal so it is necessary to incorporate the fees attributable to the portion of the renewal period in 2014 into the rate development. The estimated impact of the ACA Insurer Fee is 2.66% of premium, which equates to adjustments of 0.17%, 0.91%, 1.53%, and 2.26% for the first, second, third and fourth quarters, respectively. The estimated cost of the Reinsurance Fee is \$6.35 PMPM, which equates to \$0.41 PMPM, \$2.18 PMPM, \$3.66 PMPM and \$5.40 PMPM for the first, second, third and fourth quarters, respectively.

### Other rating factors:

No changes are proposed to the existing rating factors. Exhibit VI provides an overview of the small group rating methodology.

A handwritten signature in black ink, appearing to read "Jennifer Becher".

Jennifer Becher, F.S.A., M.A.A.A.  
Director & Actuary II, Commercial Pricing  
Anthem Health Plans  
Email: [jennifer.becher@anthem.com](mailto:jennifer.becher@anthem.com)



August 15, 2012

Mr. Paul Lombardo, ASA, MAAA  
Actuary, Life & Health Division  
State of Connecticut Insurance Department  
P.O. Box 816  
Hartford, CT 06142-0816

Re: Anthem BCBS BlueCare HMO 2013 Small Group Rate Filing  
SERFF Tracking Number AWLP-128617804

Dear Mr. Lombardo:

For your approval, Anthem Blue Cross and Blue Shield (ABCBS) is submitting proposed premium rates for its BlueCare Health Plan HMO product lines, effective January 1, 2013 through December 31, 2013.

Please see the enclosed files for the scope of changes and the supporting documents:

- Anthem 2013 Actuarial Memorandum
- Anthem 2013 Actuarial Certification
- Anthem 2013 Rate Filing Supporting Exhibits
- Anthem\_SG\_HMOPOS\_2013\_RateSummaryTemplate

Thank you for your attention to this filing. If you have any questions regarding this matter, please feel free to contact me directly. We are currently in the process of relocating our offices. Prior to August 20<sup>th</sup> I can be reached at (203) 985-7285. After August 20<sup>th</sup> my new location is 108 Leigus Road, Wallingford, CT 06492 and my new phone number is (203) 677.8025. You may also email me at [jennifer.becher@anthem.com](mailto:jennifer.becher@anthem.com).

Sincerely,

A handwritten signature in black ink that reads "Jennifer Becher".

Jennifer Becher, FSA, MAAA  
Director & Actuary II

Attachments