

STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
BUREAU OF INSURANCE

IN RE:	)	
	)	AETNA'S RESPONSES
AETNA HEALTH, INC. 2017 "WHOLE	)	TO THE FOURTH INFORMATION
HEALTH" INDIVIDUAL RATE FILING	)	REQUEST OF THE
	)	SUPERINTENDENT
Docket No. INS-16-1001	)	

NON-CONFIDENTIAL

By and through undersigned counsel, Aetna Health, Inc. ("Aetna") responds to the Superintendent's Fourth Information Request as follows:

1. Regarding morbidity changes, the Actuarial memorandum states, "Given the lack of credibility of Aetna's existing Individual population, we are not modeling any changes to our anticipated 2017 Individual population." However, Anthem is terminating its grandfathered and transitional plans at the end of 2016 and those members will be entering the ACA market. Given that Aetna's proposed rates are the lowest in Maine at all metal levels in all areas, many of the terminated Anthem members may choose Aetna plans. Anthem has reported that the grandfathered members in particular have significantly higher risk scores than ACA members. In light of this, is a morbidity adjustment needed? Please explain.

*Response:* Aetna has updated its population morbidity adjustment, as reflected in Section B of the revised rate filing submitted today, July 15, 2016. While this revision does include consideration of the Anthem Grandfathered and Transitional membership that will enter the ACA market effective January 1, 2017, it is primarily the result of further analysis of 2015 Risk Adjustment and Transitional Reinsurance data published June 30th by CMS. Aspects of this data that were reviewed include:

- Final 2015 CMS Market-level Reinsurance and Risk Adjustment results
- Final 2015 CMS Maine Risk Adjustment results, Individual vs Small Group
- Final 2015 CMS Transitional Reinsurance results by Maine carrier

Overall, this information regarding the specifics of Maine's Individual and Small Group populations in 2015 led us to the conclusion that there are additional morbidity nuances not identified in the initial rate filing submission, and have addressed that shortfall with this adjustment.

2. Regarding the benefit pricing model discussed in item 2 of Aetna's Responses to the Superintendent's Second Information Request:
  - a. Please provide further detail as to how the impact of morbidity differences among plans is removed.

*Response:* Aetna’s benefit pricing model uses national large group claim experience as its basis. This data is normalized for several elements, including but not limited to: regional and contractual differences, demographics, various product and steerage types, as well as morbidity. Specific to morbidity, its impact is removed by normalizing claim data for the average relative risk scores (RRS) of the membership associated with each benefit plan or benefit feature.

b. Please explain what is meant by “steerage” and how this adjustment is determined.

*Response:* ‘Steerage’ is a term used in conjunction with benefit plans that have greater than a single level of member cost-sharing based upon tiering of providers. ‘Steerage’ is a valuation of the benefit differences “in-network” versus “out-of-network” or to “Tier 1” providers versus “Tier 2” providers, depending on the plan type. Because “out-of-network” or “Tier 2” benefits are utilized less and differently than “in-network” or “Tier 1” benefits, it is critical not to mix this data when determining the value of benefit features unless it has been normalized to the same basis.

Dated: July 15, 2016

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