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February 23, 2016

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Eric Cioppa, Superintendent of Insurance  
Attn: Elena Crowley  
Docket No. INS-15-802  
Bureau of Insurance  
Maine Dept. of Professional and Financial Regulation  
34 State House Station  
Augusta, Maine 04333-0034

Re: *Anthem Blue Cross and Blue Shield Request for Authorization to Discontinue and Replace Legacy Individual Health Plans Effective January 1, 2017*  
Docket No. INS-15-802

Dear Superintendent Cioppa:

Enclosed for filing please find two hard copies of the following:

SUBMITTED BY: Christina M. Moylan, AAG  
DATE: February 23, 2016  
DOCUMENT TITLE: Attorney General's Second Information Request  
DOCUMENT TYPE: Information Request  
CONFIDENTIAL: No

Copies are also being served this date in the manner indicated on the enclosed Certificate of Service. Thank you for your attention.

Sincerely,

/s/ Christina M. Moylan

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

IN RE: )  
)  
ANTHEM BLUE CROSS AND BLUE )  
SHIELD REQUEST FOR AUTHORIZATION ) **ATTORNEY GENERAL'S**  
TO DISCONTINUE AND REPLACE ) **SECOND INFORMATION REQUEST**  
LEGACY INDIVIDUAL HEALTH PLANS )  
EFFECTIVE JANUARY 1, 2017 )  
)  
Docket No. INS-15-802 )

To: Christopher T. Roach, Esq.  
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Instructions

Pursuant to Bureau of Insurance Rules, Chapter 350, § 10(B), and paragraph V of the Superintendent's January 7, 2016, Notice of Pending Proceeding and Public Hearing, the Attorney General serves the following discovery request upon Anthem Health Plans of Maine, Inc. dba Anthem Blue Cross and Blue Shield ("Anthem"). If any of the information sought hereby is not known by Anthem but is known by other persons and is obtainable by reasonable means, then Anthem is requested to obtain and provide that information. The Attorney General further asks that Anthem supplement its response immediately, should additional information become available after its initial response to this request.

Requests

1. The number of policyholders expected to receive premium savings from moving to ACA compliant plans and the magnitude of those savings is dependent upon a 5% annual increase in premiums for the ACA compliant plans in 2017. If the proposed 5% increase turns out to be low, the impact would overstate the amount of expected premium savings and the number of policyholders impacted. As such, has Anthem considered the following items in the development or estimation of the 2017 rate increase in the ACA compliant plans?
  - a. In 2017, the federal transitional reinsurance program expires for the ACA compliant policies which would result in an increase in the expected claims in the individual market.
    - i. Was this taken into account in the estimation of the 5% increase?
    - ii. If so, what was the expected rate increase impact of the program expiration?

- iii. If not, please explain why you believe it should not be taken into account.
    - b. In our estimation, medical cost and utilization trends have recently been in the range of 5% to 9% for the individual medical market. This may suggest Anthem's assumed medical trends are well below the market averages.
      - i. What is the medical trend assumed in the estimation of the 5% increase?
        - 1. What support do you have for this assumption?
      - ii. What is the pharmacy trend assumed in the estimation of the 5% increase?
        - 1. What support do you have for this assumption?
    - c. Based on the response to the AG's First Information Request (AG's First") question 1(c), it appears the 5% annual rate change assumes no adjustment for changes in morbidity.
      - i. Would this assumption change if the Grandmothered plans are terminated and those policyholders migrate into the ACA plans?
        - 1. If the answer is no and the 5% takes the migration into account, what is the value or adjustment included in the increase for the migration?
        - 2. If the answer is yes and the 2017 increase on the ACA plans would likely change, what is the estimate of the impact on the rate increase of those members moving into the ACA compliant plans?
      - ii. Would this assumption change if the Grandfathered plans are terminated and those policyholders migrate into the ACA plans?
        - 1. If the answer is no and the 5% takes the migration into account, what is the value or adjustment included in the increase for the migration?
        - 2. If the answer is yes and the 2017 increase on the ACA plans would likely change, what is the estimate of the impact on the rate increase of those members moving into the ACA compliant plans?
    - d. Does the estimation of the 5% annual rate increase for the ACA compliant plans take into account the announcement by Community Health Options to limit enrollment in the individual market?
      - i. If so, what was the impact?
      - ii. If not, please explain why not.
    - e. Does the estimation of the 5% annual rate increase for the ACA compliant plans take into account the 2015 financial experience of this block?
      - i. What is the 2015 loss ratio for the individual ACA compliant block of business?
2. Relative to the imputed 2017 Legacy premium rates and the estimated premium savings:
- a. Please clarify whether the savings calculation assumes a 2017 rate increase amount from 2016 rates to 2017 rates of 30%.
  - b. Please provide support for the 2% increase in administrative expenses for the Legacy block.

- i. Why aren't the administrative expenses allocated to the individual block as a whole, rather than the ACA block and the Legacy block?
    - ii. Is this a new approach in the allocation of administrative expenses?
  - c. If the savings calculation assumes an annual increase of 30% from 2016 rates to 2017 rates, please address the following:
    - i. Please demonstrate and support that the 18.28% portion of the increase does not include any change in morbidity that is included in the 8% adjustment based on the MLR calculation.
    - ii. What are the medical and pharmacy trends assumed in the estimated 30% rate increase?
    - iii. Please provide quantitative support that it is reasonable to assume the 2016 rate increase of 18.28% would be supported for 2017.
3. The response to AG's First, request 3c contains the results of the rate relationships by plan and rating region from the Legacy plans to the ACA compliant plans – which underlies the savings calculation. Given the above issues, we would like to know the rate relationships, the savings calculation and the number of members that would have lower rates in the ACA compliant plans under the following scenarios:
  - a. ACA increases 10% and Legacy increases 20%
  - b. ACA increases 15% and Legacy increases 15%

Dated: February 23, 2016

/s/ Christina M. Moylan  
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**STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
BUREAU OF INSURANCE**

IN RE:	)	
	)	
ANTHEM BLUE CROSS AND BLUE	)	
SHIELD REQUEST FOR AUTHORIZATION	)	
TO DISCONTINUE AND REPLACE	)	<b>CERTIFICATE OF SERVICE</b>
LEGACY INDIVIDUAL HEALTH PLANS	)	
EFFECTIVE JANUARY 1, 2017	)	
	)	
Docket No. INS-15-802	)	

The undersigned counsel for the Attorney General hereby certifies that on this date I caused to be mailed by electronic mail, hand-delivery or United States first class mail, postage prepaid, as indicated, copies of the Attorney General’s Second Discovery Request upon the persons and at the addresses indicated below.

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Dated: February 23, 2016

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