

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

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| IN RE: |) | |
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| HARVARD PILGRIM HEALTH CARE, INC. 2017 INDIVIDUAL HMO RATE FILING |) | FIRST INFORMATION REQUEST OF THE SUPERINTENDENT ON HPHC |
| |) | |
| HPHC INSURANCE CO., INC. 2017 INDIVIDUAL PPO RATE FILING |) | |
| |) | |
| Docket No. INS-16-1003 (Consolidated) |) | |

Superintendent of Insurance Eric Cioppa hereby directs HPHC to provide written responses and produce documents responsive to the numbered information requests below. HPHC shall furnish all requested information and documents regardless of whether it is in the possession, custody, or control of HPHC or any subsidiary, affiliate, or parent of HPHC. If HPHC refuses for any reason to provide any of the information or documents requested, HPHC must file with the Superintendent, no later than June 3, 2016, a written objection describing the reason for such refusal.

Each of the Requests below is continuing in nature. HPHC must supplement the responses provided should the information change or more information become available at any time during the pendency of this proceeding.

If hard copy, paper responses of electronic spreadsheet files are provided in response to any request, HPHC also shall file via e-mail the electronic spreadsheet version of the file (*e.g.*, Excel) with embedded formulas included (*i.e.*, active files). Designate with particularity any documents or information requested provided under claim of confidentiality, and provide a statement for the legal basis for the claim of confidentiality.

In responding, HPHC shall comply with the requirements and deadlines established by the May 16, 2016, Procedural Order issued in this proceeding.

REQUESTS

1. Please add the HIOS ID numbers to Table 1 as required by Rule 940 Section 5(C)(3).

2. Area factors in Table 2:

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|---------|-------|
| Area 1: | 0.945 |
| Area 2: | 1.02 |
| Area 3: | 1.07 |
| Area 4: | 1.35 |

Different area factors in the URRT supplement:

| | |
|---------|-------|
| Area 1: | 0.95 |
| Area 2: | 1.035 |
| Area 3: | 1.055 |
| Area 4: | 1.35 |

Please clarify which is correct and update the incorrect values. Also verify that the correct numbers flow through the rest of the calculations.

3. Provide an explanation of why the area factors were changed from last year and show the development of the new area factors.
4. Besides describing the rate development verbally in the Actuarial Memorandum, please provide exhibits showing the numerical development of the rates, including the numbers and factors used to arrive at the index rate, the market adjusted index rate, the plan adjusted index rate, and then the consumer adjusted index rate.
5. It is not acceptable to mark the experience requirement in the checklist as “N/A” without an explanation. Please provide annual or year-to-date earned premium and incurred claims experience and loss ratio for 2014, 2015, and 1st Qtr. 2016 for individual business.
6. Please provide a breakdown of the administrative expenses.
7. Why is increased morbidity expected for 2017? Please provide a breakdown of the morbidity adjustment factor and how it was developed.
8. What accounts for the adjustment of 0.998 to the allowed claims in the experience period to the index rate for the experience period? What are the benefits covered in the experience period that are not part of the EHB benefits?
9. Please clarify why you have measured the benefit level factors on the basis of a census that is representative of your Massachusetts business under the “AV Pricing Values” in the Actuarial Memorandum.
10. Provide a detailed explanation of the cost share changes made to any of the existing plans and how these changes comply with uniform modification restrictions for guaranteed renewal and meet the minor modification requirement in 24-A M.R.S. § 2850-B.
11. Please provide an Excel spreadsheet with assumptions for the annual trend calculation of 9.5%. Also, please detail why the trend increased from 8.5% for 2016 to 9.5% for 2017.
12. Provide an exhibit showing the calculation for the 85.1% MLR.

13. What is included in the Quality Improvement expense of \$4.67? Please provide a detailed breakdown.
14. Please clarify what the MA UCC fee of \$0.19 is and why it applies in Maine.
15. The Paid to Allowed factor in Table 5 is 0.565 but the URRT reflects a Paid to Allowed factor of 0.593. Please explain and correct as necessary.
16. Please provide the calculation for the PPO product load of 10%.
17. Provide Part II, Written Description Justifying the Rate Increase, as required by Rule 940 Section 12 and the URRT Instructions.
18. What percent impact does the discontinuance of the federal reinsurance have on rates?

PER ORDER OF THE SUPERINTENDENT OF INSURANCE

May 31, 2016


ERIC A. CIOPPA
Superintendent of Insurance