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STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In Re: BlueCross BlueShield of Vermont

Rates Filed May 11, 2016 in Vermont BCVT-130567350
Docket number GMCB-008-16rr

REPORT OF DONNA NOVAK ASA, MAAA

July 13, 2016



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ATTACHMENTS

- Attachment A Donna Novak Curriculum Vitae
- Attachment B Materials Reviewed
- Attachment C Five-Year Historical Exhibit from BCBSVT 2015 Annual Statement
- Attachment D Blue Cross Blue Shield of Vermont Q3 2016 Large Group Rating Program Filing.
Exhibit 7a



I. Nature and Purpose of Report

The purpose of this report is to provide the results of the review and analysis of the premium rate filing of BlueCross BlueShield of Vermont (BCBSVT) and to provide the Office of the Health Care Advocate recommendations for changes in BCBSVT's requested rates. The contents of this report are intended for the use of the Office of the Health Care Advocate and the Green Mountain Care Board. The report should be considered in its entirety and no part should be copied or provided without the whole.

II. Personal Qualifications

I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I am also president of NovaRest, Inc., which I founded in 2002. According to the Actuarial Standards Board and Code of Professional Conduct, I am qualified to offer my opinion in this matter.

My qualifications include:

- Over forty years of experience in the insurance industry dealing with pension, life and health insurance products.
- Active in the Academy of Actuaries ("AAA") since becoming a member in 1993.
- Led the group that recently rewrote the Actuarial Standard of Practice (ASOP) number 8, Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits.
- Have performed rate filing reviews in 9 states, the District of Columbia, and Puerto Rico.
- Helped create an improved rate review process in 2 states, the District of Columbia and Puerto Rico.

My curriculum vitae is provided as Attachment A.



I have prepared this report on the basis of my review, analysis, research work to date, and knowledge gained working as an actuary. Revisions and supplementation may occur as further information becomes available or is otherwise discovered or developed or as any additional matters or issues may be raised.

III. BACKGROUND

BCBSVT filed on May 11, 2016 for premium rates in Vermont's combined Individual and Small Business Health Options Program ("SHOP") Exchange to be effective on January 1, 2017 through December 31, 2017.

Pursuant to Green Mountain Care Board (Board) Rule 2.000 Health Insurance Rate Review, the Board is required to determine whether the requested rate:

- is affordable,
- promotes quality care,
- promotes access to health care,
- protects insurer solvency,
- is not unjust, unfair, inequitable, misleading, or contrary to the law, and
- is not excessive, inadequate, or unfairly discriminatory.

In March 2010, the 111th Congress passed health reform legislation, the Patient Protection and Affordable Care Act ("ACA"; P.L. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 ("HCERA"; P.L. 111- 152) and other laws. The ACA expands federal private health insurance market requirements, and required the creation of health insurance exchanges effective January 1, 2014 to provide individuals and small groups with access to insurance. Beginning in 2014, BCBSVT was required to comply with all of the ACA requirements for plans that are sold through the



Exchange. Complying with the ACA required BCBSVT to redesign its product offerings.

IV. MATERIALS REVIEWED

1. In performing my analysis and preparing my report I reviewed the filing as well as all of the materials submitted by BCBSVT in response to data requests submitted as of July 12, 2016, the Actuarial Opinion from Lewis & Ellis (L&E) dated July 11, 2016, the Solvency Opinion from the Department of Financial Regulation, BCBSVT's 2015 Annual Statement and the Blue Cross Blue Shield of Vermont Q3 2016 Large Group Rating Program Filing

A complete list of the materials provided for this filing can be found in Attachment B.

V. FINDINGS

BCBSVT's current filing includes a 2 percent contribution to reserve (CTR). BCBSVT could reduce its CTR and still maintain a safe Risk-Based Capital (RBC) level.

A. BCBSVT could reduce its CTR

BCBSVT could reduce its CTR from the 2 percent filed.

First I note that in BCBSVT's Exhibit 7B, which calculates the "Required Insured CTR Factor to Maintain Target RBC," BCBSVT divided the "Increase in Capital Required to Maintain Target RBC" by the QHP "Premium/Premium Equivalent" rather than the "Total Premium Shares". This would result in all of the required increase in capital for all lines of business to be allocated to the QHP members. If all lines of business are included the CTR calculated would be 2.8%.



I reviewed the Blue Cross Blue Shield of Vermont Q3 2016 Large Group Rating Program Filing. In that filing Exhibit 7A (attached in Attachment D) shows a “Required Insured CTR Factor to Maintain Target” of 1.3 percent. The 1.3 percent is across all product lines and there is no requirement that all product lines provide the same CTR.

BCBSVT has testified in prior hearings that its target RBC is between 500 to 700 percent. Its current RBC value is in the upper 25% of that target range.

The following table shows the Risk-Based Capital (RBC) for BCBSVT over the past five years, derived from data in the Five Year Historical Data Chart from BCBSVT’s 2015 Annual Statement. This chart is attached as Attachment C.

Blue Cross & Blue Shield of VT	2015	2014	2013	2012	2011
Total adjusted capital	148,423,755	138,363,389	132,369,496	125,950,111	113,914,065
Authorized control level RBC	22,381,451	20,764,628	23,006,123	21,472,507	16,729,016
RBC	██████%	██████%	██████%	██████%	██████%

Considering the 1.3 percent CTR shown in Blue Cross Blue Shield of Vermont Q3 2016 Large Group Rating Program Filing, the CTR for this filing could be reduced to 1.3 percent. Additionally since RBC level is in the upper range of BCBSVT’s target and the CTR for the merged market could be less than the other lines of business, the CTR could safely be reduced below 1.3 percent.

VI. CONCLUSIONS

Since BCBSVT’s solvency level is strong with only a slight reduction from 2014 to 2015, a reduction in the filed CTR would not likely be a threat to BCBSVT’s solvency and would make the products more affordable.



VII. L&E'S RECOMMENDATIONS

I have reviewed the L&E report filed on July 11, 2016. L&E recommends that the risk adjustment filed by BCBSVT of \$1.36 be reduced to \$1.05. Looking at the large swings between 2014 and 2015 both L&E's and BCBSVT's risk adjustments per member per month (PMPM) are within a reasonable range. I am not recommending a change for the BCBSVT risk adjustment.

VIII. RELIANCE

In reaching my conclusions I have relied on the materials listed in Attachment B – Materials Reviewed as provided by the Office of the Health Care Advocate.

IX. ASOP 41 DISCLOSURES

The contents of this report are intended for the use of the Office of the Health Care Advocate and the Green Mountain Care Board.

The purpose of this report is to provide the results of my review and analysis of the premium rate filing of BlueCross BlueShield of Vermont (BCBSVT) and to provide the Office of the Health Care Advocate alternative recommendations and calculations of BCBSVT's requested rates.

I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I am also president of NovaRest, Inc., which I founded in 2002.

According to the Actuarial Standards Board standards and Code of Professional Conduct, I am qualified to offer my opinion in this matter.

The report should be considered in its entirety and no part should be copied or provided without the whole. Distribution of this letter to parties other than the Green Mountain



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Care Board by us or any other party does not constitute advice by us to those parties. The reliance of parties other than the Green Mountain Care Board on any aspect of our work is not authorized by us and is done at their own risk.

NovaRest does not and has never affiliated with the health plan or health insurance issuer whose rate filing I have reviewed. NovaRest has no conflicts of interest.

In arriving at our opinion, I used and relied on information (listed in Attachment B) provided by the company without independent investigation or verification. If this information is inaccurate, incomplete, or out of date, our findings and conclusions may need to be revised. While I have relied on the data provided by the company without independent investigation or verification, I have reviewed the information for consistency and reasonableness.

Information that was reviewed for the purposes of developing this opinion was provided through July 12, 2016.

I am not aware of any subsequent events at the time of this report.

NovaRest, INC.

July 13, 2016
(Date)

By: Donna C. Novak
Donna Novak, ASA, MAAA



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ATTACHMENT A - DONNA NOVAK CURRICULUM VITAE



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CURRICULUM VITAE

NAME

Donna C. Novak

BUSINESS ADDRESS

NovaRest Consulting
156 W. Calle Guija Suite 200
Sahuarita, AZ, 85629
Phone: 520-908-7246
E-mail: Donna.Novak@NovaRest.com

EDUCATION

DePaul University, BA in Mathematics and Business, 1972

Post graduate work Illinois Institute of Technology, 1972-1973.

Northwestern University (Kellogg), Masters in Health Care Management and Finance, 2000

CONTINUING EDUCATION

An estimated 90 hours annually of sessions at the National Association of Insurance Commissioners (NAIC) quarterly meetings

Prepare and speak annually at Society of Actuaries (SOA) meetings

Meet all continuing education requirements of the American Academy of Actuaries (AAA) necessary to sign public statements of actuarial opinion

MEMBERSHIP IN PROFESSIONAL ORGANIZATIONS

Fellow of the Conference of Consulting Actuaries (FCA)

Associate of the Society of Actuaries (ASA)

Member of the Academy of Actuaries (MAAA)

Fellow, Life Management Institute (FLMI)

Health Insurance Associate (HIA)

PROFESSIONAL ACTIVITIES

Prior Vice-Chair of the AAA Health Practice Council

Prior Vice-President of the AAA Financial Reporting Council

Prior Board member of the Conference of Consulting Actuaries (CCA)



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Donna C. Novak

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PROFESSIONAL ACTIVITIES

(Continued)

Led numerous AAA projects including the project to draft the NAIC Health Reserve Guidance Manual and other advisory letters

Participated in numerous AAA projects including the project to develop the NAIC Risk-based Capital standard and other projects for the NAIC

Prior member of the General Committee of the Actuarial Standards Board (ASB)

Member of the Health Committee of the Actuarial Standards Board

Led the 2014 update of ASOP No. 8 *Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits*

Chair of the Health Committee of the Actuarial Standards Board

PROFESSIONAL EXPERIENCE

Contracted advisor to HHS on the implementation of the ACA

Member of the Advisory Board to the HHS Consumer Operated and Oriented Plan (CO-OP) Program.

Hired by the NAIC to write the NAIC Health Financial Analyst Manual

Perform audits of Medicare Risk Plan Adjusted Community Rated (ACR) filings for 2004 and 2005 ACRs

Perform Medicare bid desk reviews and audits 2006 to present

Rate filing reviews in 9 states (Illinois, Georgia, Pennsylvania, New Jersey, California, Iowa, Vermont, Virginia, and Minnesota) the District of Columbia, and Puerto Rico

Helped create an improved rate review process in 2 states, District of Columbia and Puerto Rico

Actuarial support for state financial audits of HMOs, Blue Cross Blue Shield Plans and commercial carriers

Assisted states in structuring programs to reduce the uninsured

Prepare reports on the impact of mandated benefits for states and consumers

Provide consulting services to state regulators reviewing the Form A filings for carrier business affiliations and mutual holding company conversions



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PROFESSIONAL EXPERIENCE

(Continued)

For state reviews of specific carrier solvency levels, determine optimum capital level for financial protection

Monitored the solvency of BlueCross BlueShield Plans and their recovery initiatives when they fell below Association requirements

Advised large employers concerning their future health insurance cost and the primary drivers of their health insurance cost

Advised large self-insurance employers concerning recommended employee contributions for various benefit options

Provided actuarial audit support for two “big four” accounting firms

Reviewed Premera BlueCross and BlueShield pricing methodology and provided a report recommending improvements based on industry best practices

Review proposed Medicare and Medicaid financial alignment proposals for the Center of Medicare and Medicaid Services (CMS)

Review Medicaid certifications for CMS

PUBLICATIONS

Authored 2002-2016

AAA Professional Practice Notes regularly published on the AAA website

2014 rewrite of ASOP No. 8 *Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits*.

Participated in developing comment letters to the NAIC and HHS on the implementation of PPACA for the AAA that are published in the NAIC and CCIIO websites

PROFESSIONAL PRESENTATIONS

Speak regularly at Society of Actuaries meetings on such topics as:

Medicare bid audits and desk reviews

Professional Standards

Health Risk-based Capital

Health Reserving



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PROFESSIONAL PRESENTATIONS

(Continued)

National Conference of Insurance Legislators on Association Health Plans

NAIC Conference on the Uninsured on state solutions to the uninsured

EXPERT TESTIMONY ETC.

Prior to 2010

For the DC Department of Insurance and Securities Regulation in the District of Columbia Form A filing hearing in the business affiliation of the DC Blue Cross Blue Shield Plan and the Maryland Blue Cross Blue Shield Plan in to CareFirst – coordinated the expert report, provided expert oral report, and testified at the administrative hearing

For Delaware Attorney General Delaware Form A filing hearing in the business affiliation of the Delaware Blue Cross Blue Shield Plan and CareFirst- testified at the administrative hearing

For the Las Vegas Firefighters - Arbitration hearing concerning the Las Vegas Firefighters Health Plan – testified at the arbitration

Performed the role of arbitrator in a case concerning the assumption reinsurance and service agreement between two health insurers

For Premera BlueCross BlueShield - Form A filing in Washington State Premera Blue Cross Blue Shield for-profit transaction – provided an expert report, deposition testimony, and testified at the hearing
Form A filing in Alaska Premera Blue Cross Blue Shield for-profit transaction - – provided an expert report, and testified at the hearing

For the Arizona Receiver and Department of Insurance - Expert Affidavit and deposition in the case concerning the financial insolvency of Premier Health Plan in Arizona

Years 2010-2016

For an individual insured, provided expert report on insurance pricing of prosthetic devices in 2010 in a dispute concerning coverage of repairs in Arbitration in Nebraska.



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EXPERT TESTIMONY ETC.

(Continued)

Deposition in a case concerning Molina Healthcare of Wisconsin post purchase financial reconciliation that went to arbitration in Wisconsin in 2013.

Expert report for the California Dental Association in case concerning dentist reimbursement before the American Arbitration Association in 2014 and is ongoing.

Expert report and Testimony in Vermont Exchange Blue Cross Blue Shield of Vermont Rate Filing hearing 2014.

Expert report and Testimony in Vermont Exchange MVP Rate Filing hearing 2014.

Expert report and Testimony in Vermont Exchange Blue Cross Blue Shield of Vermont Rate Filing hearing 2015.

Expert report and Testimony in Vermont Exchange MVP Rate Filing hearing 2015.

Expert report for arbitration between a national actuarial consulting firm and other parties concerning the setting of health reserves 2016.



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ATTACHMENT B - MATERIALS REVIEWED



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Attachment B
BCBSVT Materials Reviewed by NovaRest
File Name

1. BCBSVT 2017 Exchange Filing Summary FINAL (BCVT-130567350) 20160711.pdf
2. 2017 Exchange Inquiry Letter 5.pdf
3. Responses to BCBSVT 2017 QHP Filing Inquiry Letter 4.pdf
4. Responses to BCBSVT 2017 QHP Filing Inquiries Letter 3.pdf
5. Responses to BCBSVT 2017 QHP Filing Inquiries - 06.09.2016.xlsx
6. Responses to BCBSVT 2017 QHP Filing Inquiries - 06_09_2016 - Excel.pdf
7. Responses to BCBSVT 2017 QHP Filing Inquiries - 06_09_2016.pdf
8. Proprietary Responses to BCBSVT 2017 QHP Filing Inquiries Letter 3 - SECURE.pdf
9. Proprietary Responses to BCBSVT 2017 QHP Filing Inquiries
10. Letter 3 - SECURE.pdf
11. Copy of Proprietary Responses to BCBSVT 2017 QHP Filing Inquiries Letter 3 - SECURE.xlsx
12. CONFIDENTIAL 2017 Exchange Filing - Inquiry Letter.msg
13. Proprietary Responses to BCBSVT 2017 QHP Filing Inquiries - 05.23.2016 - SECURE.pdf
14. Proprietary Responses to BCBSVT 2017 QHP Filing Inquiries - 05.23.2016 - EXCEL - SECURE.pdf
15. Proprietary Responses to BCBSVT 2017 QHP Filing Inquiries - 05.23.2016 - SECURE.xlsx
16. Responses to BCBSVT 2017 QHP Filing Inquiries Letter 3.pdf
17. Responses to BCBSVT 2017 QHP Filing Inquiry Letter 4.pdf
18. II Proprietary Responses to BCBSVT 2017 QHP Filing Inquiries - 06.09.2016 - SECURE.pdf
19. II Proprietary Responses to BCBSVT 2017 QHP Filing Inquiries - 06.09.2016 - Excel - SECURE.pdf
20. II Copy of Proprietary Responses to BCBSVT 2017 QHP Filing Inquiries - 06.09.2016 - SECURE.xlsx
21. Responses to BCBSVT 2017 QHP Filing Inquiries - 06.09.2016.xlsx
22. Responses to BCBSVT 2017 QHP Filing Inquiries - 06_09_2016 - Excel.pdf
23. Responses to BCBSVT 2017 QHP Filing Inquiries - 06_09_2016.pdf



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24. ltr GMCB re 73 CSR plan actuarial cert 05312016.pdf
25. Attachment B - Blue Rewards AV Certification 2017 - Revised.pdf
26. Attachment A - Standard Plans AV Certification - 2017.pdf
27. Responses to BCBSVT 2017 QHP Filing Inquiries - 05.23.2016.xlsx
28. Responses to BCBSVT 2017 QHP Filing Inquiries - 05_23_2016 - EXCEL.pdf
29. Responses to BCBSVT 2017 QHP Filing Inquiries - 05_23_2016.pdf
30. Actuarial Memo Dataset (2017 issues) - BCBSVT - 2017.xlsx
31. Attachment A - Standard Plans AV Certification - 2017.pdf
32. Actuarial Memo Dataset (2017 issues) - BCBSVT - 2017.pdf
33. Unified_Rate_Review_Template_2017_BCBSVT
34. RatesTablesTemplate2017_BCBSVT_13627.pdf
35. Unified_Rate_Review_Template_2017_BCBSVT.pdf
36. BCBSVT 2017 QHP Filing - Plain Language Summary.pdf
37. Filing Compliance Certification.pdf
38. RatesTablesTemplate_BCBSVT_13627.xls
39. BCBSVT 2017 QHP Filing - Exhibits.xlsx
40. BCBSVT 2017 QHP Filing - Actuarial Memorandum.pdf
41. BCBSVT 2017 QHP Filing - Exhibits.pdf
42. Attachment B - Blue Rewards (Non-Standard) Plans AV Certification - 2017.pdf
43. RI-RA-Report-Draft-6-30-15
44. June-30-2016-RA-and-RI-Summary-Report-5CR-063016
45. BCBSVT 2015 Annual Statement
46. BCBSVT 2017 Exchange Filing Summary FINAL (BCVT-130567350) 20160711.pdf
47. Blue Cross Blue Shield of Vermont Q3 2016 Large Group Rating Program Filing
48. BCBSVT Solvency Opinion 130567350.pdf



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ATTACHMENT C - FIVE-YEAR HISTORICAL EXHIBIT FROM BCBSVT
2015 ANNUAL STATEMENT



ANNUAL STATEMENT FOR THE YEAR December 31, 2015 OF THE Blue Cross & Blue Shield of VT (NAIC #53295)

P. 29

FIVE - YEAR HISTORICAL DATA

	1	2	3	4	5
	2015	2014	2013	2012	2011
Balance Sheet (Pages 2 and 3)					
1 Total admitted assets (Page 2, Line 28)	266,570,682	256,062,656	214,094,889	208,160,092	186,635,196
2 Total liabilities (Page 3, Line 24)	118,146,927	117,699,267	81,725,393	82,209,981	72,721,131
3 Statutory minimum capital and surplus requirement	0	0	0	0	0
4 Total capital and surplus (Page 3, Line 33)	148,423,755	138,363,389	132,369,496	125,950,111	113,914,065
Income Statement (Page 4)					
5 Total revenues (Line 8)	539,866,593	470,609,637	420,770,140	382,465,965	290,617,981
6 Total medical and hospital expenses (Line 18)	477,997,865	421,302,703	393,428,827	351,308,410	254,938,292
7 Claims adjustment expenses (Line 20)	23,875,148	18,657,595	23,526,449	23,591,986	22,578,958
8 Total administrative expenses (Line 21)	29,156,887	25,508,112	15,213,050	14,147,348	12,960,576
9 Net underwriting gain (loss) (Line 24)	8,836,693	5,141,227	(5,248,186)	(12,731,779)	140,155
10 Net investment gain (loss) (Line 27)	4,154,355	4,626,710	4,382,220	5,226,990	4,398,857
11 Total other income (Line 28 plus 29)	2,636,986	3,245,968	2,949,818	4,111,939	4,437,819
12 Net income or (loss) (Line 32)	12,200,330	9,891,577	3,848,264	(4,744,932)	5,928,656
Cash Flow (Page 6)					
13 Net cash from operations (Line 11)	6,253,943	7,507,744	(6,569,621)	10,195,145	6,159,468
Risk-Based Capital Analysis					
14 Total adjusted capital	148,423,755	138,363,389	132,369,496	125,950,111	113,914,065
15 Authorized control level risk-based capital	22,381,451	20,764,628	23,006,123	21,472,507	16,729,016
Enrollment (Exhibit 1)					
16 Total members at end of period (Column 5, Line 7)	209,435	209,167	157,247	141,566	123,116
17 Total member months (Column 6, Line 7)	2,517,344	2,439,765	1,871,853	1,678,869	1,448,572
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18 Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19 Total hospital and medical plus other non-health (Line 18 plus Lines 19)	88.5	89.5	93.5	91.9	87.7
20 Cost containment expenses	1.0	1.1	1.4	1.6	2.0
21 Other claims adjustment expenses	3.5	2.9	4.2	4.5	5.8
22 Total underwriting deductions (Lines 23)	98.4	98.9	101.2	103.3	100.0
23 Total underwriting gain (loss) (Lines 24)	1.6	1.1	(1.2)	(3.3)	0.0
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24 Total claims incurred for prior years (Line 13, Col. 5)	29,229,658	24,800,516	22,536,918	14,319,490	13,191,933
25 Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	36,071,648	29,298,049	26,852,178	19,038,119	15,772,950
Investments In Parent, Subsidiaries and Affiliates					
26 Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27 Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28 Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	62,805,121	61,931,709	58,201,513	57,025,600	45,752,287
29 Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10).	0	0	0	0	0
30 Affiliated mortgage loans on real estate	0	0	0	0	0
31 All other affiliated	0	0	0	0	0
32 Total of above Lines 26 to 31	62,805,121	61,931,709	58,201,513	57,025,600	45,752,287
33. Total investment in parent included in Lines 26 to 31 above	0	0	0	0	0



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ATTACHMENT D - BLUE CROSS BLUE SHIELD OF VERMONT Q3 2016
LARGE GROUP RATING PROGRAM FILING - EXHIBIT 7A



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**Blue Cross and Blue Shield of Vermont
Q3 2016 Large Group Rating Program Filing**

Exhibit 7A

Contribution to Reserve Development

Projected 2016 BCBSVT ACL	\$23,380,420
Target RBC %	600%
Target capital	\$140,282,520
Estimated Benefit Trend	6.6%
Estimated Increase in ACL	\$ 1,537,786
Estimated Increase in Capital to Maintain Target	\$ 9,226,714
Investment Income	3,949,212
Tax rate	20.0%
Inv Income Net of Tax	3,159,370
Additional Required	6,067,344
Grossed up for FIT	7,584,180

2016 forecast premium		CTR proportions	
QHP	395,836,846	1.00	395,836,846
Cost Plus (equiv prem)	281,161,916	0.25	70,290,479
Other Insured	123,100,848	1.00	123,100,848
	<hr/> 800,099,609	<hr/> 0.74	<hr/> 589,228,173

Required Insured CTR Factor to
Maintain Target **1.3%**