

July 15, 2016

Eric Cioppa, Superintendent
Attn: Elena Crowley
Docket No. INS-16-1000
Bureau of Insurance
Maine Department of Professional and Financial Regulation
34 State House Station
Augusta, Maine 04333-0034

Re: Anthem Blue Cross and Blue Shield 2017 Individual Rate Filing

Dear Superintendent Cioppa:

Enclosed for filing please find the following:

SUBMITTED BY: Christopher T. Roach

DATE: July 15, 2016

DOCUMENT TITLE: Anthem Response to Second Order Regarding Rate Revision of the Superintendent

DOCUMENT TYPE: Discovery response

CONFIDENTIAL: **NO**

Thank you for your assistance in this matter.

Very truly yours,

/s/ Christopher T. Roach

cc: Attached service list

NON-CONFIDENTIAL

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

IN RE:)
)
) ANTHEM RESPONSE TO SECOND
ANTHEM BLUE CROSS AND BLUE) ORDER REGARDING RATE
SHIELD 2017 INDIVIDUAL RATE FILING) REVISION OF THE
) SUPERINTENDENT
Docket No. INS-16-1000)
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) JULY 15, 2016
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1. Please provide the estimated impact on the 2015 underwriting gain and loss ratio due to the report that CCIIO released with the actual Risk Adjustment and Transitional Reinsurance Amounts for 2015.

Response	<p>Prior to receipt of the CMS Risk Adjustment and Transitional Reinsurance Amounts for 2015 (the “CMS 2015 RA”), Anthem estimated a 2015 pre-tax underwriting gain of approximately \$3.9 million, or 6.6% and an assumed loss ratio of 73%.</p> <p>The CMS 2015 RA requires Anthem to pay approximately \$3.9 million in risk adjustment, which reduces Anthem’s pre-tax gain to \$95,000 or 0.2%, which yields a post-tax imputed gain of approximately 0.13%. The revised loss ratio for 2015 is 79%.</p>
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2. Please provide a comparison of the 2015 projected and actual Risk Adjustment and Transitional Reinsurance amounts for 2015.

Response	<p>For 2015, Anthem projected to neither pay nor receive Risk Adjustment dollars and receive \$6,250,000 in Transitional Reinsurance.</p> <p>As reflected in the CMS 2015 RA, Anthem was a payer of \$3,917,017.08 in 2015 Risk Adjustment and received \$6,669,154.74 in 2015 Transitional Reinsurance. Thus, the net difference between what Anthem expected to receive (\$6,250,000) for the 2015 year and what it actually received (\$2,752,137.66) is \$3,497,862.34.</p>
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3. If the carrier intends to make rate revisions to its 2017 rate filing, provide the estimated impact the Risk Adjustment and Transitional Reinsurance transfer amounts are expected to have on the 2017 premiums.

Response	<p>As reflected in our updated rate filing and pre-filed testimony, based on the CMS 2015 RA, Anthem’s average rate increase for 2017 increased from 14.1% to 19.4%. This increase is attributable solely to the CMS 2015 RA, with the exception of an additional \$0.11 for a non-discriminatory mandate that was not included in the initial filing. With Transitional Reinsurance going away in 2017, the Reinsurance restatement will not impact Anthem’s 2017 rate increase.</p>
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**STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE**

IN RE:)	
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ANTHEM BLUE CROSS AND BLUE)	
SHIELD 2017 INDIVIDUAL RATE)	
FILING)	CERTIFICATE OF SERVICE
)	
Docket No. INS-16-1000)	
)	

The undersigned counsel hereby certifies that on this date I caused to be mailed by electronic mail, copies of Anthem’s Response to the Second Order Regarding Rate Revision of the Superintendent on the persons and at the addresses indicated below.

Thomas C. Sturtevant, Jr., Assistant Attorney General 6 State House Station Augusta, Maine 04333-0006 Thomas.C.Sturtevant@maine.gov	Elena Crowley Bureau of Insurance Maine Department of Professional and Financial Regulation 34 State House Station Augusta, Maine 04333-0034
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DATED: July 15, 2016

/s/ Christopher T. Roach
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Attorney for Applicant