

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 FIRST 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 First Information Request as follows:

1. Please provide the URRT in Excel.

Response: A copy of the URRT is attached at Tab 1 and also has been uploaded to SERFF in Excel format.

2. Why is the population risk impact (1.043 on page 2 of Section B) based on the ratio of “1 & 2” to “3+” rather than the ratio of “1 & 2” to “Total Small Grps” since it is applied to total small group experience.

Response: Using a ratio of “1 & 2” to “Total Small Grps” results in a population risk impact of 1.039. Aetna is amenable to making this adjustment to the filing, but would appreciate direction from the Bureau if it should be done now or as part of final revisions made resulting from the rate hearing process.

3. Please provide quantitative justification for the induced utilization factors and explain why the range is so much wider than what was approved last year.

Response: The “AV and Cost Sharing” section of Exhibit E-2 from the Individual rate filings for calendar years 2016 and 2017 display identical utilization adjustments by metallic tier. These are not equivalent to the “1A. Induced Utilization” category in the URRT Supplement and should not be compared as such. Aetna has calculated section 1A as the product of the E-2, Utilization Adjustment times the E-2, Plan Design Adjustment to derive the Induced Utilization for the URRT Supplement. If we have misinterpreted the intent of this category, we would welcome additional direction.

4. The paid to allowed factors for plans 73250ME0070001, 73250ME0070002, and 73250ME0070006 seem high relative to their metal levels. Please provide detailed quantitative justification.

Response: The paid to allowed factors for all plans were developed using Aetna’s internal benefit pricing model. One of the features of this model is a paid to allowed calculation utilizing all benefit features of a plan. This model does not produce equivalent results to the Federal Actuarial Value calculator because not all benefit features are considered in the Federal AV calculation. The decision to change the source method for paid to allowed ratios was made due to emerging results that demonstrated the Federal Actuarial Value model was not an appropriate proxy.

To demonstrate this, the 2015 Maine Individual experience results are as follows:

HIOS Plan ID	Plan Name	2015 Member Months	2015 Metal AV	Actual 2015 P/A Results
73250ME0040001	ME AWH Bronze \$15 Copay PD	1,134	61.6%	72.4%
73250ME0040002	ME AWH Gold \$0 Copay PD	185	79.2%	82.6%
73250ME0040003	ME AWH Silver \$10 Copay PD	689	69.2%	69.1%

Given the small population size of Aetna’s Individual book and minimal credibility, we have also summarized Aetna’s 2015 Small Group results by metal tier:

Metal Tier	2015 Member Months	2015 Avg Metal AV	Actual 2015 P/A Results
Gold	4,986	80.0%	86.3%
Silver	14,921	69.8%	73.8%
Bronze	18,127	60.4%	67.4%

As is demonstrated, there is a significant difference between actuarial values based on the Federal metallic calculator and actual results.

- Section A shows an allowed trend of 8.4% while the Section B narrative shows an allowed trend of 7.3%. Please explain or correct.

Response: The Section A calculation has been corrected to show the allowed trend of 7.3%, consistent with the narrative. The paid trend value of 8.4% was reflected correctly in the Section A exhibit. A revised Section A is attached at Tab 2.

- The Part III memo states, “Column 3 reflects the adjustment for projected administrative costs, including sales, marketing, commission expense, and profit & risk. ... These expense and profit assumptions do not vary by plan.” However, Column 3 of Exhibit E-2 shows a higher adjustment for plans 73250ME0040006 and 73250ME0040007 than for the other plans. Please explain or correct.

Response: The expense and profit structure does not vary by plan; however, the assumption behind the use of Navigators does. The Aetna Product ID 73250ME004, reflecting existing plans, is only available off exchange and therefore the commission assumption is higher due to an expected higher

utilization of brokers. The Aetna Product ID 73250ME007 will be offered on and off exchange and the commission assumption is based on a mix of Navigator and broker sales. This distinction results in a different commission PMPM by product.

7. Were experience period premiums on Worksheet 1 of the URRT adjusted for risk adjustment as required by the instructions? Please explain or correct.

Response: Experience period premiums on Worksheet 1 of the URRT were adjusted for Risk Adjustment; however, at this time Aetna is projecting a \$0 risk adjustment for Maine Individual, driven by the small size of the 2015 membership. Once final 2015 Risk Adjustment is received from CMS at the end of June, Aetna will update this information.

8. Provide Part II, Written Description Justifying the Rate Increase, as required by Rule 940, Section 12 and the URRT Instructions.

Response: The Aetna Health Inc. (ME) Consumer Disclosure narrative on healthcare.gov has been linked to the Aetna Health Inc. - Maine Individual Aetna Whole Health HMO Rate Filing (SERFF ID: AETN – 130553497). A copy is attached at Tab 3.

9. What percent impact does discontinuance of the federal reinsurance have on rates?

Response: Discontinuance of the federal reinsurance program accounts for 6.2% of the rate increase, or 4.0% of the projected 2017 average premium PMPM.

10. The Rate/Rule Schedule Tab on SERFF needs to be filled in with the affected (renewing or current insured lives) and written premium for the proposed increase.

Response: The Rate/Rule Schedule Tab in SERFF has been updated with the requested information.

11. Please provide premium, claims, and loss ratio for first quarter 2016 for the individual block of business.

Response: Experience information for first quarter 2016, paid through March 2016, is shown here:

Policyholders	986
Members	1,726
Premium	\$541,644
Incurred	
Claims	\$276,595

12. Why was the question regarding Exchange Intentions on the General Info tab of SERFF answered “No” but the cover letter states that the plans will be offered on and off the exchange. Does Aetna intend to sell these plans on the federal exchange? Please explain or correct.

Response: This was an oversight on Aetna’s part and has been corrected to reflect “Yes”, as Aetna does intend to sell plans on Maine’s Marketplace.

13. Please add the HIOS plan ID to Section D description of benefits as required by Rule 940, Section 5 (C).

Response: The HIOS plan IDs have been added to Section D description of benefits and is attached at Tab 4 and uploaded via SERRF. In addition, an error to the metallic naming for the Catastrophic plan was corrected in Section D of the AV screenshots and has also been uploaded, and attached at Tab 5.

14. What is included in the Quality Improvement expense of 0.94%? Please provide a breakdown.

Response: The Quality Improvement breakdown of expenses is listed in the table below. These expenses are based on the EY2014 filing to HHS:

Improving Health Care Quality Expenses	Percentage of Expenses
Improve Health Outcomes	0.65%
Activities to Prevent Hospital Readmissions	0.14%
Wellness & Health Promotion Activities	0.09%
Health Information Technology Expenses	0.06%

15. There may be some mislabeling in the URRT. It was our understanding that the current bronze plan would be terminated. However, the URRT labels plan 73250ME0040004 as a Silver plan? Please explain and correct if necessary to make sure it is the appropriate Plan ID, as well as checking to make sure the other items are correct in the URRT.

Response: HIOS Plan ID 73250ME0040004 is the 2015 Aetna Whole Health Silver \$5 Copay 2500 PD plan. This plan did not meet 2016 Actuarial Value, and thus is correctly reflected in the URRT as terminated. However, we have updated HIOS Plan ID 73250ME0070001, the Bronze Basic Whole Health plan, from a status of 'new' to 'renewing', to reflect the mapping of HIOS Plan ID 73250ME0040001, the 2016 Bronze Whole Health \$35 Copay plan, to it, since the 2016 Bronze plan does not meet Actuarial Value for 2017.

16. Please provide the inforce count of policyholders for the terminating Bronze plan.

Response: The 2016 ME Aetna Whole Health Bronze \$35 Copay PD plan, which does not meet Actuarial Value for 2017, currently has 216 policyholders.

Dated: June 9, 2016

/s/ Holly E. Lusk

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