

August 15, 2012

To: Benjamin M. Lawsby  
Superintendent of Financial Services  
New York State Department of Financial Services  
One State Street  
New York, NY 10004-1511

George Babitsch  
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55 Water Street  
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From: James F. Hanley, Commissioner  
City of New York  
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New York, NY 10006

Mark Page, Director  
City of New York  
Office of Management and Budget  
255 Greenwich Street, 6<sup>th</sup> Floor  
New York, NY 10007

CC: Cas Holloway, Deputy Mayor for Operations  
City of New York  
City Hall  
New York, NY 10007

**Re: 2013 HIP – Large Group Prior Approval Rate Filing**

**File Type: Rate Filing pursuant to Section 4308(c)**

**Date Submitted: 7/19/2012**

**SERFF Tracking Number: HPHP-128544756**

**State Tracking Number: 2012070188**

The City of New York (the City) has received required notice to policyholders from the Health Insurance Plan of New York (HIP), an EmblemHealth company (a non-profit corporation), regarding its 2013 premium rate increase of 10.13% for the City effective July 1, 2013, and has reviewed HIP's 2013 large group rate filing. As HIP's largest single customer with approximately 60% of this group's enrollment, we have a significant vested interest in this rate filing to ensure it is fair to the City, its plan members, and other policyholders. As a result we are submitting our comments during the 30-day comment period and we respectfully request that the Department of Financial Services (DFS) review and take appropriate action by having Emblem modify their rate application.

1. EmblemHealth's Annual Reports as well as their Statutory – Basis Financial Statements for 2010 and 2011 consistently show that HIP is providing capital support to the Group Health Incorporated Plan (GHI), an EmblemHealth company, as a result of GHI's poor business performance.

HIP has provided GHI \$165 million through a Section 1307 loan that includes a 2% interest rate. This action is to the detriment of the HIP policyholders. We request that HIP apply the \$165 Million as an asset (dividend) to its 2013 HIP rate filing. The proposed HIP rate increase would be approximately 3% lower. However, we understand that such a transfer of funds may need to be applied across multiple HIP plans.

2. The Financial Rating Agency FITCH affirmed HIP's BBB rating and stated HIP's capitalization metrics remain very strong.

In 2011, HIP, a not-for-profit corporation, produced net income of \$201 Million and \$240 Million in 2010.

HIP's reserves levels are at or exceed the statutory requirement of 12.5% of premium income.

EmblemHealth's 2011 annual report shows almost \$1.7 billion in unrestricted net assets which represents 17.7% of the total premium income of Emblem. Assuming the statutory requirement of 12.5% of premium, Emblem, as a non-profit corporation, is holding almost \$500 million in reserves above required levels.

We request that EmblemHealth prorate these reserves to its HIP business. We believe that if this change is made, the proposed HIP 2013 rate filing would be another 3% lower than the amount filed.

3. The current HIP large group HMO rates include an expense item for commissions and broker fees of approximately 0.7% of premium. The City does not pay its consultants on a commission basis and this load in the premium is to the detriment of the City. We request that HIP re-file its rates to exclude commission and handle commission payments as a rider for each policyholder to choose how and how much they compensate their broker/consultants. This approach is similar to the base rate adjustments policyholders make on selecting benefit variables outlined in the rate filing.

The City desires that this change become effective no later than January 1, 2013, thereby reducing the City's premium rate on and after that date.

4. The City understands that community rating allows for geographical adjustments to the premium rate determination. Furthermore, the Covered Lives Assessment ("CLA") imposed by New York State are geographically based upon the county where the health plan participant resides. The City would prefer to remit the Covered Lives Assessment based on the City's actual participant's residence rather than the bundled pool approach utilized by Emblem. The City requests that the DFS allow the City to make direct payments to HIP outside of the premium rate basis for both the Covered Lives Assessment as well as the Section 332 Assessment, which, in part, is a direct add on percentage to the CLA. It is not the City's desire to avoid or reduce its obligation of payments of these assessments, but only to remit them outside of the HIP community premium rate basis.
5. Congress has passed The Moving Ahead for Progress in the 21<sup>st</sup> Century Act (Public Law No. 112-141) that includes the Pension Funding Stabilization Bill that may reduce Emblem's employee pension costs for 2012 and 2013. Generally, pension funding could be reduced 20% to 30% under the law. The City requests that Emblem's reduction in pension cost be reflected in its 2013 rate basis.
6. The Rate Summary Worksheet (that is included in HIP's rate filing and is attached) shows Administrative Costs are increasing 5.6% on a per-member per-month basis. This increase is generally unreasonable and the HIP retention level is not competitive in the marketplace, particularly given that HIP is a not-for-profit corporation under Article 43 and therefore is not subject to state premium taxes and income taxes. We request that HIP's retention level be brought in line with retention levels of the marketplace.

Administrative costs should be further offset by investment income on Emblem's \$1.7 Billion in assets.

7. The Rate Summary Worksheet also shows claim projections for both calendar years 2012 and 2013. Projected increases in the following claim components are all above competitive and reasonable levels in the marketplace. Unit cost reflects approximately 72% of the overall claim increases. In each of the following cases, we request HIP provide additional information to document its need for such increases.

Capitation, which accounts for approximately 35% of overall claims, is proposed to increase by 10.3%.

In-patient hospital claims, which account for approximately 21% of claims, are proposed to increase by 13.3%.

Outpatient claims, which account for approximately 13% of claims, are proposed to increase by 11.3%.

Prescription drug claims, which account for approximately 7% of claims, are proposed to increase by 10.3%.

8. Based on Exhibit 7 to HIP's rate filing (attached), the HMO Prime plan is the largest and has the lowest expected loss ratio (except for the closed Vytra HMO plan). Given that the rate changes are similar among all the plans, we are concerned that the HMO prime plan is subsidizing the Access 1, POS Prime and Access 2 plans. Even though the subsidy, if any, would be small, we request that the HMO Prime plan not subsidize any other EmblemHealth plan.
9. We request that HIP provide, for each separate claim component, the actual cost and utilization claim trend rates for the largest single group in the rating segment (as HIP did in its Actuarial Memorandum supporting its rate filing for utilization trend of professional services.)

The City has had a long-term relationship with Emblem. As an interested party to this rate filing, the City does not believe this rate filing is in the best interests of the City and other policyholders. As a result, the City respectfully requests that the Department of Financial Services reject this rate filing and require Emblem to address the issues noted above in any re-submission.

Thank you for your attention to these matters. The City would welcome the opportunity to discuss the above concerns directly with the Department of Financial Services.

Attachments

**EXHIBIT 7: HISTORICAL DATA BY EACH POLICY FORM INCLUDED IN RATE ADJUSTMENT FILING**

Company Name: Health Insurance Plan of Greater New York  
 NAIC Code: 55247  
 SERFF Number: HPHP-128544756

- A. Complete a separate ROW for each base medical policy form included in the rate adjustment filing, even if no rate adjustment is proposed for that base medical policy form.
  - Information requested applies to New York State business only.
  - Include riders that may be available with that policy form in each policy form response.
  - Insert additional rows as needed to include all base medical policy forms included in a particular rating pool.
  - Add a row with the aggregate values for that entire rating pool and enter an appropriate identifier in column 1a. Skip a row between the different rating pools.
- B. In Column 2 enter a Rating Pool Identifier for the rating pool the policy form belongs to, such as SG HMO, or SG HMO Upstate if rating pools vary by rating region.
- C. Market segment refers to Individual (IND), Small Group (SG), Sole Proprietor (SP), Large Group (LG), Individual Healthy NY (HNY-IND), Small Group Healthy NY (HNY-SG), Individual Medicare Supplement (MS-IND), Small Group Medicare Supplement (MS-SG), and Large Group Medicare Supplement (MS-LG). If the proposed percentage rate change for Sole Proprietor is different from Small Group, then a separate market segment of Sole Proprietor (SP) is to be reported; otherwise, use small group. Use the drop down list to enter the market segment.
- D. Product type is HMO, HMO based POS, POS-OON, EPO, PPO, Comprehensive Major Medical, Non-HMO based POS, Consumer Health Plans, Hospital Only, Medical Only, Base+Supplemental, Supplementary Major Medical, Other Limited Benefit, Medicare Supplement (A, B, C, D, E, F Basic, F High, G, H, I, J Basic, J High, K, L, M, N, or Other - indicate appropriate designation for policy form), etc.
- E. The product street name is the product name as advertised to consumers (i.e., as consumers are likely to refer to this product/policy form when communicating with the Department). Include a region identifier in this column if needed.
- F. Note that many cells include a drop down list. Use the drop down list for entries.
- G. If members, covered lives or member months are not known, use reasonable estimates (note methodology used in the actuarial memorandum).
- H. This form must be submitted as an Excel file and as a PDF file. Only use the first tab for data entry.

Data Item for Specified Base Medical Policy Form														
1a. Base medical policy form number	1b. Product Name as in Rate Manual	1c. Product Street Name as indicated to consumers	2. Rating Pool Identifier	3. Effective date of rate change (MM/DD/YY)	4. Market Segment [drop down menu]	5. Product type (see above for examples) [drop down menu]	6. Is a rolling rate structure used for this base medical policy form? (Yes or No) [drop down menu]	7. Has base medical policy form aggregation changed from previous filing? (Yes or No) [drop down menu]	8. Is base medical policy form open (new sales allowed) or closed (no new sales) [drop down menu]	9. Rate guarantee period incorporated into rate tables (months) (e.g., 12, for a 12 month rate guarantee period; or 0, if no rate guarantee period.)	10. Weighted average rate change % proposed across base medical policy form from current rate charged policyholder (including all associated riders)	11. Number of policyholders affected by rate change. (For group business this is number of groups.)	12. Number of covered lives affected by rate change	13. Expected NY statewide loss ratio for base medical policy form including associated riders
155-23-grphmo	HMO Prime	HMO Prime	LG HMO	01/01/13	LG	HMO	Yes	No	Open	12	8.71%	767	320,789	87.58%
155-23-grpoahmo	Access 1	Access 1	LG HMO	01/01/13	LG	HMO based POS	Yes	No	Open	12	8.47%	88	7,870	104.68%
(155-23-grphmo, 200-23-grppol)	POS Prime	POS Prime	LG HMO	01/01/13	LG	HMO based POS	Yes	No	Open	12	8.51%	46	664	96.72%
(155-23-grpoahmo, 200-23-grppol0a)	Access 2	Access 2	LG HMO	01/01/13	LG	HMO based POS	Yes	No	Open	12	8.40%	20	202	103.77%
VHLI-LGRP-01	Vytra HMO	Vytra HMO	LG HMO	01/01/13	LG	HMO	Yes	No	Closed	12	8.90%	6	2,704	76.11%

EXHIBIT 7: HISTORICAL DATA BY EACH POLICY FORM INCLUDED IN RATE ADJUSTMENT FILING

Most Recent Experience Period (NY statewide experience, base medical policy form + associated riders)																				
14.1 Beginning Date of the experience period (MM/DD/YY)	14.2 Ending Date of the experience period (MM/DD/YY)	14.3 Member months for experience period	14.4 Earned premiums for experience period (\$)	14.5 Standardized earned premiums for experience period (\$)	14.6 Paid claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from payments to the Regulation 146 pool (\$)	14.7 Incurred claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from payments to the Regulation 146 pool (\$)	14.8 Adjustment to the incurred claims for the period due to receipts from the standard direct pay or Healthy NY stop loss pools (enter receipts from the pool as a negative value) (\$)	14.9 Adjustment to the incurred claims for the period due to receipts from or payments to the Regulation 146 pool (enter receipts as a negative value and payments to the pool as a positive value) (\$)	14.10 Administrative expenses for experience period (including commissions and premium taxes, but excluding federal and state income taxes) (\$)	14.11 Earned premiums for experienc e period (\$mpm)	14.12 Standardi zed premiums for experienc e period (\$mpm)	14.13 Paid claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from payments to the Regulation 146 pool (\$mpm)	14.14 Incurred claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	14.15 Adjustment to the incurred claims for the period due to receipts from the standard direct pay or Healthy NY stop loss pools (enter receipts from the pool as a negative value) (\$mpm)	14.16 Adjustment to the incurred claims for the period due to receipts from or payments to the Regulation 146 pool (enter receipts as a negative value and payments to the pool as a positive value) (\$mpm)	14.17 Administrativ e expenses for experience period (including commissions and premium taxes, but excluding federal and state income taxes) (\$mpm)	14.18 Ratio: Col 14.7/ Col 14.4 (Incurred Claims / Standardiz ed Earned Premiums)	14.19 Ratio: Col 14.7/ Col 14.5 (Incurred Claims / Standardiz ed Earned Premiums)	14.20 Ratio: Col 14.10/ Col 14.4 (Administral Expenses / Earned Premiums)	
XX	01/01/11	12/31/11	3,882,522	1,708,457,171	1,974,921,206	1,498,043,485	1,491,608,674	0	0	190,303,660	440.04	508.67	385.84	384.19	0.00	0.00	49.02	0.873	0.755	0.111
XX	01/01/11	12/31/11	80,332	35,976,097	41,632,697	37,003,457	37,690,913	0	0	4,423,628	447.84	518.26	460.63	469.19	0.00	0.00	55.07	1.048	0.905	0.123
XX	01/01/11	12/31/11	8,000	4,572,050	5,290,536	3,925,700	4,103,117	0	0	538,891	571.51	661.32	490.71	512.89	0.00	0.00	67.36	0.897	0.776	0.118
XX	01/01/11	12/31/11	2,999	1,714,341	1,990,178	1,604,934	1,661,372	0	0	194,570	571.64	663.61	535.16	553.98	0.00	0.00	64.88	0.969	0.835	0.113
XX	01/01/11	12/31/11	34,362	14,452,440	16,607,548	10,886,584	11,013,795	0	0	1,727,843	420.59	483.31	316.82	320.52	0.00	0.00	50.28	0.762	0.663	0.120

EXHIBIT 7: HISTORICAL DATA BY EACH POLICY FORM INCLUDED IN RATE ADJUSTMENT FILING

		First Prior Experience Period (NY statewide experience, base medical policy form + associated riders)																			
14.21 Ratio: (Col 14.7 + Col 14.8 + Col 14.9 + Col 14.10) / Col 14.4		15.1 Beginning date of the experience period (MM/DD/YY)	15.2 Ending Date of the experience period (MM/DD/YY)	15.3 Member months for experience period	15.4 Earned premiums for experience period (\$)	15.5 Standardized earned premiums for experience period (\$)	15.6 Paid claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$)	15.7 Incurred claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$)	15.8 Adjustment to the incurred claims for the period due to receipts from the standard direct pay or Healthy NY stop loss pools (enter receipts from the pool as a negative value) (\$)	15.9 Adjustment to the incurred claims for the period due to receipts from or payments to the Regulation 146 pool (enter receipts as a negative value and payments to the pool as a positive value) (\$)	15.10 Administrative expenses for experience period (including commissions and premium taxes, but excluding federal and state income taxes) (\$)	15.11 Earned premiums for experience period (\$mpm)	15.12 Standardi zed premiums for experience period (\$mpm)	15.13 Paid claims for experience period before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	15.14 Incurred claims for experience period before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	15.15 Adjustment to the incurred claims for the period due to receipts from the standard direct pay or Healthy NY stop loss pools (enter receipts from the pool as a negative value) (\$mpm)	15.16 Adjustment to the incurred claims for the period due to receipts from or payments to the Regulation 146 pool (enter receipts as a negative value and payments to the pool as a positive value) (\$mpm)	15.17 Administrative expenses for experience period (including commissions and premium taxes, but excluding federal and state income taxes) (\$mpm)	15.18 Ratio: Col 15.7/ Col 15.4 (Incurred Claims / Earned Premiums )	15.19 Ratio: Col 15.7/ Col 15.5 (Incurred Claims / Standardize d Earned Premiums)	
0.984	XX	01/01/10	12/31/10	4,414,522	1,787,046,693	2,053,446,593	1,489,376,162	1,515,921,843	0	0	156,254,453	404.81	465.16	337.38	343.39	0.00	0.00	35.40	0.848	0.738	
1.171	XX	01/01/10	12/31/10	78,745	33,712,514	38,634,057	28,019,250	28,783,020	0	0	3,658,591	428.12	490.62	355.82	365.52	0.00	0.00	46.46	0.854	0.745	
1.015	XX	01/01/10	12/31/10	10,054	4,419,695	5,198,396	4,553,060	4,613,039	0	0	593,516	439.60	517.05	452.86	458.83	0.00	0.00	59.03	1.044	0.887	
1.083	XX	01/01/10	12/31/10	3,534	1,547,290	1,789,185	1,744,178	1,757,219	0	0	213,466	437.83	506.28	493.54	497.23	0.00	0.00	60.40	1.136	0.982	
0.882	XX	01/01/10	12/31/10	41,304	16,629,981	17,700,961	20,096,289	20,241,606	0	0	1,688,094	402.62	428.55	486.55	490.06	0.00	0.00	40.87	1.217	1.144	

EXHIBIT 7: HISTORICAL DATA BY EACH POLICY FORM INCLUDED IN RATE ADJUSTMENT FILING

															Second Prior Experience Period (NY statewide experience, base medical policy form + associated riders)									
15.20 Ratio: Col 15.10/ Col 15.4 (Administrati on Expenses / Earned Premiums)	15.21 Ratio: (Col 15.7 + Col 15.8 + Col 15.9 + Col 15.10) / Col 15.4	16.1 Beginning date of the experien ce period (MM/DD/Y Y)	16.2 Ending Date of the experience period (MM/DD/YY )	16.3 Member months for experience period	16.4 Earned premiums for experience period (\$)	16.5 Standardized earned premiums for experience period (\$)	16.6 Paid claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$)	16.7 Incurred claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$)	16.8 Adjustment to the incurred claims for the period due to receipts from the standard direct pay or Healthy NY stop loss pools (enter receipts from the pool as a negative value) (\$)	16.9 Adjustment to the incurred claims for the period due to payments to or receipts from the Regulation 146 pool (enter receipts as a negative value and payments to the pool as a positive value) (\$)	16.10 Administrativ e expenses for experience period (including commissions and premium taxes, but excluding federal and state income taxes) (\$)	16.11 Earned premiums for experien ce period (\$mpm)	16.12 Standardi zed premiums for experien ce period (\$mpm)	16.13 Paid claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	16.14 Incurred claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	16.15 Adjustment to the incurred claims for the period due to receipts from the standard direct pay or Healthy NY stop loss pools (enter receipts from the pool as a negative value) (\$mpm)	16.16 Adjustment to the incurred claims for the period due to payments to or receipts from the Regulation 146 pool (enter receipts as a negative value and payments to the pool as a positive value) (\$mpm)	16.17 Administrative expenses for experience period (including commissions and premium taxes, but excluding federal and state income taxes) (\$mpm)						
0.087	0.936	XX	01/01/09	12/31/09	4,683,720	1,702,245,230	2,171,013,523	1,471,848,634	1,503,338,489	0	0	159,728,200	363.44	463.52	314.25	320.97	0.00	0.00	34.10					
0.109	0.962	XX	01/01/09	12/31/09	86,946	33,400,720	43,047,430	29,285,140	30,051,981	0	0	4,649,731	384.15	495.11	336.82	345.64	0.00	0.00	53.48					
0.134	1.178	XX	01/01/09	12/31/09	11,649	4,516,924	6,764,898	5,096,016	5,460,071	0	0	615,120	387.75	580.73	437.46	468.72	0.00	0.00	52.80					
0.138	1.274	XX	01/01/09	12/31/09	3,972	1,533,773	2,255,809	2,249,484	2,331,324	0	0	210,367	386.15	567.93	566.34	586.94	0.00	0.00	52.96					
0.102	1.319	XX	01/01/09	12/31/09	47,010	16,717,690	20,191,558	12,559,671	13,053,987	0	0	1,745,652	355.62	429.52	267.17	277.69	0.00	0.00	37.13					

EXHIBIT 7: HISTORICAL DATA BY EACH POLICY FORM INCLUDED IN RATE ADJUSTMENT FILING

				Annualized Medical Trend Factors Assumed in Rate Development (%)					Ratios: Most Recent Experience Period to First Prior Period					Ratios: First Prior Period to Second Prior Period					Ratio: Standard Premium to Earned Premium							
16.18 Ratio: Col 16.7/ Col 16.4 (Incurred Claims / Earned Premiums )	16.19 Ratio: Col 16.7/ Col 16.5 (Incurred Claims / Standardized Earned Premiums )	16.20 Ratio: Col 16.10/ Col 16.4 (Administrative Expenses / Earned Premiums )	16.21 Ratio: (Col 16.7 + Col 16.9 + Col 16.10) / Col 16.4	17.1 All benefits combined, composite	17.2 Due to utilization	17.3 Due to unit cost	17.4 Due to case mix/intensity/other	18.1 Member months	18.2 Earned premiums (\$mpm)	18.3 Standardized premiums (\$mpm)	18.4 Paid claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	18.5 Incurred claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	18.6 Administrative expenses (including commissions and premium taxes, but excluding federal and state income taxes) (\$mpm)	19.1 Member months	19.2 Earned premiums (\$mpm)	19.3 Standardized premiums (\$mpm)	19.4 Paid claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	19.5 Incurred claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	19.6 Administrative expenses (including commissions and premium taxes, but excluding federal and state income taxes) (\$mpm)	20.1 Most Recent Experience Period	20.2 First Prior Experience Period	20.3 Second Prior Experience Period				
0.883	0.692	0.094	0.977	XX	9.03%	2.01%	5.43%	1.38%	XX	0.879	1.087	1.094	1.144	1.119	1.385	XX	0.943	1.114	1.004	1.074	1.070	1.038	XX	1.156	1.149	1.149
0.900	0.698	0.139	1.039	XX	8.62%	2.01%	5.04%	1.38%	XX	1.020	1.046	1.056	1.295	1.284	1.185	XX	0.906	1.114	0.991	1.056	1.058	0.869	XX	1.157	1.146	1.146
1.209	0.807	0.136	1.345	XX	12.84%	2.08%	4.30%	5.99%	XX	0.796	1.300	1.279	1.084	1.118	1.141	XX	0.863	1.134	0.890	1.035	0.979	1.118	XX	1.157	1.176	1.176
1.520	1.033	0.137	1.657	XX	12.40%	2.08%	3.89%	5.99%	XX	0.849	1.306	1.311	1.084	1.114	1.074	XX	0.890	1.134	0.891	0.871	0.847	1.140	XX	1.161	1.156	1.156
0.781	0.647	0.104	0.885	XX	8.56%	2.01%	4.98%	1.38%	XX	0.832	1.045	1.128	0.651	0.654	1.230	XX	0.879	1.132	0.998	1.821	1.765	1.101	XX	1.149	1.064	1.064

**Rate Summary Worksheet**

Per the Instructions, health insurance issuers proposing rate increases above the threshold fill in only those cells that are highlighted in GREY. The other cells are auto-populated.

OMB-0938-1141

**A. Base Period Data**

Start Period: 01/01/2011 End Period: 12/31/2011

Service Categories	Member Months	Total Allowed	Net Claims	Cost Sharing	Cost Sharing PMPM	Net PMPM	Allowed PMPM
Inpatient	4,008,215	327,079,858	324,760,564	\$ 2,319,294.19	\$ 0.58	\$ 81.02	\$ 81.60
Outpatient	4,008,215	192,043,556	187,860,536	\$ 4,383,019.37	\$ 1.09	\$ 46.82	\$ 47.91
Professional	4,008,215	302,540,357	295,010,851	\$ 7,529,505.60	\$ 1.88	\$ 73.60	\$ 75.48
Prescription Drugs	4,008,215	131,135,647	117,996,835	\$ 13,138,812.14	\$ 3.28	\$ 29.44	\$ 32.72
Other	4,008,215	100,552,793	100,552,793	\$ 0.00	\$ 0.00	\$ 25.09	\$ 25.09
Capitation	4,008,215	520,096,291	520,096,291	\$ 0.00	\$ 0.00	\$ 129.76	\$ 129.76
<b>Total</b>	4,008,215	\$ 1,573,448,501.56	\$ 1,546,077,870.26	\$ 27,370,631.31	\$ 6.83	\$ 385.73	\$ 392.56

**B. Claim Projections**

**B1. Adjustment to the Current Rate**

Start Period: 01/01/2012 End Period: 12/31/2012

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	1.0693	\$ 87.25	\$ 86.64	0.0071
Outpatient	1.1536	\$ 55.27	\$ 54.01	0.0228
Professional	1.0185	\$ 76.88	\$ 74.96	0.0249
Prescription Drugs	1.0486	\$ 34.31	\$ 30.87	0.1002
Other	1.0729	\$ 26.91	\$ 26.91	0.0000
Capitation	1.1423	\$ 148.22	\$ 148.22	0.0000
<b>Total</b>		\$ 428.85	\$ 421.61	0.02

**B2. Claims Projection for Future Rate**

Start Period: 01/01/2013 End Period: 12/31/2013

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	1.1334	\$ 98.90	\$ 98.19	0.0071
Outpatient	1.1133	\$ 61.53	\$ 60.13	0.0228
Professional	1.0236	\$ 78.69	\$ 76.73	0.0249
Prescription Drugs	1.1032	\$ 37.85	\$ 34.06	0.1002
Other	1.0812	\$ 29.10	\$ 29.10	0.0000
Capitation	1.1032	\$ 163.52	\$ 163.52	0.0000
<b>Total</b>		\$ 469.59	\$ 461.73	0.02

**B3. Medical Trend Breakout**

Factor	Impact
Utilization	28.0563%
Unit Cost	71.9437%
Other Factors	0.0000%

**C. Components of Current and Future Rates**

	Future Rate		Prior Estimate of Current Rate		Difference	
	PMPM	%	PMPM	%	PMPM	%
1. Projected Net Claims	\$ 461.73	88.66%	\$ 424.76	89.55%	\$ 36.97	79.60%
2. Administrative Costs	\$ 53.37	10.25%	\$ 50.76	10.70%	\$ 2.61	5.63%
3. Underwriting Gain/Loss	\$ 5.67	1.09%	\$ (1.19)	-0.25%	\$ 6.86	14.77%
4. Total Rate	\$ 520.77	100.00%	\$ 474.33	100.00%	\$ 46.45	100.00%
5. Overall Rate Increase		9.79%				

**D. Components of Rate Increase**

Claims Components	Impact on Rate	Percent
1. Inpatient	\$ 11.56	31.27%
2. Outpatient	\$ 6.12	16.55%
3. Professional	\$ 1.77	4.78%
4. Prescription Drugs	\$ 3.19	8.62%
5. Other	\$ 2.18	5.91%
6. Capitation	\$ 13.30	41.39%
7. Cost Share	\$ 0.00	0.00%
8. Correction of Prior Net Claims Estimate	\$ (3.15)	-8.52%
9. Total	\$ 36.97	100.00%

  

Claims Restatement for Current Rate Period	
8.a. Prior Net Claims Estimate for Current Rate Period	\$ 424.76
8.b. Re-Estimate of Net Claims PMPM for Current Rate Period	\$ 421.61

**E. List of Annual Average Rate Changes Requested and Implemented in the Past Three Calendar Years**

Calendar Year	New Form	Requested	Implemented
2012	N	8.4496%	8.4445%
2011	N	10.5890%	9.5232%
2010	N	10.2851%	10.2851%

**F. Range and Scope of Proposed Increase**

Number of Covered Individuals	332,229	Threshold Rate Increase	9.8438%
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Range of Rate Increase	
Minimum % Increase	8.2426%
Maximum % Increase	9.8438%

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