

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

IN RE:)	
)	
AETNA HEALTH, INC. 2017 “WHOLE)	AETNA’S RESPONSES
HEALTH” INDIVIDUAL RATE FILING)	TO THE SECOND INFORMATION
)	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 Second Information Request as follows:

1. Explain how terminating the \$35 Copay Bronze plan complies with guaranteed renewability under 24-A M.R.S. § 2850-B. How do the benefit coverages, including cost-sharing, in the terminating plan compare to the new Whole Health Bronze plan?

Response: For comparison of the benefit coverages, please see Aetna’s Mapping Document Submitted in Follow-up to May 31, 2016 Conference of Counsel, and Exhibit A thereto, which are subject to further revision and/or correction based on Aetna’s forthcoming Responses to the Superintendent’s Third Information Request.

Although the \$35 Copay Bronze plan met the 2016 Actuarial Value metallic tier range with an Actuarial Value of 61.96%, due to the trending of the continuance tables in the 2017 Actuarial Value Calculator, the plan falls out of permissible Actuarial Value range for 2017 at 62.94%.

Transition of members from the \$35 Copay Bronze plan to the LEAP Plan, which was designed with an Actuarial Value of 61.94%, complies with guaranteed renewability under 24-A M.R.S. § 2850-B(3)(I) because any changes between those two plans are minor modifications that apply uniformly to all policyholders. First, the LEAP Plan includes changes that are necessary to meet actuarial value requirements, which are deemed by § 2850-B(3)(I)(3) to be minor modifications. Second, the total of any increases in benefit changes are not more than 5%, and the decreases are not more than 5%. Third, there are no changes to eligibility requirements under the LEAP Plan—no one covered by the current plan will be excluded from the LEAP Plan. Additionally, the changes between the \$35 Copay Bronze plan and the LEAP Plan are within the scope of allowable changes contemplated by CMS/CCIIO as uniform benefit modifications. Finally, Aetna has provided notification of changes to the bronze plan offering through the June 23, 2016 policy holder notification and will do so again 60 or 90 days prior to renewal as the Bureau of Insurance directs.

2. Please provide a narrative explanation and quantitative derivation of the Plan Design Adjustments in Exhibit E-2. Do these adjustments reflect differences in utilization, differences in cost-sharing, or both? If both, please provide each separately.

Response: While HHS identifies an expected average utilization by metallic tier, actual plan design utilization across a tier can vary significantly given the array of cost sharing possible within the plus or minus 2% Actuarial Value range.

Aetna’s benefit pricing model is used to determine the impact of this induced utilization. This is the same model used to develop the expected paid to allowed ratios. This model reflects Aetna’s actual national book of business large group data, balanced for credibility and adjusted to recognize regional relative cost differentials and differences in distribution and use of services, as well as the impact of specific benefit mandates, morbidity by cost sharing, network-level contractual agreements, and steerage within state-specific products. After these normalizations we deem any other utilization impacts besides those induced by cost sharing to be immaterial.

The derivation of the Plan Design Adjustments begins with the Pricing Relativities with Utilization and Paid to Allowed ratios shown in the table below:

HIOS ID	Plan Name	Paid : Allowed	Pricing Relativity with Utilization
73250ME0070003	CB ME AWH Gold	0.781	1.164
73250ME0070006	CB ME AWH Silver Everyday Plus	0.748	0.899
73250ME0070005	CB ME AWH Silver Everyday	0.719	0.809
73250ME0070001	CB ME AWH Bronze	0.676	0.693
73250ME0070002	CB ME AWH Catastrophic	0.673	0.687
73250ME0040006	ME Aetna Whole Health Gold \$5 Copay PD	0.779	1.182
73250ME0040007	ME Aetna Whole Health Silver \$10 Copay PD	0.672	0.821
N/A	Anchor Base Plan	0.745	0.915

To convert from Aetna’s internal pricing model outputs to the Plan Design Adjustment values, the following calculations are performed:

Step 1 – Calculate the Implicit Induced Utilization by benefit plan incorporating a socialized CSR impact of 3.0%:

*(Pricing Relativity with Utilization / (Paid to Allowed / Anchor Plan Paid to Allowed)) * Socialized CSR Impact = Implicit Induced Utilization by plan.*

Step 2 – Normalize the overall projection to an Implicit Induced Utilization of 1.0:

Sum the product of each plan’s Implicit Induced Utilization by each plan’s projected Member Months and Paid to Allowed values to derive a weighted average of 1.0.

Step 3 – Identify specific utilization adjustments reflecting the specific benefits and cost sharing features of each plan:

Divide by the normalized HHS Metal Utilization and Socialized CSR Adjustments. This total value by plan is displayed in the bottom section of Exhibit E-2 in the column “Utilization Adjustment”.

These three steps derive the Normalized Plan Design Adjustments.

3. The revised Section A shows severity adjustments of 0.5% for Total Medical and 0.0% for Pharmacy, but 0.0% for Total Med/Rx. Please explain how this is possible.

Response: A corrected Section A is included at Tab A.

4. Your response to item 6 to the Superintendent’s First Information Request indicates that the higher utilization of brokers for off-Exchange plans is reflected in a higher administrative cost adjustment for those plans. However, the Exchange User Fee is spread over on- and off-Exchange plans in the Market Adjusted Index Rate, as required. Since this in effect means that the off-Exchange plans pay a share of the distribution costs for on-Exchange plans, why is it reasonable not to share the distribution cost for the off-Exchange plans across the entire risk pool in a similar fashion?

Response: Aetna agrees that federal PPACA regulations and URRT instructions explicitly state that Exchange User Fees must be spread over the entire single risk pool. Because Aetna did not believe that the topic of commission payment assumptions was explicitly addressed in the rule governing the establishment of the market-adjusted index rate, Aetna chose to apply broker utilization parameters separately. If the Bureau determines commissions must be spread on- and off-Exchange, Aetna is will incorporate the same into a final version of the rate filing.

5. Please provide a final copy of the policy holder notice letter and identify the date when the letter was mailed to policyholders.

Response: The letter was mailed to policy holders on June 23, 2016. A copy of the letter is attached at Tab B.

Dated: June 28, 2016

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