Filing at a Glance

Company:	BCBSVT
Product Name:	2Q 2014 BCBSVT Benefit Relativity Factor Filing
State:	Vermont
TOI:	ML02 Multi-Line - Other
Sub-TOI:	ML02.000 Multi-Line - Other
Filing Type:	GMCB Trend / Admin Charge
Date Submitted:	01/13/2014
SERFF Tr Num:	BCVT-129370654
SERFF Status:	Pending State Action
State Tr Num:	
State Status:	
Co Tr Num:	
Implementation Date Requested:	On Approval
Author(s):	Vince Mace, Pam Young, Seth Abbene, Jude Daye, Martine Brisson-Lemieux
Reviewer(s):	Thomas Crompton (primary), Kelly Macnee, David Dillon, Jacqueline Lee, Judith Henkin
Disposition Date:	
Disposition Status:	
Implementation Date:	

State Filing Description:

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 Multi-Line - Other/ML02.000 Multi-Line - Other*
Product Name: *2Q 2014 BCBSVT Benefit Relativity Factor Filing*
Project Name/Number: */*

General Information

Project Name:
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Employer, Association
Filing Status Changed: 02/03/2014
State Status Changed:
Created By: Jude Daye
Corresponding Filing Tracking Number:

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Group
Group Market Size: Small and Large
Overall Rate Impact:

Deemer Date:
Submitted By: Jude Daye

Filing Description:
January 8, 2014

Judith Henkin, Esq.
Health Policy Director
Green Mountain Care Board
89 Main Street, Third Floor, City Center
Montpelier, Vermont 05620

SUBJECT: Blue Cross and Blue Shield of Vermont – NAIC # 53295
Q2 2014 Benefit Relativity Factor Filing

Dear Ms. Henkin:

We are submitting for your review and approval updated benefit relativity factors for Blue Cross and Blue Shield of Vermont (BCBSVT). It is our desire to use these factors in the rating of BCBSVT large group products, for business that is new or renewing in the second quarter of 2014 or later.

Please let me know if we can answer any questions or provide further information during your review.

Sincerely,

Kevin Goddard

cc: Tom Crompton/GMCB
Ruth Greene/BCBSVT
Vince Mace/BCBSVT
Paul Schultz/BCBSVT

Company and Contact

Filing Contact Information

Jude Daye, Executive Assistant dayej@bcbsvt.com

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 Multi-Line - Other/ML02.000 Multi-Line - Other*
Product Name: *2Q 2014 BCBSVT Benefit Relativity Factor Filing*
Project Name/Number: */*

445 Industrial Lane
Montpelier, VT 05601

802-371-3244 [Phone]

Filing Company Information

BCBSVT
PO BOX 186
Montpelier, VT 05601
(802) 371-3450 ext. [Phone]

CoCode: 53295
Group Code:
Group Name:
FEIN Number: 03-0277307

State of Domicile: Vermont
Company Type: Hospital Service Corp
State ID Number:

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 Multi-Line - Other/ML02.000 Multi-Line - Other*
Product Name: *2Q 2014 BCBSVT Benefit Relativity Factor Filing*
Project Name/Number: */*

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Response	Jacqueline Lee	01/30/2014	01/30/2014
Pending Response	Jacqueline Lee	01/15/2014	01/15/2014

Response Letters

Responded By	Created On	Date Submitted
Jude Daye	02/03/2014	02/03/2014
Jude Daye	01/17/2014	01/21/2014

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Response to 2Q 2014 BCBSVT Benefit Relativity Factor Filing	Note To Reviewer	Jude Daye	01/17/2014	01/17/2014

State:	*Vermont*	**Filing Company:**	*BCBSVT*
TOI/Sub-TOI:	*ML02 Multi-Line - Other/ML02.000 Multi-Line - Other*		
Product Name:	*2Q 2014 BCBSVT Benefit Relativity Factor Filing*		
Project Name/Number:	*/*		

Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	01/30/2014
Submitted Date	01/30/2014
Respond By Date	02/03/2014

Dear Jude Daye,

Introduction:

Please see the attached letter. Please respond no later than February 3, 2014.

Conclusion:

Sincerely,
Jacqueline Lee

Dallas
Glenn A. Tobleman, F.S.A., F.C.A.S.
S. Scott Gibson, F.S.A.
Cabe W. Chadick, F.S.A.
Michael A. Mayberry, F.S.A.
David M. Dillon, F.S.A.
Gregory S. Wilson, F.C.A.S.
Steven D. Bryson, F.S.A.
Bonnie S. Albritton, F.S.A.
Brian D. Rankin, F.S.A.
Wesley R. Campbell, F.S.A.
Jacqueline B. Lee, F.S.A.
Robert E. Gove, A.S.A.
J. Finn Knox-Seith, A.S.A.
Brian C. Stentz, A.S.A.
Jay W. Fuller, A.S.A.
Sujaritha Tansen, A.S.A.
Josh A. Hammerquist, A.S.A.
Xiaoxiao (Lisa) Jiang, A.S.A.
Jennifer M. Allen, A.S.A.
Sergei Mordovin, A.S.A.
Robert B. Thomas, Jr., F.S.A., C.F.A. (Of Counsel)

L&E Actuaries & Consultants

Kansas City
Gary L. Rose, F.S.A.
Terry M. Long, F.S.A.
David L. Batchelder, A.S.A.
Leon L. Langlitz, F.S.A.
Gary R. McElwain, FLMI
Anthony G. Proulx, F.S.A.
Thomas L. Handley, F.S.A.
D. Patrick Glenn, A.S.A., A.C.A.S.
Christopher H. Davis, F.S.A.
Karen E. Elsom, F.S.A.
Jill J. Humes, F.S.A.

London / Kansas City
Roger K. Annin, F.S.A.
Timothy A. DeMars, F.S.A.
Scott E. Morrow, F.S.A.

Baltimore
David A. Palmer, C.F.E.

January 30, 2014

Jude Daye, Executive Assistant
Blue Cross and Blue Shield of Vermont
445 Industrial Lane
Montpelier, VT 05601

Re: Blue Cross and Blue Shield of Vermont
2Q 2014 BCBSVT Benefit Relativity Factor Filing
SERFF Tracking #: BCVT-129370654

Dear Jude Daye:

We have been retained by the Green Mountain Care Board ("GMCB") to review the above referenced group products filing submitted on 1/13/2014. The following additional information is required for this filing.

Notice regarding proper responses:

- A minimum-acceptable response to quantitative questions from us must include a spreadsheet calculation with retained formulas such that we can replicate the calculations therein.
- Explanatory responses are merely a supplement to the spreadsheet material and in of themselves will constitute a lack of response

Questions:

1. We note that the claims for Large Groups with special benefits are excluded from the medical and pharmacy models. What is considered "special benefits?" Please include examples of special benefits that excluded Large Group claims for both the medical benefit model and the pharmacy benefit model.

2. Please provide the following, if applicable, for all benefit designs:
    a. medical paid-to-allowed ratio;
    b. medical induced utilization factor;
    c. pharmacy paid-to-allowed ratio; and
    d. pharmacy induced utilization factor.
3. Please provide the trend, by service category, that was used to trend the medical and pharmacy claims to July 1, 2015.
4. Please provide at least the last 36 months of data with sufficient run-out to support the trends used to project the claims costs. To the extent that the historical data does not support the trends used, please provide an explanation for the differences.
5. Please provide the manual rate from the prior filing. What changes have impacted the manual rate since the prior filing?
6. Please provide a sample comparison for a group that is 100% manually rated and has the plans listed below for the current filing and prior filing. For both filings, the comparison should take the manual rate and multiply by the benefit relativities for each plan.
   Current Filing:
    a. VFP: Index 1
    b. CDHP: Index 1
    c. JPLAN: Index 50

   Prior Filing:
    d. VFP: Index 14
    e. CDHP: Index 1
    f. JPLAN: Index 12
7. What is the premium or member weighted percentage of groups that renew on January 1st?
8. Why is the medical induced utilization based on frequency rather than total allowed costs? This appears to overweight the impact of professional utilization and underweight the impact of inpatient utilization.
9. Why is the pharmacy induced utilization based on the number of scripts rather than total allowed claims?
10. Based on our review of the "Benefit Induced Utilization: Pharmacy", we are concerned that there may be a potential double counting of the impact of induced utilization on generics by making adjustments based on:
    a. the difference in the Generic and Brand copays; and
    b. the paid-to-allowed ratio.

    Please discuss if this was considered and provide support that demonstrates that there is no double counting. A simplified example of both adjustments may provide clarity.
11. Please provide more details regarding the decrease in the pharmacy weight from 17.9% in the prior filing to 14.7% in the current filing.
12. Was the 2012 Milliman Health Cost Guidelines data trended forward before being used to calculate the slope of the Medicare carve-out ratios?
13. Please provide a brief description of the drugs that are considered Wellness Rx?

14. Please provide a more detailed explanation and a sample calculation of how "the allowed charges associated with out-of-network benefits were adjusted by applying a factor equal to the ratio of out-of-network charges PMPM for each plan in the base data to the analogous PMPM in the aggregate base data, in order to account for the 'freedom' associated with the plan."
15. Why are the plan relativities different for the CDHP plan designs between the BCBSVT and TVHP filings?

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible to every objection in our letter, but no later than February 3, 2014. Note that the responses can be submitted separately and do not have to be submitted all at the same time.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,

Josh Hammerquist A.S.A., M.A.A.A.
Assistant Vice President & Consulting Actuary
Lewis & Ellis, Inc.
jhammerquist@lewisellis.com
(972)850-0850

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 Multi-Line - Other/ML02.000 Multi-Line - Other*
Product Name: *2Q 2014 BCBSVT Benefit Relativity Factor Filing*
Project Name/Number: */*

Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	01/15/2014
Submitted Date	01/15/2014
Respond By Date	01/20/2014

Dear Jude Daye,

Introduction:

Please see the attached objection letter. Please respond no later than noon Eastern on January 20, 2014.

Thank you.

Conclusion:

Sincerely,
Jacqueline Lee

Dallas
Glenn A. Tobleman, F.S.A., F.C.A.S.
S. Scott Gibson, F.S.A.
Cabe W. Chadick, F.S.A.
Michael A. Mayberry, F.S.A.
David M. Dillon, F.S.A.
Gregory S. Wilson, F.C.A.S.
Steven D. Bryson, F.S.A.
Bonnie S. Albritton, F.S.A.
Brian D. Rankin, F.S.A.
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Sujaritha Tansen, A.S.A.
Josh A. Hammerquist, A.S.A.
Xiaoxiao (Lisa) Jiang, A.S.A.
Jennifer M. Allen, A.S.A.
Sergei Mordovin, A.S.A.
Robert B. Thomas, Jr., F.S.A., C.F.A. (Of Counsel)

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Gary L. Rose, F.S.A.
Terry M. Long, F.S.A.
David L. Batchelder, A.S.A.
Leon L. Langlitz, F.S.A.
Gary R. McElwain, FLMI
Anthony G. Proulx, F.S.A.
Thomas L. Handley, F.S.A.
D. Patrick Glenn, A.S.A., A.C.A.S.
Christopher H. Davis, F.S.A.
Karen E. Elsom, F.S.A.
Jill J. Humes, F.S.A.

London / Kansas City
Roger K. Annin, F.S.A.
Timothy A. DeMars, F.S.A.
Scott E. Morrow, F.S.A.

Baltimore
David A. Palmer, C.F.E.

January 15, 2014

Jude Daye, Executive Assistant
Blue Cross and Blue Shield of Vermont
445 Industrial Lane
Montpelier, VT 05601

Re: Blue Cross and Blue Shield of Vermont
2Q 2014 BCBSVT Benefit Relativity Factor Filing
SERFF Tracking #: BCVT-129370654

Dear Jude Daye:

We have been retained by the Green Mountain Care Board ("GMCB") to review the above referenced group products filing submitted on 1/13/2014. The following additional information is required for this filing.

1. Please submit the SERFF PDF Pipelines with all communications for the previously approved version of this filing and the filing that is referenced specifically in the Actuarial Memorandum.
2. Provide the credibility formula that is applied to large groups. Include 2 examples from previous filings for large groups that are not fully credible.

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible to every objection in our letter, but no later than noon Eastern on January 20, 2014. Note that the responses can be submitted separately and do not have to be submitted all at the same time.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,

Josh Hammerquist A.S.A., M.A.A.A.
Assistant Vice President & Consulting Actuary
Lewis & Ellis, Inc.
jhammerquist@lewisellis.com
(972)850-0850

State:	Vermont	**Filing Company:**	BCBSVT
TOI/Sub-TOI:	ML02 Multi-Line - Other/ML02.000 Multi-Line - Other		
Product Name:	2Q 2014 BCBSVT Benefit Relativity Factor Filing		
Project Name/Number:	/		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	02/03/2014
Submitted Date	02/03/2014

Dear Thomas Crompton,

Introduction:

Attached please find the response from BCBSVT on the "Objection" to the 2Q 2014 BCBSVT Benefit Relativity Factor Filing.

Response 1

Comments:

Requested documentation for bojection.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response Letter to 2Q 2014 BCBSVT Benefit Relativity Factor Filing
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01 30 2014.pdf

Satisfied - Item:	1Q-2Q14 BCBS Trend (BCVT-129197073) - Exhibit II - Pharmacy Trend Development
Comments:	
Attachment(s):	1Q-2Q14 BCBS Trend (BCVT-129197073) - Exhibit II - Pharmacy Trend Development.pdf

Satisfied - Item:	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01.30.2014
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01.30.2014.xlsx

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 Multi-Line - Other/ML02.000 Multi-Line - Other*
Product Name: *2Q 2014 BCBSVT Benefit Relativity Factor Filing*
Project Name/Number: */*

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response Letter to 2Q 2014 BCBSVT Benefit Relativity Factor Filing
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01 30 2014.pdf

Satisfied - Item:	1Q-2Q14 BCBS Trend (BCVT-129197073) - Exhibit II - Pharmacy Trend Development
Comments:	
Attachment(s):	1Q-2Q14 BCBS Trend (BCVT-129197073) - Exhibit II - Pharmacy Trend Development.pdf

Satisfied - Item:	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01.30.2014
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01.30.2014.xlsx

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response Letter to 2Q 2014 BCBSVT Benefit Relativity Factor Filing
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01 30 2014.pdf

Satisfied - Item:	1Q-2Q14 BCBS Trend (BCVT-129197073) - Exhibit II - Pharmacy Trend Development
Comments:	
Attachment(s):	1Q-2Q14 BCBS Trend (BCVT-129197073) - Exhibit II - Pharmacy Trend Development.pdf

Satisfied - Item:	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01.30.2014
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01.30.2014.xlsx

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Jude Daye

State:	*Vermont*	**Filing Company:**	*BCBSVT*
TOI/Sub-TOI:	*ML02 Multi-Line - Other/ML02.000 Multi-Line - Other*		
Product Name:	*2Q 2014 BCBSVT Benefit Relativity Factor Filing*		
Project Name/Number:	*/*		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	01/17/2014
Submitted Date	01/21/2014

Dear Thomas Crompton,

Introduction:

Attached please find the response from BCBSVT on the "Objection" to the 2Q 2014 BCBSVT Benefit Relativity Factor Filing.

Response 1

Comments:

Requested documentation for objection.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Letter - Response to BCBS LG Benefit Relativity Factors Actuarial Review Interrogatories
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Interrogatories- 01.15.2014.pdf

Satisfied - Item:	BCVT-128829812 - BCBSVT 2Q 2013 Benefit Relativity Factor Filing Documentation
Comments:	
Attachment(s):	BCVT-128829812 - BCBSVT 2Q 2013 Benefit Relativity Factor Filing.pdf

Satisfied - Item:	BCVT-128267446 - BCBSVT Group Merit Rating Program Filing Documentation
Comments:	
Attachment(s):	BCVT-128267446 - BCBSVT Group Merit Rating Program Filing.pdf

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 Multi-Line - Other/ML02.000 Multi-Line - Other*
Product Name: *2Q 2014 BCBSVT Benefit Relativity Factor Filing*
Project Name/Number: */*

Supporting Document Schedule Item Changes	
Satisfied - Item:	Letter - Response to BCBS LG Benefit Relativity Factors Actuarial Review Interrogatories
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Interrogatories- 01.15.2014.pdf

Satisfied - Item:	BCVT-128829812 - BCBSVT 2Q 2013 Benefit Relativity Factor Filing Documentation
Comments:	
Attachment(s):	BCVT-128829812 - BCBSVT 2Q 2013 Benefit Relativity Factor Filing.pdf

Satisfied - Item:	BCVT-128267446 - BCBSVT Group Merit Rating Program Filing Documentation
Comments:	
Attachment(s):	BCVT-128267446 - BCBSVT Group Merit Rating Program Filing.pdf

Supporting Document Schedule Item Changes	
Satisfied - Item:	Letter - Response to BCBS LG Benefit Relativity Factors Actuarial Review Interrogatories
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Interrogatories- 01.15.2014.pdf

Satisfied - Item:	BCVT-128829812 - BCBSVT 2Q 2013 Benefit Relativity Factor Filing Documentation
Comments:	
Attachment(s):	BCVT-128829812 - BCBSVT 2Q 2013 Benefit Relativity Factor Filing.pdf

Satisfied - Item:	BCVT-128267446 - BCBSVT Group Merit Rating Program Filing Documentation
Comments:	
Attachment(s):	BCVT-128267446 - BCBSVT Group Merit Rating Program Filing.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Jude Daye

State:	*Vermont*	**Filing Company:**	*BCBSVT*
TOI/Sub-TOI:	*ML02 Multi-Line - Other/ML02.000 Multi-Line - Other*		
Product Name:	*2Q 2014 BCBSVT Benefit Relativity Factor Filing*		
Project Name/Number:	*/*		

Note To Reviewer

Created By:

Jude Daye on 01/17/2014 09:31 AM

Last Edited By:

Jude Daye

Submitted On:

01/17/2014 09:31 AM

Subject:

Response to 2Q 2014 BCBSVT Benefit Relativity Factor Filing

Comments:

Attached please find the documents for the objection posted on 1/15/14.

BlueCross BlueShield of Vermont
An Independent Licensee of the Blue Cross and Blue Shield Association

January 17, 2014

Mr. Josh Hammerquist, A.S.A., M.A.A.A.
Assistant Vice President & Consulting Actuary
Lewis & Ellis, Inc.

Subject: Your 01/15/2014 Questions re: Blue Cross and Blue Shield of Vermont 2Q 2014 BCBSVT Benefit Relativity Factor Filing (SERFF Tracking #: BCVT-129370654)

Dear Mr. Hammerquist:

In response to your request dated January 15, 2014, here are *your questions* and our answers:

1. Please submit the SERFF PDF Pipelines with all communications for the previously approved version of this filing and the filing that is referenced specifically in the Actuarial Memorandum.

Please find attached the SERFF PDF Pipelines for:

- BCVT-128829812 – BCBSVT 2Q 2013 Benefit Relativity Factor Filing
- BCVT-128267446 – BCBSVT Group Merit Program Filing

2. Provide the credibility formula that is applied to large groups. Include 2 examples from previous filings for large groups that are not fully credible.

We do not file large group rates in Vermont. The credibility formula is described in BCVT-128267446 – BCBSVT Group Merit Program Filing, page 22 of 41, attached as per above.

Please let us know if you have any further questions.

Sincerely,

Paul Schultz, F.S.A., M.A.A.A.

Filing at a Glance

Company:	BCBSVT
Product Name:	BCBSVT Group Merit Rating Program Filing
State:	Vermont
TOI:	ML02 - Multi-Line - Other
Sub-TOI:	ML02.0000 - Multi-Line - Other
Filing Type:	Trend / Admin Charge
Date Submitted:	04/16/2012
SERFF Tr Num:	BCVT-128267446
SERFF Status:	Closed-Approved
State Tr Num:	59619
State Status:	Approved
Co Tr Num:	
Co Status:	
Implementation Date Requested:	On Approval
Author(s):	Vince Mace, Pam Young, Seth Abbene, Jude Daye, Martine Brisson-Lemieux
Reviewer(s):	Sean Londergan (primary)
Disposition Date:	10/26/2012
Disposition Status:	Approved
Implementation Date:	10/26/2012

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT Group Merit Rating Program Filing*
Project Name/Number: */*

General Information

Project Name:
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Employer, Association
Filing Status Changed: 10/26/2012
State Status Changed: 10/26/2012
Created By: Jude Daye
Corresponding Filing Tracking Number:

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Group
Group Market Size: Small and Large
Overall Rate Impact:
Company Status Changed:
Deemer Date:
Submitted By: Pam Young

Filing Description:
April 12, 2012

Phil Keller
Director of Insurance Rates and Forms
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

Subject: Blue Cross and Blue Shield of Vermont (NAIC # 0053295)
Group Merit Rating Program Filing

Dear Phil,

We are submitting for your review and approval a revised Group Merit Rating Program Filing. With this revision, we are seeking to both improve the service we provide to our customers and to realize operational efficiencies. The chart below outlines the major changes, their projected impact to our customers and issues they resolve:

Change Impact Issue(s) Resolved
The addition of expected high cost claims moved before claims are trended. Minor impact to the overall rating. Simplifies both the trend and pooling factor filings.
Claims experience analyzed with seasonality adjusted BRVs, not prior year's pure premium. Some difference to the overall rating. Able to produce more accurate rates when enrollment has shifted.
Rates set to current BRVs each year. Some cases may see major changes in the relationship between plans in the first year. Removes unintended cross-subsidization.
Reduces risk that enrollment shifts will cause the rates to be underfunded.
Simplifies benefit options, especially the removal of benefits.
"Expected Loss Ratio" replaced with demographically adjusted manual rate. Will create some variability in the first year as demographics are incorporated for the first time. Reconciles the rating between BCBS & TVHP.
Demographic changes will be reflected in future ratings.
Easier for groups and brokers to understand.
Revised the credibility formula. Smaller groups will be less credible and less credibility will be assigned to start-up cases. Reduces the fluctuation in rate increases.

Some of these changes will require minor adjustments to our filed rating factors. With this amendment, we are including amended pooling charges that are appropriate for use before trending the claims. We are also including an explanation of how we derive the manual rate from the approved Benefit Relative Value filing and tables of the demographic and industry factors that we will be applying to it. We would also like to note that we will be using the “uncapped” trend factor from our currently approved filing.

Please do not hesitate to contact me if there is anything we can do to facilitate your review. Thank you for your consideration.

Sincerely,

Kevin Goddard

cc: Tammy Tomczyk / Oliver Wyman Denise Barker / Oliver Wyman
Vince Mace / BCBSVT Kimberly Peake / BCBSVT

Company and Contact

Filing Contact Information

Jude Daye, Executive Assistant
445 Industrial Lane
Montpelier, VT 05601

dayej@bcbsvt.com
802-371-3244 [Phone]

Filing Company Information

BCBSVT
PO BOX 186
Montpelier, VT 05601
(802) 371-3450 ext. [Phone]

CoCode: 53295
Group Code:
Group Name:
FEIN Number: 03-0277307

State of Domicile: Vermont
Company Type: Hospital Service Corp
State ID Number:

Filing Fees

Fee Required?	Yes
Fee Amount:	$50.00
Retaliatory?	No
Fee Explanation:	
Per Company:	Yes

Company	Amount	Date Processed	Transaction #
BCBSVT	$50.00	04/16/2012	57991043

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Sean Londergan	10/26/2012	10/26/2012

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Filing Deemed Complete	Note To Filer	Sean Londergan	09/05/2012	09/05/2012
Filing Deemed Complete	Note To Filer	Sean Londergan	07/27/2012	07/27/2012

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT Group Merit Rating Program Filing*
Project Name/Number: */*

Disposition

Disposition Date: 10/26/2012
Implementation Date: 10/26/2012
Status: Approved

Comment: Per the Green Mountain Care Board's Decision and Order dated October 25, 2012 (GMCB-022-12-rr), which has been attached to this disposition, Blue Cross and Blue Shield of Vermont's (BCBSVT) Group Merit Rating Formula filing is approved as filed.

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Actuarial Memorandum		Yes
Supporting Document	Filing Compliance Certification		Yes
Supporting Document	Health Administrative Forms		Yes
Supporting Document	Health Filing Data		Yes
Supporting Document	Third Party Filing Authorization		Yes
Supporting Document	Cover Letter, Narrative and Program Attachments		Yes

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: BCBSVT Merit Rating Formula	)	
	)	GMCB-022-12-rr
	)	
SERFF No. MVPH-128267466	)	
Vermont Filing No. 59619	)	

DECISION & ORDER

Introduction

On September 28, 2012, the Commissioner of the Department of Financial Regulation (Commissioner) recommended that the Green Mountain Care Board (Board) approve Blue Cross and Blue Shield of Vermont's (BCBSVT) proposed Group Merit Rating Formula. In this Decision and Order, the Board accepts the Commissioner's recommendation. The Commissioner shall apply this decision pursuant to 8 V.S.A. § 4062(a).

Background

Starting in 2012, Vermont law requires a two-step regulatory process for health insurer rate requests: (1) the Department of Financial Regulation (Department) reviews each request and makes a recommendation to the Board, 8 V.S.A. § 4062(a), and (2) the Board reviews and approves, modifies, or disapproves the request. 8 V.S.A. § 4062(a)(2)(B); 18 V.S.A. § 9375(b)(6)(A). The Board introduces to this process considerations related to the broad aims of Act 48 such as the extent to which rates are consistent with the goals of containing costs, improving quality of care, and improving the health of the population.

Procedural History

BCBSVT submitted the instant filing to the Department on April 16, 2012, via the System for Electronic Rate and Form Filing (SERFF). The Department deemed the filing complete on August 30, 2012.

On September 28, 2012, the Board received the Commissioner's Recommendation and the opinion letter from the Department's contract actuary Oliver Wyman (OW). *See* Recommendation for Approval of BCBSVT Merit Rating Formula Filing (September 28, 2012) (Recommendation), http://gmcboard.vermont.gov/BCBSVT/128267446; Oliver Wyman Actuarial Opinion, http://gmcboard.vermont.gov/sites/gmcboard/files/Opinion_022.pdf (OW Letter).

BCBSVT and the Office of the Health Care Ombudsman (HCO)[1] filed timely notices of appearance. On October 2, 2012, the Board issued a Notice of Hearing. The parties have waived the hearing and filed memoranda in lieu of the hearing. The Board has reviewed and considered all materials submitted by the Department and the parties.

Findings of Fact

Nature of the filing

1. BCBSVT is a non-profit hospital and medical service corporation that provides major medical, Medicare supplement, and prescription drug coverage to approximately 139,000 Vermonters. The company offers a variety of plans and products in the individual, group and association markets in Vermont. Recommendation at 2.

2. The present filing is not a premium rate filing. Rather, the Group Merit Rating Program details the procedures and practices used by the carrier for setting its manual rates – manual rates are blended with the large group's actual experience to arrive at the appropriate rate – for all of its large group accounts. In this filing, BCBSVT proposes to make specific changes to its merit rating formula. *Id.*

3. If this filing is approved, the rating formula for large groups will be revised. As a result, the overall rate impact will vary among large groups: some will see premium rate increases, while others will see decreases. Overall, approval of this filing would result in an aggregate rate decrease of 1.0%. *Id*.

Summary of the Data and Analysis

4. This filing was reviewed by the Department's actuary, Oliver Wyman, which provided its analysis to the Department on September 6, 2012. The actuarial opinion provides the basis for the Department's review.

5. OW reviewed the carrier's current methodology for pooling high cost claims versus its proposed methodology. OW determined that BCBSVT's proposed change in methodology would simplify trend filings, in part by reducing the number of trend factors required to be developed. OW believes that implementing the new methodology will reduce the effort involved in preparing the trend filing, could slightly reduce administrative expenses, and would reduce the amount of effort involved in reviewing trend filings. OW Letter at 1.

[1] The insurer and the HCO are parties before the Board in rate review cases. Expedited Rule GMCB 2012-01A § 10(b).

6. OW also reviewed the proposed change to the way BCBSVT analyzes base period incurred claims. The proposed method would reflect the seasonal patterns that incurred claims follow, and adjust for them utilizing a seasonally adjusted benefit factor for each benefit plan, for each month. OW terms the proposed change "innovative" but notes that the administrative costs of this method of claims analysis may outweigh the incremental precision gained. *Id*. at 2. In addition, utilizing the most current benefit relativity factors will remove some unintended cross-subsidization, which will in some cases result in large rate changes in the first year of implementation. *Id*.

7. OW requested, and received, additional documentation that should have accompanied the initial SERFF filing, including work papers and numerical analysis, to support BCBSVT's proposed credibility formula. OW then agreed that BCBSVT's proposed credibility formula was reasonable. OW Letter at 3-5.

8. In the first year that the new methodology is implemented, there would be a significant impact on rates for certain groups. Although the aggregate premium would be 1.0% lower than under the current formula, the impacts to specific groups range from a 33% rate decrease to a 29% rate increase. OW Letter at 6.

9. The Commissioner recommends that the Board approve the filing as submitted. Recommendation at 4. The Commissioner finds the proposed changes will help produce affordable premiums because use of the new formula will produce a 1.0% overall rate decrease when compared with the current formula and would not result in an average annual rate increase that would trigger the 10% threshold under the Patient Protection and Affordable Care Act. *Id*.

10. Additionally, the Commissioner concluded that the policy forms provide all health care benefits mandated by state law and provide policyholders with an opportunity to seek independent review of coverage denials, and the proposed change thus satisfies the statutory requirements of providing quality care and promoting access to health care. *Id.* at 4-5.

Standard of Review

1. Under Vermont law, the Board must "approve, modify, or disapprove requests for health insurance rates" within thirty (30) days of receiving the Commissioner's Recommendation. 18 V.S.A. § 9375(b)(6), *as amended by* 2011 (Adj. Sess.) Act 171, § 12; .8 V.S.A. § 4062(a)(2)(B), *as amended by* 2011 (Adj. Sess.) Act 171, § 25.

2. In reaching a decision, the Board shall consider "the Commissioner's recommendation; the rate review file underlying the Commissioner's recommendation; public comments received . . . evidence or material requested by the Board from a Party; and any evidence, including testimony, or other material introduced at the hearing." Expedited Rule GMCB 2012-01A, § 11. The Board may also consider "the requirements of the underlying statutes; changes in health care delivery; changes in payment methods and amounts; and other issues at the discretion of the Board." *Id.*

3. In addition, we review the Commissioner's Recommendation for compliance with the standards imposed on the Department under Vermont law. The Department's review must ensure that rates are not "excessive, inadequate or unfairly discriminatory or fail to meet the standards of affordability, promotion of quality care, and promotion of access pursuant to section 4062 of this title." 8 V.S.A. § 4512(b).

Conclusions of Law

4. Although as noted above, the changes proposed in this filing will cause the rates of certain large group products to increase significantly, overall, the revised merit rating formula will produce lower rates in the aggregate, with significant rate decreases for some groups. Further, BCBSVT has indicated that using the revised formula will simplify the preparation and review of trend filings, which should reduce administrative costs. Therefore, we agree with the Commissioner's recommendation that the proposed filing should be approved as submitted.

5. In addition, we accept the Commissioner's conclusions that the change in merit rating formula, resulting in an average rate decrease of 1.0%, will promote affordability, accessibility, and quality care.

Order

For the reasons discussed above, we approve BCBSVT's proposed Merit Rating Formula filing. The Commissioner shall apply this decision pursuant to 8 V.S.A. § 4062(a).

So ordered.

Dated: October 25, 2012
Montpelier, Vermont

s/ Anya Rader Wallack	)	
	)	
s/ Alfred Gobeille	)	GREEN MOUNTAIN
	)	CARE BOARD
s/ Karen Hein	)	OF VERMONT
	)	
s/ Cornelius Hogan	)	
	)	
s/ Allan Ramsay	)	

Filed: October 25, 2012

Attest: s/ Janet Richard
Green Mountain Care Board
Administrative Services Coordinator

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Board (by e-mail, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made. (E-mail address: Janet.Richard@state.vt.us).
Appeal of this decision to the Supreme Court of Vermont must be filed with the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT Group Merit Rating Program Filing*
Project Name/Number: */*

Note To Filer

Created By:

Sean Londergan on 09/05/2012 09:37 AM

Last Edited By:

Sean Londergan

Submitted On:

09/05/2012 09:37 AM

Subject:

Filing Deemed Complete

Comments:

This note is to advise the GMCB that a rate filing has been deemed complete as of August 30, 2012 - meaning that the Department's 30-day review period for the filing runs through September 29, 2012.

Please note that this rate filing (SERFF tracking # is BCVT-128267446) had been deemed complete as of July 10, 2012. On August 7, 2012, however, BCBSVT advised the Department that the company would like more time to gather and provide additional quantitative analysis for the filing. At that time, the Department’s 30-day review period was stopped. BCBSVT’s process of gathering and providing additional quantitative support for the filing was completed on August 30, 2012.

Thank you.

Sean

Sean P. Londergan
Rate & Form Analyst
Department of Financial Regulation

State:	*Vermont*	**Filing Company:**	*BCBSVT*
TOI/Sub-TOI:	*ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*		
Product Name:	*BCBSVT Group Merit Rating Program Filing*		
Project Name/Number:	*/*		

Note To Filer

Created By:

Sean Londergan on 07/27/2012 09:41 AM

Last Edited By:

Sean Londergan

Submitted On:

07/27/2012 09:42 AM

Subject:

Filing Deemed Complete

Comments:

This note is to advise the company that the rate filing was deemed complete by the Department on July 10, 2012. Meaning that the Department's 30 day review period for this filing runs through August 9, 2012.

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT Group Merit Rating Program Filing
Project Name/Number: /

Supporting Document Schedules

Bypassed - Item:	Actuarial Memorandum
Bypass Reason:	There isn't an Actuarial Memorandum with this filing.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Filing Compliance Certification
Comments:	
Attachment(s):	Filing Compliance Certification.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Health Administrative Forms
Comments:	
Attachment(s):	F106 BCBSVT Group Merit Rating Program Filing.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Health Filing Data
Bypass Reason:	Our variability data is filed with our outline of coverage filings.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Third Party Filing Authorization
Bypass Reason:	BCBSVT does not use a Third Party to submit filings.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Cover Letter, Narrative and Program Attachments
Comments:	Cover letter attached again because tabs didn't line up on previous pages.
Attachment(s):	Cvr Ltr Grp Merit Rating Program Filing.pdf Group Merit Rating Program Narrative.pdf Group Merit Rating Program Attachments.pdf

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT Group Merit Rating Program Filing
Project Name/Number: /

Item Status:	
Status Date:	

I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and, to the best of my knowledge, the filing complies with all applicable statutory and regulatory provisions for the state of Vermont.

Kevin Goddard
Vice President, External Affairs

3/19/09
Date

Health Filing Form F106 (7/98)
Required Information for All Filings & the Fee

NAIC#: 53295
Company Name Blue Cross Blue Shield of Vermont
Address: PO Box 186
City, State, Zip: Montpelier, VT 05601
Phone: 371-3450 Contact Person: Alison Partridge

Filing Contents: BCBSVT Group Merit Rating Program Filing
1) New: ☒ Change: ☐
If a Change: Latest Approval Date: _____ Vermont Filing #:_____
2) Rates: ☒ Forms: ☐ Rates & Forms: ☐
3) Policy:☐ Contract: ☐ Amendment:☐ Endorsement:☐
Handbook:☐ Rider:☐ Certificate:☐ Other: Outline
4) Individual:☐ Small Group (1-50):☐ Large Group (51+):☐ All Groups:☒

Type of Filing:

Accident Only: ☐	Dental:☐	Miscellaneous:☐
AD&D: ☐	Disability:☐	Nursing Home Only:☐
Advertising: ☐	Home Health Only:☐	Organ Transplant:☐
Blanket: ☐	Hospital Indemnity:☐	Prescription Drug:☐
Cancer Expense:☐	Limited Benefit:☐	Student/Athlete:☐
Comprehensive/ Major Medical: ☐	Long Term Care: Qualified:☐	Stop Loss/Excess Risk:☐
Conversion: ☐	Non-Qualified:☐	Travel:☐
Critical Illness: ☐	Medicare Supplement:☐	Vision:☐
		Other: Health

Mandatory - Filing Fee Information:
1. State of Domicile: Vermont
2. Amount of Fee: $50.00
3. Is the Fee you are sending based on your state of domicile's retaliatory fee? Yes ☐ No ☒
4. Explain how each part of the Fee was determined, showing all calculation (use separate sheet if necessary). Vermont filing fee

5. Fee calculated by: Jude Daye (Printed Name) Jude Daye (Signature)

BlueCross BlueShield of Vermont
An Independent Licensee of the Blue Cross and Blue Shield Association.

Kevin Goddard
Vice President External Affairs and Sales

April 12, 2012

Phil Keller
Director of Insurance Rates and Forms
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

Subject: Blue Cross and Blue Shield of Vermont (NAIC # 0053295)
Group Merit Rating Program Filing

Dear Phil,

We are submitting for your review and approval a revised Group Merit Rating Program Filing. With this revision, we are seeking to both improve the service we provide to our customers and to realize operational efficiencies. The chart below outlines the major changes, their projected impact to our customers and issues they resolve:

Change	Impact	Issue(s) Resolved
The addition of expected high cost claims moved before claims are trended.	Minor impact to the overall rating.	Simplifies both the trend and pooling factor filings.
Claims experience analyzed with seasonality adjusted BRVs, not prior year's pure premium.	Some difference to the overall rating.	Able to produce more accurate rates when enrollment has shifted.
Rates set to current BRVs each year.	Some cases may see major changes in the relationship between plans in the first year.	Removes unintended cross-subsidization. Reduces risk that enrollment shifts will cause the rates to be underfunded. Simplifies benefit options, especially the removal of benefits.
"Expected Loss Ratio" replaced with demographically adjusted manual rate.	Will create some variability in the first year as demographics are incorporated for the first time.	Reconciles the rating between BCBS & TVHP. Demographic changes will be reflected in future ratings. Easier for groups and brokers to understand.
Revised the credibility formula.	Smaller groups will be less credible and less credibility will be assigned to start-up cases.	Reduces the fluctuation in rate increases.

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goddardk@bcbsvt.com • www.bcbsvt.com

Some of these changes will require minor adjustments to our filed rating factors. With this amendment, we are including amended pooling charges that are appropriate for use before trending the claims. We are also including an explanation of how we derive the manual rate from the approved Benefit Relative Value filing and tables of the demographic and industry factors that we will be applying to it. We would also like to note that we will be using the "uncapped" trend factor from our currently approved filing.

Please do not hesitate to contact me if there is anything we can do to facilitate your review. Thank you for your consideration.

Sincerely,

Kevin Goddard

cc: Tammy Tomczyk / Oliver Wyman
Vince Mace / BCBSVT
Denise Barker / Oliver Wyman
Kimberly Peake / BCBSVT

Blue Cross and Blue Shield of Vermont
Group Merit Rating Program

I. Purpose

The Group Merit Rating Program specifies the policies and practices used by Blue Cross and Blue Shield of Vermont (BCBSVT) for issuing renewal rates to eligible group businesses.

II. Definitions

A. **Eligibles** – Employees of the group who can be offered health insurance and work thirty or more hours a week.

B. **Experience Period** – The duration of time from which group data is accumulated for renewal rating purposes.

C. **Group** – A collection of subscribers covered by certificates and recognized by the Plan as one entity for rating purposes.

D. **Merit -** A type of group; one with at least 51 eligibles.

E. **Rates** – The monthly premiums charged by the Plan for a particular group, time period, type of coverage, and type of membership

F. **Rating Period** – The duration of time (typically twelve months) for which group renewal rates are calculated and intended to remain constant. Rates would change in conjunction with a benefit change.

III. General Provisions

A. **Effective Date**

The Group Merit Rating Program described herein will apply beginning with rates communicated 10 business days after the date of its approval, and continuing until 10 business days after the date of approval of the next BCBSVT Group Merit Rating Program. The term "communicated," for this purpose, means a written proposal delivered to a large group account.

B. **Premium Accounts**

The Group Merit Rating Program is applicable to groups that fund health coverage by paying premiums to BCBSVT. Such premium arrangements may include fully insured, retrospective and contingent funding methods.

C. **Lines of Business**

Upon implementation, the Group Merit Rating Program will apply to all BCBSVT comprehensive medical coverages. We may include additional lines of business under this Program as appropriate during the future. Any additional

lines of business incorporated within the Program will be administered consistent with the policies and practices herein.

IV. Eligibility for Group Merit Rating Program

A. Recognized Group

This Program applies only to accounts, contracting for coverage with BCBSVT, that meet the definition of group herein.

B. Group Size

This Program applies to groups that have maintained at least 51 eligibles on 50 percent of its working days during the preceding calendar quarter. Furthermore, we will apply the Group Merit Rating Program to renewal rate calculations for groups for which strong evidence indicates a rating period average of at least 51 eligibles, so long as relevant experience is available.

C. Mergers/Separations

Mergers with other groups or by separation of units within the group itself may affect the eligibility of a group for the Group Merit Rating Program. We determine whether the merger/separation activity dictates recognition of different groups for rating purposes. In general, we require that such activity be supported by bonafide changes in common ownership status or in joint administrative status in order to redefine a group.

V. Data

A. Group Specific

Under the Group Merit Rating Program, experience period claims normally are twelve consecutive incurred months and fourteen consecutive paid months beginning eighteen months prior to the effective date. However, we may choose to alter the length and/or timing of the experience period based on market and/or business needs.

B. Corporate Factors

Several corporate factors contribute to the development of group-specific renewal rates. These factors include: 1) completion factors, 2) Book of Business Standard Plan Expected Single Claim Rate, 3) trend factors, 4) retention factors such as administrative fees and contribution to reserve, 5) pooling charges and 6) capitated charges. Where applicable, we file these factors with the Vermont Department of Financial Regulation and use the most recently approved factors in the rating.

VI. Rating Mechanism

A. Experience Period Claims PMPM

We split experience period claims into amounts above the pooling point (based on the size of the case during the experience period) and amounts below the pooling point. Claims below the pooling point are referred to as Capped Claims.

We apply completion factors developed from the monthly financial reporting process to Capped Claims to produce Completed Capped Claims. We add a pooling charge (calculated as a factor[1] times the Completed Capped Claims) to the Completed Capped Claims to produce large claim adjusted experience period claims. We then multiply these claims by an adjustment factor to reflect structural changes in the benefit plan from the experience period to the rating period. (This is to adjust for such things as mandated benefit changes, contractual provision changes, etc., that, in the judgment of the underwriter, are necessary to make the experience appropriate for the estimation of the expected claims in the rating period.)

We divide the result by the number of member months during the experience period to produce Adjusted Experience Period Claims per member per month (PMPM).

B. Average Experience Period Seasonal Adjusted Benefit Relativity Factor

We determine an Average Experience Period Seasonal Adjusted Benefit Relativity Factor as follows:

1. We determine a benefit relativity factor for each benefit plan and contract tier type (single, 2-person, family, etc.).

2. Based on the seasonal patterns observed as part of the reserving process for each calendar month (January, February, ..., December), we determine seasonal factors for CDHPs and for non-CDHPs and normalize them so that they total to 12.

3. For each benefit plan, contract tier type and month, we calculate a seasonal benefit relativity factor. We then apply these factors to the number of contracts for each benefit plan, contract tier type and month in the experience period. We total the results and divide the resultant sum by the number of member months in the experience period. This

[1] Pooling charge factors appropriate for use with the methodology are included in Attachment B.

produces the Average Experience Period Seasonal Adjusted Benefit Relativity Factor.

C. **Experience-Based Expected Standard Plan Single Claims Rate**
We divide the Adjusted Experience Period Claims PMPM by the Average Experience Period Seasonal Adjusted Benefit Relativity Factor to produce the Experience Period Standard Benefit Single Claims Rate. We then multiply this by a trend factor to adjust from the experience period to the rating period. (The trend factor is determined by taking the weighted average of the medical and pharmacy trend factors for each benefit plan in the experience period. The weights are the capped claims during the experience period for each benefit plan.) The result is the Experience Based Expected Standard Plan Claims Single Claims Rate.

D. **Book of Business Standard Plan Expected Single Claims Rate**
We derive the standard rate from the approved BCBSVT Benefit Relativity Factor Filing's base plan PMPM. We trend this PMPM forward to the effective date of the rating with the Benefit Paid Estimated Uncapped Combined trend from the most recently approved BCBSVT trend filing. We then adjust this trended PMPM for the specifics of the case. We calculate a weighted average age/gender factor for the group based on the current membership.[2] We also identify the appropriate industry load or credit based on the group's SIC.[3] We then multiply the trended standard rate by these two factors to determine the case specific Book of Business Standard Plan Expected Single Claims Rate.

E. **Credibility Factor (CF)**
The calculation is as follows:

Let **NC** = {average number of non-carveout subscribers in the experience period} + {0.5 * average number of carveout subscribers during the experience period}.

Let **CF** = $\mathbf{cf_1} * \mathbf{cf_2}$ where:

$$cf_1 = \begin{cases} (NC/500)^{0.75} & \text{for } NC < 500 \\ 1 & \text{for } NC >= 500 \end{cases}$$

$\mathbf{cf_2}$ = min {(number of months in experience period/12)^2, 1}

---

[2] The age/gender adjustment factors are included as Attachment C.
[3] The industry factors are included as Attachment D.

F. **Projected Standard Plan Single Claims Rate**
We calculate this as (CF) times (Experience Based Expected Standard Plan Single Claims Rate) plus (1-CF) times (Book of Business Standard Plan Expected Single Claims Rate).

G. **Projected Claims by Plan, Tier Type**
For each plan and contract tier type anticipated in the rating period, we calculate projected claims as the (Projected Standard Plan Single Claims Rate) times (the BRV for the plan and contract tier).

H. **Required premium by Plan, Tier Type**
The average number of members per contract tier during the experience period is the basis for the projected members per tier in the rating period. The underwriter will adjust this if, in their opinion, the result is not representative of the expected values in the rating period.[4] The calculation for the total required premium by (plan, tier) is as follows:

1. Projected Claims by (plan, tier), plus

2. {(Projected PMPM capitation for the plan) + (Expected net reinsurance PMPM for the plan) – (Projected Rx rebate for the plan)} times (the expected number of members per contract in the tier), plus

3. (PMPM administration charge factors[5]) times (the expected number of members per contract in the tier), times

4. 1 / (1-contribution to reserve factor – percent of premium administration charge factors[6])}.

---

[4] E.g., the number of contracts in a particular tier may be small (or even 0). In such instances, the underwriter should use appropriate values based on total block of business or other appropriate source.
[5] These factors include the filed administrative charge plus any charges for broker commissions or additional administrative services that may be applicable.
[6] Where applicable. This factor may include broker commissions and/or charges for additional administrative services that were not already included in the previous step.

I. **Underwriting Judgment Adjustments**

If, in the underwriter's professional judgment, the specific properties of the case being rated are such that the standard formula would not produce appropriate rates for the rating period, the underwriter will make such modifications as needed to produce appropriate rates. The underwriter will document in the case file the reason(s) for the adjustment(s) and the method of determining the appropriate adjustment(s).

J. **Management Discretionary Adjustments**

For marketing or other reasons, management may decide to modify the rates on a specific case or block of cases. The underwriter will document in the case file the adjustment(s) made, along with a description of the nature of the adjustment(s).

VII. Attachments

A. **Sample Calculation**

Attachment A illustrates the calculation of the renewal rate changes in a manner consistent with the mechanism described in Section VI herein.

B. **Pooling Charges**

Attachment B contains a table of pooling claim factors that are consistent with the approved Q2 2012 BCBSVT Provision for Large Claims and Stop Loss Filing – Amended, for the experience periods shown. We will apply these factors to a group's Completed Capped Claims, net of Completed Claims on Medicare Eligibles, to calculate the Pooling Charge.

C. **Age/Gender Adjustments**

Attachment C contains a table of age/gender adjustment factors, normalized for our book of business, that we will apply to Book of Business Standard Plan Expected Single Claims Rate, as described herein.

D. **Industry Adjustments**

Attachment D contains a table of industry adjustment factors by SIC, normalized for our book of business, that we will apply to Book of Business Standard Plan Expected Single Claims Rate, as described herein.

Sample Calculation

Projected Standard Plans Single Claims Rate:

Experience Period Paid Claims	$20,839,262	a	
Experience Period Claims amount above $320,000 pooling limit	$40,754	b	
Capped Claims	$20,798,508	c	=a-b
Completion Factor	1.011	d	
Completed Capped Claims	$21,027,292	e	=c*d
Completed Claims on Medicare Eligibles	$789,264	f	
Pooling Charge Factor	0.016	g	
Pooling Charge	$323,808	h	=(e-f)*g
Experience adjustment factor	1.000	i	
Adjusted Experience Period Claims	$21,351,100	j	=(e+h)*i
Experience Period Member Months	54,210	k	
Adjusted Experience Period Claims PMPM	$393.86	l	=j/k
Average Experience Period Seasonal Adjusted Benefit Relativity Factor	0.809	m	
Experience Period Standard Benefit Single Claims Rate	$486.85	n	=l/m
Trend 10.8% per annum for 21 months	1.197	o	
Experience-Based Expected Standard Plan Single Claims Rate	$582.55	p	=n*o
Book of Business Standard Plan Expected Single Claims Rate	$506.33	q	
Credibility factor	99%	r	
Projected Standard Plan Single Claims Rate	**$581.79**	s	=(p*r)+{q*(1-r)}

Needed Premium Rates (PMPM):

		PMPM	Single	2-Person	Family	Carve Out		
Members per contract			1	2	3.938	1		
BRV:	*Plan A*		0.9293	1.5705	2.2861	0.7769	A1	
	Plan B		1.0117	2.0234	2.7316	0.7481	B1	
Projected Claims:	*Plan A*		$540.66	$913.72	$1,330.02	$451.99	A2	=A1*s
	Plan B		$588.60	$1,177.20	$1,589.22	$435.24	B2	=B1*s
Projected Capitation:	*Plan A*	$9.59	$9.59	$19.18	$37.77	$2.73	A3	
	Plan B	$10.19	$10.19	$20.38	$40.13	$2.73	B3	
Net Cost of Reinsurance:	*Plan A*	$6.82	$6.82	$13.64	$26.86	$0.00	A4	
	Plan B	$6.82	$6.82	$13.64	$26.86	$0.00	B4	
Projected Rx Rebate:	*Plan A*	$0.00	$0.00	$0.00	$0.00	$0.00	A5	
	Plan B	$6.02	$6.02	$12.04	$23.71	$6.02	B5	
Administrative Charge		$53.17	$53.17	$106.34	$209.39	$53.17	C	
Commission (% premium)		6.25%					D	
Contribution to Reserve		1.00%					E	
Required Premium:	*Plan A*		**$657.94**	**$1,135.18**	**$1,729.42**	**$547.60**	F1	=(A2+A3+A4-A5+C)/(1-D-E)
	Plan B		**$703.78**	**$1,407.57**	**$1,985.86**	**$523.04**	F2	=(B2+B3+B4-B5+C)/(1-D-E)

Pooling Charge Factors

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$30,000	30.5%	30.9%	31.2%	31.5%	31.8%	32.2%	32.5%	32.9%
$35,000	26.4%	26.7%	27.0%	27.3%	27.6%	27.9%	28.2%	28.5%
$40,000	23.2%	23.5%	23.7%	24.0%	24.2%	24.5%	24.8%	25.0%
$45,000	20.7%	20.9%	21.1%	21.4%	21.6%	21.8%	22.1%	22.3%
$50,000	18.6%	18.8%	19.0%	19.2%	19.5%	19.7%	19.9%	20.1%
$55,000	16.9%	17.1%	17.3%	17.5%	17.7%	17.9%	18.1%	18.3%
$60,000	15.5%	15.7%	15.9%	16.0%	16.2%	16.4%	16.6%	16.8%
$65,000	14.2%	14.4%	14.6%	14.8%	14.9%	15.1%	15.3%	15.5%
$70,000	13.2%	13.3%	13.5%	13.6%	13.8%	14.0%	14.1%	14.3%
$75,000	12.2%	12.4%	12.5%	12.7%	12.8%	13.0%	13.1%	13.3%
$80,000	11.4%	11.5%	11.6%	11.8%	11.9%	12.1%	12.2%	12.4%
$85,000	10.6%	10.7%	10.9%	11.0%	11.2%	11.3%	11.4%	11.6%
$90,000	9.9%	10.1%	10.2%	10.3%	10.5%	10.6%	10.7%	10.9%
$95,000	9.4%	9.5%	9.6%	9.7%	9.8%	10.0%	10.1%	10.2%
$100,000	8.8%	8.9%	9.1%	9.2%	9.3%	9.4%	9.5%	9.6%
$105,000	8.3%	8.4%	8.5%	8.7%	8.8%	8.9%	9.0%	9.1%
$110,000	7.9%	8.0%	8.1%	8.2%	8.3%	8.4%	8.5%	8.7%
$115,000	7.5%	7.6%	7.7%	7.8%	7.9%	8.0%	8.1%	8.2%
$120,000	7.1%	7.2%	7.3%	7.4%	7.5%	7.6%	7.7%	7.8%
$125,000	6.7%	6.8%	6.9%	7.0%	7.1%	7.2%	7.3%	7.4%
$130,000	6.4%	6.5%	6.6%	6.7%	6.8%	6.9%	7.0%	7.1%
$135,000	6.1%	6.2%	6.3%	6.4%	6.5%	6.6%	6.7%	6.8%
$140,000	5.8%	5.9%	6.0%	6.1%	6.2%	6.3%	6.4%	6.5%
$145,000	5.6%	5.7%	5.7%	5.8%	5.9%	6.0%	6.1%	6.2%
$150,000	5.3%	5.4%	5.5%	5.6%	5.7%	5.7%	5.8%	5.9%
$155,000	5.1%	5.2%	5.3%	5.3%	5.4%	5.5%	5.6%	5.7%
$160,000	4.9%	5.0%	5.0%	5.1%	5.2%	5.3%	5.4%	5.4%
$165,000	4.6%	4.7%	4.8%	4.9%	5.0%	5.1%	5.1%	5.2%
$170,000	4.5%	4.5%	4.6%	4.7%	4.8%	4.8%	4.9%	5.0%
$175,000	4.3%	4.4%	4.4%	4.5%	4.6%	4.6%	4.7%	4.8%
$180,000	4.1%	4.2%	4.3%	4.3%	4.4%	4.5%	4.5%	4.6%
$185,000	4.0%	4.1%	4.1%	4.2%	4.2%	4.3%	4.4%	4.4%
$190,000	3.8%	3.9%	4.0%	4.0%	4.1%	4.2%	4.2%	4.3%
$195,000	3.7%	3.7%	3.8%	3.9%	3.9%	4.0%	4.1%	4.1%
$200,000	3.5%	3.6%	3.7%	3.7%	3.8%	3.9%	3.9%	4.0%
$205,000	3.4%	3.5%	3.5%	3.6%	3.6%	3.7%	3.8%	3.8%
$210,000	3.3%	3.4%	3.4%	3.5%	3.5%	3.6%	3.6%	3.7%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Pooling Charge Factors

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$215,000	3.2%	3.3%	3.3%	3.4%	3.4%	3.5%	3.5%	3.6%
$220,000	3.1%	3.1%	3.2%	3.3%	3.3%	3.4%	3.4%	3.5%
$225,000	3.0%	3.0%	3.1%	3.1%	3.2%	3.3%	3.3%	3.4%
$230,000	2.8%	2.9%	3.0%	3.0%	3.1%	3.2%	3.2%	3.3%
$235,000	2.8%	2.8%	2.9%	2.9%	3.0%	3.0%	3.1%	3.2%
$240,000	2.7%	2.7%	2.8%	2.8%	2.9%	2.9%	3.0%	3.1%
$245,000	2.6%	2.6%	2.7%	2.7%	2.8%	2.8%	2.9%	2.9%
$250,000	2.5%	2.6%	2.6%	2.6%	2.7%	2.7%	2.8%	2.8%
$255,000	2.4%	2.5%	2.5%	2.6%	2.6%	2.7%	2.7%	2.7%
$260,000	2.4%	2.4%	2.4%	2.5%	2.5%	2.6%	2.6%	2.7%
$265,000	2.3%	2.3%	2.4%	2.4%	2.5%	2.5%	2.6%	2.6%
$270,000	2.2%	2.2%	2.3%	2.3%	2.4%	2.4%	2.5%	2.5%
$275,000	2.1%	2.2%	2.2%	2.3%	2.3%	2.4%	2.4%	2.5%
$280,000	2.0%	2.1%	2.1%	2.2%	2.2%	2.3%	2.3%	2.4%
$285,000	2.0%	2.0%	2.1%	2.1%	2.2%	2.2%	2.3%	2.3%
$290,000	1.9%	1.9%	2.0%	2.0%	2.1%	2.1%	2.2%	2.2%
$295,000	1.9%	1.9%	1.9%	2.0%	2.0%	2.1%	2.1%	2.2%
$300,000	1.8%	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%	2.1%
$305,000	1.8%	1.8%	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%
$310,000	1.7%	1.7%	1.8%	1.8%	1.9%	1.9%	1.9%	1.9%
$315,000	1.7%	1.7%	1.7%	1.8%	1.8%	1.8%	1.9%	1.9%
$320,000	1.6%	1.7%	1.7%	1.7%	1.8%	1.8%	1.8%	1.9%
$325,000	1.6%	1.6%	1.6%	1.7%	1.7%	1.7%	1.8%	1.8%
$330,000	1.5%	1.6%	1.6%	1.6%	1.7%	1.7%	1.7%	1.8%
$335,000	1.5%	1.5%	1.5%	1.6%	1.6%	1.7%	1.7%	1.7%
$340,000	1.4%	1.5%	1.5%	1.5%	1.6%	1.6%	1.6%	1.7%
$345,000	1.4%	1.4%	1.5%	1.5%	1.5%	1.6%	1.6%	1.6%
$350,000	1.3%	1.4%	1.4%	1.4%	1.5%	1.5%	1.6%	1.6%
$355,000	1.3%	1.3%	1.4%	1.4%	1.4%	1.5%	1.5%	1.5%
$360,000	1.2%	1.3%	1.3%	1.3%	1.4%	1.4%	1.5%	1.5%
$365,000	1.2%	1.2%	1.3%	1.3%	1.3%	1.4%	1.4%	1.5%
$370,000	1.1%	1.2%	1.2%	1.3%	1.3%	1.3%	1.4%	1.4%
$375,000	1.1%	1.1%	1.2%	1.2%	1.2%	1.3%	1.3%	1.4%
$380,000	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%	1.3%	1.3%
$385,000	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%	1.3%
$390,000	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%
$395,000	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Pooling Charge Factors

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$400,000	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
$405,000	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%
$410,000	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%
$415,000	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%
$420,000	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%
$425,000	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%
$430,000	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%
$435,000	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%
$440,000	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%
$445,000	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%
$450,000	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%
$455,000	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%
$460,000	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%
$465,000	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%
$470,000	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%
$475,000	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%
$480,000	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%
$485,000	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%
$490,000	0.6%	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%
$495,000	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%
$500,000	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%	0.8%
$505,000	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%
$510,000	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%
$515,000	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%
$520,000	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%
$525,000	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%
$530,000	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
$535,000	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
$540,000	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
$545,000	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
$550,000	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%
$555,000	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%
$560,000	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%
$565,000	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
$570,000	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
$575,000	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%
$580,000	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Pooling Charge Factors

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$585,000	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
$590,000	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
$595,000	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%
$600,000	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%
$605,000	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%
$610,000	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%
$615,000	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%
$620,000	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%
$625,000	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%
$630,000	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
$635,000	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
$640,000	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
$645,000	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%
$650,000	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%
$655,000	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%
$660,000	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%
$665,000	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%
$670,000	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%
$675,000	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%
$680,000	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
$685,000	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
$690,000	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%
$695,000	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%
$700,000	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%
$705,000	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
$710,000	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
$715,000	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%
$720,000	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%
$725,000	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%
$730,000	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
$735,000	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
$740,000	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%
$745,000	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%
$750,000	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%
$755,000	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
$760,000	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
$765,000	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Pooling Charge Factors

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$770,000	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%
$775,000	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
$780,000	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
$785,000	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
$790,000	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
$795,000	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
$800,000	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
$805,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
$810,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
$815,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
$820,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
$825,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
$830,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
$835,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$840,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$845,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$850,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$855,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$860,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$865,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$870,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$875,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$880,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$885,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$890,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$895,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$900,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$905,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$910,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$915,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$920,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$925,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$930,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$935,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$940,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$945,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$950,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Pooling Charge Factors Attachment B

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$955,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$960,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$965,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$970,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$975,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$980,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$985,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$990,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$995,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$1,000,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Age/Sex Factors

	Employee Age	Age/Gender Factor
Male (Employees & Spouses)	To 25	0.344
	25 - 29	0.389
	30 - 34	0.459
	35 - 39	0.560
	40 - 44	0.694
	45 - 49	0.899
	50 - 54	1.192
	55 - 59	1.575
	60 - 64	2.029
	65+	2.753
Female (Employees & Spouses)	To 25	0.710
	25 - 29	0.890
	30 - 34	0.984
	35 - 39	0.955
	40 - 44	0.974
	45 - 49	1.103
	50 - 54	1.324
	55 - 59	1.564
	60 - 64	1.877
	65+	2.476
	Child Age	
Child	0 - 1	1.250
	2 - 6	0.280
	7 - 18	0.312

4 Digit SIC Code	Industry Description	Normalized Factor
912	Finfish	1.162
913	Shellfish	1.162
919	Miscellaneous Marine Products	1.162
921	Fish Hatcheries and Preserves	1.162
971	Hunting and Trapping, and Game Propagation	1.162
1011	Iron Ores	1.201
1012	Iron Ores	1.211
1013	Iron Ores	1.211
1014	Iron Ores	1.211
1015	Iron Ores	1.211
1016	Iron Ores	1.211
1017	Iron Ores	1.211
1018	Iron Ores	1.211
1019	Iron Ores	1.211
1020	Iron Ores	1.211
1021	Copper Ores	1.201
1022	Copper Ores	1.211
1023	Copper Ores	1.211
1024	Copper Ores	1.211
1025	Copper Ores	1.211
1026	Copper Ores	1.211
1027	Copper Ores	1.211
1028	Copper Ores	1.211
1029	Copper Ores	1.211
1030	Copper Ores	1.211
1031	Lead and Zinc Ores	1.201
1032	Lead and Zinc Ores	1.211
1033	Lead and Zinc Ores	1.211
1034	Lead and Zinc Ores	1.211
1035	Lead and Zinc Ores	1.211
1036	Lead and Zinc Ores	1.211
1037	Lead and Zinc Ores	1.211
1038	Lead and Zinc Ores	1.211
1039	Lead and Zinc Ores	1.211
1040	Lead and Zinc Ores	1.211
1041	Gold Ores	1.201
1042	Gold Ores	1.211
1043	Gold Ores	1.211
1044	Silver Ores	1.201
1045	Silver Ores	1.211
1046	Silver Ores	1.211
1047	Silver Ores	1.211
1048	Silver Ores	1.211
1049	Silver Ores	1.211
1050	Silver Ores	1.211
1051	Silver Ores	1.211
1052	Silver Ores	1.211
1053	Silver Ores	1.211
1054	Silver Ores	1.211
1055	Silver Ores	1.211
1056	Silver Ores	1.211
1057	Silver Ores	1.211
1058	Silver Ores	1.211
1059	Silver Ores	1.211
1060	Silver Ores	1.211
1061	Ferroalloy Ores, Except Vanadium	1.201
1062	Ferroalloy Ores, Except Vanadium	1.211
1063	Ferroalloy Ores, Except Vanadium	1.211
1064	Ferroalloy Ores, Except Vanadium	1.211
1065	Ferroalloy Ores, Except Vanadium	1.211
1066	Ferroalloy Ores, Except Vanadium	1.211
1067	Ferroalloy Ores, Except Vanadium	1.211
1068	Ferroalloy Ores, Except Vanadium	1.211
1069	Ferroalloy Ores, Except Vanadium	1.211
1070	Ferroalloy Ores, Except Vanadium	1.211

4 Digit SIC Code	Industry Description	Normalized Factor
1071	Ferroalloy Ores, Except Vanadium	1.211
1072	Ferroalloy Ores, Except Vanadium	1.211
1073	Ferroalloy Ores, Except Vanadium	1.211
1074	Ferroalloy Ores, Except Vanadium	1.211
1075	Ferroalloy Ores, Except Vanadium	1.211
1076	Ferroalloy Ores, Except Vanadium	1.211
1077	Ferroalloy Ores, Except Vanadium	1.211
1078	Ferroalloy Ores, Except Vanadium	1.211
1079	Ferroalloy Ores, Except Vanadium	1.211
1080	Ferroalloy Ores, Except Vanadium	1.211
1081	Metal Mining Services	1.201
1082	Metal Mining Services	1.211
1083	Metal Mining Services	1.211
1084	Metal Mining Services	1.211
1085	Metal Mining Services	1.211
1086	Metal Mining Services	1.211
1087	Metal Mining Services	1.211
1088	Metal Mining Services	1.211
1089	Metal Mining Services	1.211
1090	Metal Mining Services	1.211
1091	Metal Mining Services	1.211
1092	Metal Mining Services	1.211
1093	Metal Mining Services	1.211
1094	Uranium-Radium-Vanadium Ores	1.201
1095	Uranium-Radium-Vanadium Ores	1.211
1096	Uranium-Radium-Vanadium Ores	1.211
1097	Uranium-Radium-Vanadium Ores	1.211
1098	Uranium-Radium-Vanadium Ores	1.211
1099	Miscellaneous Metal Ores, NEC	1.201
1100	Miscellaneous Metal Ores, NEC	1.211
1101	Miscellaneous Metal Ores, NEC	1.211
1102	Miscellaneous Metal Ores, NEC	1.211
1103	Miscellaneous Metal Ores, NEC	1.211
1104	Miscellaneous Metal Ores, NEC	1.211
1105	Miscellaneous Metal Ores, NEC	1.211
1106	Miscellaneous Metal Ores, NEC	1.211
1107	Miscellaneous Metal Ores, NEC	1.211
1108	Miscellaneous Metal Ores, NEC	1.211
1109	Miscellaneous Metal Ores, NEC	1.211
1110	Miscellaneous Metal Ores, NEC	1.211
1111	Miscellaneous Metal Ores, NEC	1.211
1112	Miscellaneous Metal Ores, NEC	1.211
1113	Miscellaneous Metal Ores, NEC	1.211
1114	Miscellaneous Metal Ores, NEC	1.211
1115	Miscellaneous Metal Ores, NEC	1.211
1116	Miscellaneous Metal Ores, NEC	1.211
1117	Miscellaneous Metal Ores, NEC	1.211
1118	Miscellaneous Metal Ores, NEC	1.211
1119	Miscellaneous Metal Ores, NEC	1.211
1120	Miscellaneous Metal Ores, NEC	1.211
1121	Miscellaneous Metal Ores, NEC	1.211
1122	Miscellaneous Metal Ores, NEC	1.211
1123	Miscellaneous Metal Ores, NEC	1.211
1124	Miscellaneous Metal Ores, NEC	1.211
1125	Miscellaneous Metal Ores, NEC	1.211
1126	Miscellaneous Metal Ores, NEC	1.211
1127	Miscellaneous Metal Ores, NEC	1.211
1128	Miscellaneous Metal Ores, NEC	1.211
1129	Miscellaneous Metal Ores, NEC	1.211
1130	Miscellaneous Metal Ores, NEC	1.211
1131	Miscellaneous Metal Ores, NEC	1.211
1132	Miscellaneous Metal Ores, NEC	1.211
1133	Miscellaneous Metal Ores, NEC	1.211
1134	Miscellaneous Metal Ores, NEC	1.211
1135	Miscellaneous Metal Ores, NEC	1.211

4 Digit SIC Code	Industry Description	Normalized Factor
1136	Miscellaneous Metal Ores, NEC	1.211
1137	Miscellaneous Metal Ores, NEC	1.211
1138	Miscellaneous Metal Ores, NEC	1.211
1139	Miscellaneous Metal Ores, NEC	1.211
1140	Miscellaneous Metal Ores, NEC	1.211
1141	Miscellaneous Metal Ores, NEC	1.211
1142	Miscellaneous Metal Ores, NEC	1.211
1143	Miscellaneous Metal Ores, NEC	1.211
1144	Miscellaneous Metal Ores, NEC	1.211
1145	Miscellaneous Metal Ores, NEC	1.211
1146	Miscellaneous Metal Ores, NEC	1.211
1147	Miscellaneous Metal Ores, NEC	1.211
1148	Miscellaneous Metal Ores, NEC	1.211
1149	Miscellaneous Metal Ores, NEC	1.211
1150	Miscellaneous Metal Ores, NEC	1.211
1151	Miscellaneous Metal Ores, NEC	1.211
1152	Miscellaneous Metal Ores, NEC	1.211
1153	Miscellaneous Metal Ores, NEC	1.211
1154	Miscellaneous Metal Ores, NEC	1.211
1155	Miscellaneous Metal Ores, NEC	1.211
1156	Miscellaneous Metal Ores, NEC	1.211
1157	Miscellaneous Metal Ores, NEC	1.211
1158	Miscellaneous Metal Ores, NEC	1.211
1159	Miscellaneous Metal Ores, NEC	1.211
1160	Miscellaneous Metal Ores, NEC	1.211
1161	Miscellaneous Metal Ores, NEC	1.211
1162	Miscellaneous Metal Ores, NEC	1.211
1163	Miscellaneous Metal Ores, NEC	1.211
1164	Miscellaneous Metal Ores, NEC	1.211
1165	Miscellaneous Metal Ores, NEC	1.211
1166	Miscellaneous Metal Ores, NEC	1.211
1167	Miscellaneous Metal Ores, NEC	1.211
1168	Miscellaneous Metal Ores, NEC	1.211
1169	Miscellaneous Metal Ores, NEC	1.211
1170	Miscellaneous Metal Ores, NEC	1.211
1171	Miscellaneous Metal Ores, NEC	1.211
1172	Miscellaneous Metal Ores, NEC	1.211
1173	Miscellaneous Metal Ores, NEC	1.211
1174	Miscellaneous Metal Ores, NEC	1.211
1175	Miscellaneous Metal Ores, NEC	1.211
1176	Miscellaneous Metal Ores, NEC	1.211
1177	Miscellaneous Metal Ores, NEC	1.211
1178	Miscellaneous Metal Ores, NEC	1.211
1179	Miscellaneous Metal Ores, NEC	1.211
1180	Miscellaneous Metal Ores, NEC	1.211
1181	Miscellaneous Metal Ores, NEC	1.211
1182	Miscellaneous Metal Ores, NEC	1.211
1183	Miscellaneous Metal Ores, NEC	1.211
1184	Miscellaneous Metal Ores, NEC	1.211
1185	Miscellaneous Metal Ores, NEC	1.211
1186	Miscellaneous Metal Ores, NEC	1.211
1187	Miscellaneous Metal Ores, NEC	1.211
1188	Miscellaneous Metal Ores, NEC	1.211
1189	Miscellaneous Metal Ores, NEC	1.211
1190	Miscellaneous Metal Ores, NEC	1.211
1191	Miscellaneous Metal Ores, NEC	1.211
1192	Miscellaneous Metal Ores, NEC	1.211
1193	Miscellaneous Metal Ores, NEC	1.211
1194	Miscellaneous Metal Ores, NEC	1.211
1195	Miscellaneous Metal Ores, NEC	1.211
1196	Miscellaneous Metal Ores, NEC	1.211
1197	Miscellaneous Metal Ores, NEC	1.211
1198	Miscellaneous Metal Ores, NEC	1.211
1199	Miscellaneous Metal Ores, NEC	1.211
1200	Miscellaneous Metal Ores, NEC	1.211

4 Digit SIC Code	Industry Description	Normalized Factor
1201	Miscellaneous Metal Ores, NEC	1.211
1202	Miscellaneous Metal Ores, NEC	1.211
1203	Miscellaneous Metal Ores, NEC	1.211
1204	Miscellaneous Metal Ores, NEC	1.211
1205	Miscellaneous Metal Ores, NEC	1.211
1206	Miscellaneous Metal Ores, NEC	1.211
1207	Miscellaneous Metal Ores, NEC	1.211
1208	Miscellaneous Metal Ores, NEC	1.211
1209	Miscellaneous Metal Ores, NEC	1.211
1210	Miscellaneous Metal Ores, NEC	1.211
1211	Miscellaneous Metal Ores, NEC	1.211
1212	Miscellaneous Metal Ores, NEC	1.211
1213	Miscellaneous Metal Ores, NEC	1.211
1214	Miscellaneous Metal Ores, NEC	1.211
1215	Miscellaneous Metal Ores, NEC	1.211
1216	Miscellaneous Metal Ores, NEC	1.211
1217	Miscellaneous Metal Ores, NEC	1.211
1218	Miscellaneous Metal Ores, NEC	1.211
1219	Miscellaneous Metal Ores, NEC	1.211
1220	Miscellaneous Metal Ores, NEC	1.211
1221	Bituminous Coal and Lignite Surface Mining	1.181
1222	Bituminous Coal Underground Mining	1.181
1223	Bituminous Coal Underground Mining	1.181
1224	Bituminous Coal Underground Mining	1.181
1225	Bituminous Coal Underground Mining	1.181
1226	Bituminous Coal Underground Mining	1.181
1227	Bituminous Coal Underground Mining	1.181
1228	Bituminous Coal Underground Mining	1.181
1229	Bituminous Coal Underground Mining	1.181
1230	Bituminous Coal Underground Mining	1.181
1231	Anthracite Mining	1.181
1232	Anthracite Mining	1.181
1233	Anthracite Mining	1.181
1234	Anthracite Mining	1.181
1235	Anthracite Mining	1.181
1236	Anthracite Mining	1.181
1237	Anthracite Mining	1.181
1238	Anthracite Mining	1.181
1239	Anthracite Mining	1.181
1240	Anthracite Mining	1.181
1241	Coal Mining Services	1.181
1411	Dimension Stone	1.162
1412	Dimension Stone	1.143
1413	Dimension Stone	1.143
1414	Dimension Stone	1.143
1415	Dimension Stone	1.143
1416	Dimension Stone	1.143
1417	Dimension Stone	1.143
1418	Dimension Stone	1.143
1419	Dimension Stone	1.143
1420	Dimension Stone	1.143
1421	Dimension Stone	1.143
1422	Crushed and Broken Limestone	1.162
1423	Crushed and Broken Granite	1.162
1424	Crushed and Broken Granite	1.143
1425	Crushed and Broken Granite	1.143
1426	Crushed and Broken Granite	1.143
1427	Crushed and Broken Granite	1.143
1428	Crushed and Broken Granite	1.143
1429	Crushed and Broken Stone, NEC	1.162
1430	Crushed and Broken Stone, NEC	1.143
1431	Crushed and Broken Stone, NEC	1.143
1432	Crushed and Broken Stone, NEC	1.143
1433	Crushed and Broken Stone, NEC	1.143
1434	Crushed and Broken Stone, NEC	1.143

4 Digit SIC Code	Industry Description	Normalized Factor
1435	Crushed and Broken Stone, NEC	1.143
1436	Crushed and Broken Stone, NEC	1.143
1437	Crushed and Broken Stone, NEC	1.143
1438	Crushed and Broken Stone, NEC	1.143
1439	Crushed and Broken Stone, NEC	1.143
1440	Crushed and Broken Stone, NEC	1.143
1441	Crushed and Broken Stone, NEC	1.143
1442	Construction Sand and Gravel	1.162
1443	Construction Sand and Gravel	1.143
1444	Construction Sand and Gravel	1.143
1445	Construction Sand and Gravel	1.143
1446	Industrial Sand	1.162
1447	Industrial Sand	1.143
1448	Industrial Sand	1.143
1449	Industrial Sand	1.143
1450	Industrial Sand	1.143
1451	Industrial Sand	1.143
1452	Industrial Sand	1.143
1453	Industrial Sand	1.143
1454	Industrial Sand	1.143
1455	Kaolin and Ball Clay	1.162
1456	Kaolin and Ball Clay	1.143
1457	Kaolin and Ball Clay	1.143
1458	Kaolin and Ball Clay	1.143
1459	Clay, Ceramic, and Refractory Minerals, NEC	1.162
1460	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1461	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1462	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1463	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1464	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1465	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1466	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1467	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1468	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1469	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1470	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1471	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1472	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1473	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1474	Potash, Soda, and Borate Minerals	1.162
1475	Phosphate Rock	1.162
1476	Phosphate Rock	1.143
1477	Phosphate Rock	1.143
1478	Phosphate Rock	1.143
1479	Chemical and Fertilizer Mineral Mining, NEC	1.162
1480	Chemical and Fertilizer Mineral Mining, NEC	1.143
1481	Nonmetallic Minerals Services Except Fuels	1.162
1482	Nonmetallic Minerals Services Except Fuels	1.143
1483	Nonmetallic Minerals Services Except Fuels	1.143
1484	Nonmetallic Minerals Services Except Fuels	1.143
1485	Nonmetallic Minerals Services Except Fuels	1.143
1486	Nonmetallic Minerals Services Except Fuels	1.143
1487	Nonmetallic Minerals Services Except Fuels	1.143
1488	Nonmetallic Minerals Services Except Fuels	1.143
1489	Nonmetallic Minerals Services Except Fuels	1.143
1490	Nonmetallic Minerals Services Except Fuels	1.143
1491	Nonmetallic Minerals Services Except Fuels	1.143
1492	Nonmetallic Minerals Services Except Fuels	1.143
1493	Nonmetallic Minerals Services Except Fuels	1.143
1494	Nonmetallic Minerals Services Except Fuels	1.143
1495	Nonmetallic Minerals Services Except Fuels	1.143
1496	Nonmetallic Minerals Services Except Fuels	1.143
1497	Nonmetallic Minerals Services Except Fuels	1.143
1498	Nonmetallic Minerals Services Except Fuels	1.143
1499	Miscellaneous Nonmetallic Minerals, Except Fuels	1.162

4 Digit SIC Code	Industry Description	Normalized Factor
2331	Women's, Misses', and Juniors' Blouses and Shirts	0.897
2892	Explosives	1.132
3111	Leather Tanning and Finishing	1.132
3292	Asbestos Products	1.162
3612	Power, Distribution, and Specialty Transformers	0.916
3613	Switchgear and Switchboard Apparatus	0.916
3621	Motors and Generators	0.916
3622	Motors and Generators	0.916
3623	Motors and Generators	0.916
3624	Carbon and Graphite Products	0.916
3625	Relays and Industrial Controls	0.916
3626	Relays and Industrial Controls	0.916
3627	Relays and Industrial Controls	0.916
3628	Relays and Industrial Controls	0.916
3629	Electrical Industrial Apparatus, NEC	0.916
3630	Electrical Industrial Apparatus, NEC	0.916
3631	Household Cooking Equipment	0.916
3632	Household Refrigerators and Home and Farm Freezers	0.916
3633	Household Laundry Equipment	0.916
3634	Electric Housewares and Fans	0.916
3635	Household Vacuum Cleaners	0.916
3636	Household Vacuum Cleaners	0.916
3637	Household Vacuum Cleaners	0.916
3638	Household Vacuum Cleaners	0.916
3639	Household Appliances, NEC	0.916
3640	Household Appliances, NEC	0.916
3641	Electric Lamp Bulbs and Tubes	0.916
3642	Electric Lamp Bulbs and Tubes	0.916
3643	Current-Carrying Wiring Devices	0.916
3644	Noncurrent-Carrying Wiring Devices	0.916
3645	Residential Electric Lighting Fixtures	0.916
3646	Commercial, Industrial, and Institutional Electric Lighting Fixtures	0.916
3647	Vehicular Lighting Equipment	0.916
3648	Lighting Equipment, NEC	0.916
3651	Household Audio and Video Equipment	0.916
3652	Phonograph Records and Prerecorded Audio Tapes and Disks	0.916
3822	Automatic Controls for Regulating Residential and Commercial Environments and Appliances	0.906
3823	Industrial Instruments for Measurement, Display, and Control of Process Variables; and Related Products	0.897
3841	Physicians & Surgeons Equipment & Supplies Manufacturers	0.906
3842	Orthopedic, Prosthetic, and Surgical Appliances and Supplies	0.906
3843	Dental Equipment and Supplies	0.906
3844	X-Ray Apparatus and Tubes and Related Irradiation Apparatus	0.906
3845	Electromedical and Electrotherapeutic Apparatus	0.906
3851	Ophthalmic Goods	0.906
3861	Photographic Equipment and Supplies	0.906
3873	Watches, Clocks, Clockwork Operated Devices and Parts	0.906
4111	Local and Suburban Transit	1.113
4112	Local and Suburban Transit	1.103
4113	Local and Suburban Transit	1.103
4114	Local and Suburban Transit	1.103
4115	Local and Suburban Transit	1.103
4116	Local and Suburban Transit	1.103
4117	Local and Suburban Transit	1.103
4118	Local and Suburban Transit	1.103
4119	Local Passenger Transportation, NEC	1.113
4121	Taxicabs	1.132
4131	Intercity and Rural Bus Transportation	1.113
4141	Local Bus Charter Service	1.103
4142	Bus Charter Service, Except Local	1.113
4151	School Buses	1.113
4231	Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportatior	1.123
5812	Eating and Drinking Places	1.132
5813	Drinking Places (Alcoholic Beverages)	1.132
5921	Liquor Stores	1.172
5963	Direct Selling Establishments	1.123

4 Digit SIC Code	Industry Description	Normalized Factor
6011	Federal Reserve Banks	0.897
6012	Federal Reserve Banks	0.897
6013	Federal Reserve Banks	0.897
6014	Federal Reserve Banks	0.897
6015	Federal Reserve Banks	0.897
6016	Federal Reserve Banks	0.897
6017	Federal Reserve Banks	0.897
6018	Federal Reserve Banks	0.897
6019	Central Reserve Depository Institutions, NEC	0.897
6020	Central Reserve Depository Institutions, NEC	0.897
6021	National Commercial Banks	0.897
6022	State Commercial Banks	0.897
6023	State Commercial Banks	0.897
6024	State Commercial Banks	0.897
6025	State Commercial Banks	0.897
6026	State Commercial Banks	0.897
6027	State Commercial Banks	0.897
6028	State Commercial Banks	0.897
6029	Commercial Banks, NEC	0.897
6030	Commercial Banks, NEC	0.897
6031	Commercial Banks, NEC	0.897
6032	Commercial Banks, NEC	0.897
6033	Commercial Banks, NEC	0.897
6034	Commercial Banks, NEC	0.897
6035	Savings Institutions, Federally Chartered	0.897
6036	Savings institutions, Not Federally Chartered	0.897
6037	Savings institutions, Not Federally Chartered	0.897
6038	Savings institutions, Not Federally Chartered	0.897
6039	Savings institutions, Not Federally Chartered	0.897
6040	Savings institutions, Not Federally Chartered	0.897
6041	Savings institutions, Not Federally Chartered	0.897
6042	Savings institutions, Not Federally Chartered	0.897
6043	Savings institutions, Not Federally Chartered	0.897
6044	Savings institutions, Not Federally Chartered	0.897
6045	Savings institutions, Not Federally Chartered	0.897
6046	Savings institutions, Not Federally Chartered	0.897
6047	Savings institutions, Not Federally Chartered	0.897
6048	Savings institutions, Not Federally Chartered	0.897
6049	Savings institutions, Not Federally Chartered	0.897
6050	Savings institutions, Not Federally Chartered	0.897
6051	Savings institutions, Not Federally Chartered	0.897
6052	Savings institutions, Not Federally Chartered	0.897
6053	Savings institutions, Not Federally Chartered	0.897
6054	Savings institutions, Not Federally Chartered	0.897
6055	Savings institutions, Not Federally Chartered	0.897
6056	Savings institutions, Not Federally Chartered	0.897
6057	Savings institutions, Not Federally Chartered	0.897
6058	Savings institutions, Not Federally Chartered	0.897
6059	Savings institutions, Not Federally Chartered	0.897
6060	Savings institutions, Not Federally Chartered	0.897
6061	Credit Unions, Federally Chartered	0.897
6062	Credit Unions, Not Federally Chartered	0.897
6063	Credit Unions, Not Federally Chartered	0.897
6064	Credit Unions, Not Federally Chartered	0.897
6065	Credit Unions, Not Federally Chartered	0.897
6066	Credit Unions, Not Federally Chartered	0.897
6067	Credit Unions, Not Federally Chartered	0.897
6068	Credit Unions, Not Federally Chartered	0.897
6069	Credit Unions, Not Federally Chartered	0.897
6070	Credit Unions, Not Federally Chartered	0.897
6071	Credit Unions, Not Federally Chartered	0.897
6072	Credit Unions, Not Federally Chartered	0.897
6073	Credit Unions, Not Federally Chartered	0.897
6074	Credit Unions, Not Federally Chartered	0.897
6075	Credit Unions, Not Federally Chartered	0.897

4 Digit SIC Code	Industry Description	Normalized Factor
6076	Credit Unions, Not Federally Chartered	0.897
6077	Credit Unions, Not Federally Chartered	0.897
6078	Credit Unions, Not Federally Chartered	0.897
6079	Credit Unions, Not Federally Chartered	0.897
6080	Credit Unions, Not Federally Chartered	0.897
6081	Branches and Agencies of Foreign Banks	0.897
6082	Foreign Trade and International Banking Institutions	0.897
6083	Foreign Trade and International Banking Institutions	0.897
6084	Foreign Trade and International Banking Institutions	0.897
6085	Foreign Trade and International Banking Institutions	0.897
6086	Foreign Trade and International Banking Institutions	0.897
6087	Foreign Trade and International Banking Institutions	0.897
6088	Foreign Trade and International Banking Institutions	0.897
6089	Foreign Trade and International Banking Institutions	0.897
6090	Foreign Trade and International Banking Institutions	0.897
6091	Nondeposit Trust Facilities	0.897
6092	Nondeposit Trust Facilities	0.897
6093	Nondeposit Trust Facilities	0.897
6094	Nondeposit Trust Facilities	0.897
6095	Nondeposit Trust Facilities	0.897
6096	Nondeposit Trust Facilities	0.897
6097	Nondeposit Trust Facilities	0.897
6098	Nondeposit Trust Facilities	0.897
6099	Functions Related to Deposit Banking, NEC	0.897
6100	Functions Related to Deposit Banking, NEC	0.906
6101	Functions Related to Deposit Banking, NEC	0.906
6102	Functions Related to Deposit Banking, NEC	0.906
6103	Functions Related to Deposit Banking, NEC	0.906
6104	Functions Related to Deposit Banking, NEC	0.906
6105	Functions Related to Deposit Banking, NEC	0.906
6106	Functions Related to Deposit Banking, NEC	0.906
6107	Functions Related to Deposit Banking, NEC	0.906
6108	Functions Related to Deposit Banking, NEC	0.906
6109	Functions Related to Deposit Banking, NEC	0.906
6110	Functions Related to Deposit Banking, NEC	0.906
6111	Federal and Federally-Sponsored Credit Agencies	0.906
6112	Federal and Federally-Sponsored Credit Agencies	0.906
6113	Federal and Federally-Sponsored Credit Agencies	0.906
6114	Federal and Federally-Sponsored Credit Agencies	0.906
6115	Federal and Federally-Sponsored Credit Agencies	0.906
6116	Federal and Federally-Sponsored Credit Agencies	0.906
6117	Federal and Federally-Sponsored Credit Agencies	0.906
6118	Federal and Federally-Sponsored Credit Agencies	0.906
6119	Federal and Federally-Sponsored Credit Agencies	0.906
6120	Federal and Federally-Sponsored Credit Agencies	0.906
6121	Federal and Federally-Sponsored Credit Agencies	0.906
6122	Federal and Federally-Sponsored Credit Agencies	0.906
6123	Federal and Federally-Sponsored Credit Agencies	0.906
6124	Federal and Federally-Sponsored Credit Agencies	0.906
6125	Federal and Federally-Sponsored Credit Agencies	0.906
6126	Federal and Federally-Sponsored Credit Agencies	0.906
6127	Federal and Federally-Sponsored Credit Agencies	0.906
6128	Federal and Federally-Sponsored Credit Agencies	0.906
6129	Federal and Federally-Sponsored Credit Agencies	0.906
6130	Federal and Federally-Sponsored Credit Agencies	0.906
6131	Federal and Federally-Sponsored Credit Agencies	0.906
6132	Federal and Federally-Sponsored Credit Agencies	0.906
6133	Federal and Federally-Sponsored Credit Agencies	0.906
6134	Federal and Federally-Sponsored Credit Agencies	0.906
6135	Federal and Federally-Sponsored Credit Agencies	0.906
6136	Federal and Federally-Sponsored Credit Agencies	0.906
6137	Federal and Federally-Sponsored Credit Agencies	0.906
6138	Federal and Federally-Sponsored Credit Agencies	0.906
6139	Federal and Federally-Sponsored Credit Agencies	0.906
6140	Federal and Federally-Sponsored Credit Agencies	0.906

4 Digit SIC Code	Industry Description	Normalized Factor
6141	Personal Credit Institutions	0.906
6142	Personal Credit Institutions	0.906
6143	Personal Credit Institutions	0.906
6144	Personal Credit Institutions	0.906
6145	Personal Credit Institutions	0.906
6146	Personal Credit Institutions	0.906
6147	Personal Credit Institutions	0.906
6148	Personal Credit Institutions	0.906
6149	Personal Credit Institutions	0.906
6150	Personal Credit Institutions	0.906
6151	Personal Credit Institutions	0.906
6152	Personal Credit Institutions	0.906
6153	Short-Term Business Credit Institutions, Except Agricultura	0.897
6154	Short-Term Business Credit Institutions, Except Agricultura	0.906
6155	Short-Term Business Credit Institutions, Except Agricultura	0.906
6156	Short-Term Business Credit Institutions, Except Agricultura	0.906
6157	Short-Term Business Credit Institutions, Except Agricultura	0.906
6158	Short-Term Business Credit Institutions, Except Agricultura	0.906
6159	Miscellaneous Business Credit Institutions	0.906
6160	Miscellaneous Business Credit Institutions	0.906
6161	Miscellaneous Business Credit Institutions	0.906
6162	Mortgage Bankers and Loan Correspondents	0.906
6163	Loan Brokers	0.906
7911	Dance Studios, Schools, and Halls	1.172
8051	Skilled Nursing Care Facilities	1.162
8059	Nursing and Personal Care Facilities, Not Elsewhere Classified	1.162
8062	General Medical and Surgical Hospitals	1.162
8063	Psychiatric Hospitals	1.162
8064	Psychiatric Hospitals	1.162
8065	Psychiatric Hospitals	1.162
8066	Psychiatric Hospitals	1.162
8067	Psychiatric Hospitals	1.162
8068	Psychiatric Hospitals	1.162
8082	Home Health Care Services	1.162
8092	Kidney Dialysis Centers	1.162
8093	Specialty Outpatient Facilities, Not Elsewhere Classified	1.162
8069	Specialty Hospitals, Except Psychiatric	1.162
8322	Individual and Family Social Services	1.123
	Municipalities	1.123
9221	Police Protection	1.123
9223	Correctional Institutions	1.123
9224	Fire Protection	1.123
9711	National Security	1.103
Var.	All Other	0.985

Filing at a Glance

Company:	BCBSVT
Product Name:	BCBSVT 2Q 2013 Benefit Relativity Factor Filing
State:	Vermont
TOI:	ML02 - Multi-Line - Other
Sub-TOI:	ML02.0000 - Multi-Line - Other
Filing Type:	Trend / Admin Charge
Date Submitted:	12/31/2012
SERFF Tr Num:	BCVT-128829812
SERFF Status:	Closed-Approved
State Tr Num:	63889
State Status:	Approved
Co Tr Num:	
Co Status:	
Implementation Date Requested:	On Approval
Author(s):	Vince Mace, Pam Young, Seth Abbene, Jude Daye, Martine Brisson-Lemieux
Reviewer(s):	Sean Londergan (primary)
Disposition Date:	05/01/2013
Disposition Status:	Approved
Implementation Date:	04/01/2013

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT 2Q 2013 Benefit Relativity Factor Filing*
Project Name/Number: */*

General Information

Project Name:
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Employer, Association
Filing Status Changed: 05/01/2013
State Status Changed: 05/01/2013
Created By: Jude Daye
Corresponding Filing Tracking Number:

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Group
Group Market Size: Small and Large
Overall Rate Impact:
Company Status Changed:
Deemer Date:
Submitted By: Pam Young

Filing Description:
December 21, 2012

Phil Keller
Director of Insurance Rates and Forms
Vermont Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

SUBJECT: Blue Cross and Blue Shield of Vermont – NAIC # 53295
Q2 2013 Benefit Relativity Factor Filing

Dear Mr. Keller:

We are submitting for your review and approval updated benefit relativity factors for Blue Cross and Blue Shield of Vermont (BCBSVT). It is our desire to use these factors in the rating of BCBSVT small group association and large group products, for business that is new or renewing in the second quarter of 2013 or later.

Please let me know if we can answer any questions or provide further information during your review.

Sincerely,

Kevin Goddard

cc: Tammy Tomczyk/Oliver Wyman
Sean Londergan/BISHCA
Ruth Greene/BCBSVT
Vince Mace/BCBSVT
Donna Lee/BCBSVT

Company and Contact

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT 2Q 2013 Benefit Relativity Factor Filing*
Project Name/Number: */*

Filing Contact Information

Jude Daye, Executive Assistant
445 Industrial Lane
Montpelier, VT 05601

dayej@bcbsvt.com
802-371-3244 [Phone]

Filing Company Information

BCBSVT
PO BOX 186
Montpelier, VT 05601
(802) 371-3450 ext. [Phone]

CoCode: 53295
Group Code:
Group Name:
FEIN Number: 03-0277307

State of Domicile: Vermont
Company Type: Hospital Service Corp
State ID Number:

Filing Fees

Fee Required? Yes
Fee Amount: $50.00
Retaliatory? No
Fee Explanation:
Per Company: Yes

Company	Amount	Date Processed	Transaction #
BCBSVT	$50.00	12/31/2012	66118423

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT 2Q 2013 Benefit Relativity Factor Filing*
Project Name/Number: */*

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Sean Londergan	05/01/2013	05/01/2013

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Rate Filing Deemed Complete	Note To Filer	Sean Londergan	02/14/2013	02/14/2013

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT 2Q 2013 Benefit Relativity Factor Filing*
Project Name/Number: */*

Disposition

Disposition Date: 05/01/2013
Implementation Date: 04/01/2013
Status: Approved

Comment: Per 8 V.S.A. §4062(a)(2)(B) the Green Mountain Care Board is deemed to have approved the company's filing.

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Actuarial Memorandum		Yes
Supporting Document	Filing Compliance Certification		Yes
Supporting Document	Health Administrative Forms		Yes
Supporting Document	Health Filing Data		Yes
Supporting Document	Third Party Filing Authorization		Yes
Supporting Document	Table of Contents and Exhibits		Yes

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT 2Q 2013 Benefit Relativity Factor Filing*
Project Name/Number: */*

Note To Filer

Created By:

Sean Londergan on 02/14/2013 10:42 AM

Last Edited By:

Sean Londergan

Submitted On:

02/14/2013 10:42 AM

Subject:

Rate Filing Deemed Complete

Comments:

This note is to advise the company that this rate filing has been deemed complete as of February 11, 2013 - meaning that the Department's 30-day review period for both filings runs through March 13, 2013.

Sean Londergan
Rate & Form Analyst
Department of Financial Regulation

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 2Q 2013 Benefit Relativity Factor Filing
Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	BCBSVT Q2 2013 BRV Filing - Actuarial Memorandum.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Filing Compliance Certification
Comments:	
Attachment(s):	Filing Compliance Certification.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Health Administrative Forms
Comments:	
Attachment(s):	F106 BCBSVT 2Q 2013 Benefit Relativity Factor Filing.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Health Filing Data
Bypass Reason:	Our variability data is filed with our outline of coverage filings.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Third Party Filing Authorization
Bypass Reason:	BCBSVT does not use a Third Party to submit filings.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Table of Contents and Exhibits
Comments:	
Attachment(s):	BCBSVT Q2 2013 BRV Filing - Table of Contents.pdf BCBSVT Q2 2013 BRV Filing - Exhibits.pdf
Item Status:	

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 2Q 2013 Benefit Relativity Factor Filing
Project Name/Number: /

Status Date:	

Blue Cross and Blue Shield of Vermont
Q2 2013 Benefit Relativity Methodology
Actuarial Memorandum

Purpose

The purpose of this narrative is to describe the methodology for determining a common set of benefit relativities for the rating of Blue Cross and Blue Shield of Vermont (BCBSVT) plans. It is our desire to use the relativity factors derived from this methodology and displayed in the exhibits for the rating of small group association business and large group business, which are new or renewing in the second quarter of 2013 or later.

Overview

To determine standardized pure premium relationships, also called relativities[1], BCBSVT has created models that simulate the impact of member benefits for the following types of plans: Vermont Freedom Plan (VFP), Comprehensive, Indemnity (J-Plans), Consumer Driven Health Plans (CDHP's), Vermont Health Partnership (VHP), and Prescriptions Drugs. The models determine the allowed charges for the latest complete calendar year included in the study, and "re-adjudicate" the claims, thereby simulating the impact of member cost sharing for a given benefit plan.

Claims data has been taken from BCBSVT's data warehouse. The starting point of the analysis is allowed charges as determined by the BCBSVT claims adjudication system. The claims data includes benefit codes that enable us to identify the services and benefit structures (copays, deductibles, and coinsurance).

For each benefit plan of interest, the models produced simulated PMPM values of the benefits. The model then applies utilization adjustment factors to account for the expected benefit induced utilization. One plan has been chosen as the "base" plan. The utilization-adjusted PMPM for each plan was then divided by the base plan PMPM to produce its relativity. Relativities are included for medical only plans, Rx only plans, and CDHP plans. In addition, relativities have been produced for both Active employees and Age 65+ Medicare Carve-out Employees.

The chosen base plan is:

Medical: VFP $750 Deductible, 20% Coinsurance, $3,750 OOP, $30 Office Visit, $250 ER, $50 Ambulance, PPACA Compliant
Rx: $100 Deductible, $5/$25/$50 Copays, Diabetic Supplies Same as Any Other, Lifestyle Exclusion Rider, Mail Order 2.5x, $1,250 OOP

The relativity factors will be used only to adjust the relativities between benefit plans. Tier factors for the various contract types (e.g. Single, Two-Person, Family) are not affected by this analysis. The relativities also will not affect the overall expected claims level, which will be determined by the usual experience renewal calculation for each piece of business.

[1] The relativities will be applied to the Projected Standard Plan Single Claims Rate, as outlined in the approved BCBSVT Group Merit Rating Program filing (SERF# BCVT-128267466).

Medical vs. Pharmacy Weight

The ratio of medical to drug allowed charges has shifted with the updated experience and trends. The table below shows the prior and current ratios:

	Medical Weight	Pharmacy Weight
Prior Filing	0.864	0.136
Current Filing	0.821	0.179

The new medical-pharmacy ratios are reflected in the final benefit relative values.

Medical Benefit Model Details

1. Incurred allowed charges from 2011, paid through July 2012, were used. The charges were trended to July 1, 2014. This date is the midpoint of the 12-month period that begins January 1, 2014. (The majority of the business that will be renewed with these factors has a January 1 renewal date.)

2. The claims from Insured Group and Self Funded business are included in the analysis; individual lines of business claims have been excluded. Claims from large groups with special benefits have also been excluded. Only plans with both medical and pharmacy benefits are included.

3. The VFP, Comprehensive and J-Plan models use claims experience and member months from VFP, Comprehensive, J-Plan and CDHP products.

4. The VHP model uses only VHP (managed care) experience. Because the VHP contractual arrangements with providers are materially different from the provider contracts for the other products, VHP experience is not included in the models for the other products.

5. The claims were categorized according to how benefits are paid. For example, the model for the VFP products splits the benefits into copay, deductible/coinsurance, and preventive care categories. For the VHP product, claims were separated into office copay, inpatient, outpatient surgery, ER, ambulance and preventive care categories.

6. VFP and VHP products have additional claim splits for Standard (formerly described as “Out-of-Network”) Benefits. These benefits are subject to specific Standard Benefit deductibles, coinsurance and out-of-pocket maximums, and are mutually exclusive of all Preferred (formerly described as “In-Network”) Benefits listed above.

7. Continuance tables were then created to model the impact of deductibles and out-of-pocket maximums. Cost/Frequency tables were created to model the impact of copays.

8. The following medical-only models were created: VFP, Comprehensive, J-Plan, and VHP.

Pharmacy Benefit Model Details

1. Incurred allowed drug charges from 2011, paid through July 2012, were used. As with the Medical Benefit Model, the charges were trended to July 1, 2014.

2. The claims included are from Insured Group, Self Funded and TVHP business. TVHP claims are included because is no contractual or provider reimbursement differences between the TVHP and BCBSVT. Claims experience from Individual lines of business has been excluded from the analysis. Claims from large groups with special benefits have also been excluded. Only plans with both medical and pharmacy benefits are included.

3. Within the model, scripts are assigned to one of six categories:

   - Retail Generic
   - Retail Preferred Brand
   - Retail Non-Preferred Brand
   - Mail Generic
   - Mail Preferred Brand
   - Mail Non-Preferred Brand

4. Cost/Frequency tables were created for the six categories to model the impact of copays and coinsurance. The model assumes that the member will pay the lesser of the allowed charge of the prescription or the amount of their copay.

5. A continuance table was used to assess the impact of deductibles and out-of-pocket maximums. With Vermont Act 171, all pharmacy benefits will have an OOPM of $1,250 during 2013. It is expected that this limit will increase to a yet unknown amount, following the IRC rules for Health Savings Account and High Deductible Plans, in 2014.

6. **Options for the Drug Cards**

   a. Diabetic Supplies:
      - Diabetic supplies are covered at 100%, with no member cost-sharing
      - Diabetic supplies are subject to the same member cost shares as any other Rx (SAAO)

   b. Mail Order Drugs (90 day supply):
      - Member cost sharing is 2.0X retail cost sharing
      - Member cost sharing is 2.5X retail cost sharing

   c. Lifestyle Exclusion Rider:
      - Lifestyle drugs are included and member cost-sharing is the same as any other drug
      - Lifestyle drugs are excluded

d. Women's Wellness
   - If the plan is subject to the preventive care provisions of the Affordable Care Act (or has elected to comply with those provisions), then contraceptives are covered at 100%
   - If the plan is not subject to the preventive care provisions of the Affordable Care Act, then member cost sharing will apply the same as any other prescription

CDHP Benefit Model Details

1. Incurred allowed charges from 2011, paid through July 2012, were used. The charges were trended to July 1, 2014. This date is the midpoint of the 12-month period that begins January 1, 2014. (The majority of the business that will be renewed with these factors has a January 1 renewal date.)

2. The claims from Insured Group and Self Funded business are included in the analysis; Individual lines of business claims have been excluded. Claims from large groups with special benefits have also been excluded. Only plans with both medical and pharmacy benefits are included.

3. The CDHP model uses claims experience and member months from VFP, Comprehensive, J-Plan and CDHP products.

4. **Rx Options in CDHP Model**

   a. Wellness drugs (Safe Harbor Drugs) can be provided on a first-dollar basis, i.e. they are not subject to the integrated deductible.

   b. After the integrated deductible is satisfied, pharmacy claims (including wellness) can have unique cost-sharing benefits until the integrated out-of-pocket maximum is satisfied.

   c. The model assumes that all CDHP benefits will comply with Vermont Act 171, which limits a member's pharmacy out-of-pocket to $1,250 during 2013. It is expected that this limit will increase to a yet unknown amount, following the IRC rules for Health Savings Account and High Deductible Plans, in 2014.

5. A "claim-by-claim" re-adjudication model assesses the impact of CDHP deductibles, out-of-pocket maximums and no cost-share preventive care (ACA) services with various wellness benefits and Act 171 limitations incorporated.

Utilization Adjustment

1. A separate analysis was done which organized claims data by plan type and benefit design (deductible-based, copay-based, CDHP and pharmacy).

2. Utilization adjustment factors were developed for each benefit design, using the paid-to-allowed ratio to adjust up or down from the base simulated PMPM.

These utilization factors are shown in Exhibits I, II and III, along with the benefit relativities.

Age 65+ Medicare Carve-out: Medical Benefits

Benefit relative values are needed for Medicare carve-out plans. We developed a table of ratios, by deductible, of the value of a carve-out plan as compared to an active employee plan. These ratios are applied to the regular (active employee) relativities to produce the carve-out benefit relativities.
The table of ratios was built in the following manner:

1. Using BCBSVT data for the period 2008 through 2011, we determined the overall ratio of carve-out to active allowed charges. The result, 0.414, is the weighted average of the 2008, 2009, 2010 and 2011 annual values using weights of 1/16, 3/16, 5/16 and 7/16, respectively.

2. Since BCBSVT has a relatively small number of carve-out members, we used claim probability distributions (CPD's) from the 2010 Milliman Health Cost Guidelines® to develop the table of ratios by deductible.

3. The expected claims costs at each deductible were taken from the Milliman CPDs for active employees.

4. The expected claims costs at each deductible were taken from the Milliman CPD's for Ages 65 and over. We used a table that displays the member claims cost after Medicare benefits.

5. At each deductible level, a ratio of the expected claims cost, carve-out compared to active, was then determined. This provided a set of ratios based on deductibles.

6. The slope of the Milliman ratios was then applied to the BCBSVT starting ratio, 0.414.

7. The resulting table is included as Exhibit V.

Age 65+ Medicare Carve-out: Rx Benefits

For each benefit option shown in Exhibit IV, there are relativity factors for active employees and carve-out plans. The carve-out factors are driven by a table of ratios that are based on the PMPM value of the active and carve-out options. With this filing, the relationship between active and carve-out relativities has been updated using the following steps:

1. The PMPM Rx allowed costs of active and carve-out members were compared over time. In particular, the ratio of active to carve-out PMPM's was compared for 2010 and 2011. These values are shown below.

	Ratio
2010	3.580
2011	3.650
Change	1.0196

2. The existing table of factors for determining the carve-out relativities has been adjusted by the 1.0196 factor.

Applying the Relativities

The benefit relativities will be used in accordance with the approved BCBSVT Group Merit Rating Program filing (SERF# BCVT-128267466).

If there is a future need for relativities for benefit designs that are not displayed in the Exhibits[2], we will use the methodology described in this filing to simulate the impact of the benefits and relate the resulting PMPM's to the base PMPM.

Actuarial Opinion

The purpose of this filing is to develop benefit relative value factors for use in rating BCBSVT small group association and large group plans. This filing is not intended to be used for other purposes.

The data used in this analysis has been reviewed for reasonableness and consistency; however, it has not been audited.

It is my opinion that, in aggregate, the benefit relative value factors presented in this filing fall within a range of reasonable trend values. They will produce premium rates that are reasonable in relation to the benefits provided, adequate, not excessive, and not unfairly discriminatory.

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's Qualification Standards to render this opinion.

Donna M. Lee

Donna M. Lee, F.S.A., M.A.A.A.

December 17, 2012

[2] An example of this is the need for new relativities with the announcement of the 2014 IRC rules for Health Savings Account and High Deductible Plans, since the 2014 drug out-of-pocket limit under Vermont Act 171 will change accordingly.

I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and, to the best of my knowledge, the filing complies with all applicable statutory and regulatory provisions for the state of Vermont

Kevin Goddard
Vice President, External Affairs and Sales

12/2/10
Date

Health Filing Form F106 (7/98)
Required Information for All Filings & the Fee

NAIC#: 53295
Company Name Blue Cross Blue Shield of Vermont
Address: PO Box 186
City, State, Zip: Montpelier, VT 05601
Phone: 371-3450 Contact Person: Alison Partridge

Filing Contents: BCBSVT 2Q 2013 Benefit Relativity Factor Filing

1) New: ☒ Change: ☐
If a Change: Latest Approval Date____ Vermont Filing #:
2) Rates: ☒ Forms: ☐ Rates & Forms: ☐
3) Policy:☐ Contract: ☐ Amendment:☐ Endorsement:☐
Handbook:☐ Rider:☐ Certificate:☐ Other: Outline
4) Individual:☐ Small Group (1-50):☒ Large Group (51+):☐ All Groups:☐

Type of Filing:

Accident Only: ☐
AD&D: ☐
Advertising: ☐
Blanket: ☐
Cancer Expense:☐
Comprehensive/
Major Medical: ☐
Conversion: ☐
Critical Illness: ☐
Dental:☐
Disability:☐
Home Health Only:☐
Hospital Indemnity:☐
Limited Benefit:☐
Long Term Care:
Qualified:☐
Non-Qualified:☐
Medicare Supplement:☐
Miscellaneous:☐
Nursing Home Only:☐
Organ Transplant:☐
Prescription Drug:☐
Student/Athlete:☐
Stop Loss/Excess Risk:☐
Travel:☐
Vision:☐
Other: Health

Mandatory - Filing Fee Information:

1. State of Domicile: Vermont
2. Amount of Fee: $50.00
3. Is the Fee you are sending based on your state of domicile's retaliatory fee? Yes ☐ No ☒
4. Explain how each part of the Fee was determined, showing all calculation (use separate sheet if necessary). Vermont filing fee

5. Fee calculated by: Jude Daye (Printed Name) Jude Daye (Signature)

Blue Cross and Blue Shield of Vermont
Q2 2013 Benefit Relativity Methodology Filing
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Actuarial Memorandum

Exhibit I Relativities for VFP, Comprehensive & J Plans

Exhibit II Relativities for CDHP Plans

Exhibit III Relativities for VHP Plans

Exhibit IV Relativities for Rx Plans

Exhibit V Carve-out:Active Factors

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Vermont Freedom Plan (VFP), Comprehensive (COMP), and Indemnity J-Plan (JPLAN)

		Preferred Benefits							Standard Benefits			PPACA Compliant		
												Utilization	Relativity	
index	Product	Deductible	Coinsurance	Out-of-Pocket	Office Copay	Specialist Copay	ER[1] Copay	AMB Copay	Deductible	Coinsurance	Out-of-Pocket		Active	Carveout
1	COMP	$0	20%	$500								1.0500	1.0105	0.4183
2	COMP	$100	20%	$500								1.0500	1.0003	0.3961
3	COMP	$100	20%	$700								1.0500	0.9896	0.3919
4	COMP	$200	20%	$700								1.0472	0.9779	0.3696
5	COMP	$250	20%	$500								1.0500	0.9889	0.3659
6	COMP	$500	20%	$1,500								1.0188	0.8986	0.3019
7	COMP	$1,000	20%	$1,500								1.0047	0.8599	0.2451
8	COMP	$2,500	0%	$2,500								0.9694	0.7634	0.1435
9	JPLAN[2]	$100	20%	$500	$0	$0						1.0700	1.0728	0.4248
10	JPLAN[2]	$100	20%	$500	$15	$15						1.0700	1.0589	0.4193
11	JPLAN[2]	$100	20%	$500	$20	$20						1.0700	1.0542	0.4175
12	JPLAN[2]	$100	20%	$500	$25	$25						1.0687	1.0485	0.4152
13	JPLAN[2]	$100	20%	$500	$10	$10						1.0700	1.0635	0.4211
14	VFP	$100	20%	$500	$10	$10			$200	30%	$1,000	1.0500	0.9997	0.3959
15	VFP	$100	20%	$500	$10	$10			$200	30%	$600	1.0500	0.9999	0.3960
16	VFP	$100	10%	$500	$15	$15			$200	30%	$1,000	1.0500	1.0023	0.3969
17	VFP	$200	20%	$600	$10	$10			$500	30%	$1,500	1.0500	0.9873	0.3732
18	VFP	$200	20%	$600	$10	$10			$400	30%	$1,200	1.0500	0.9875	0.3733
19	VFP	$200	10%	$600	$20	$20			$400	30%	$1,200	1.0495	0.9843	0.3721
20	VFP	$200	20%	$600	$20	$20			$400	30%	$1,200	1.0461	0.9745	0.3684
21	VFP	$200	20%	$600	$15	$15			$400	30%	$1,200	1.0485	0.9814	0.3710
22	VFP	$300	20%	$950	$20	$20			$600	40%	$1,800	1.0348	0.9432	0.3424
23	VFP	$400	20%	$1,200	$10	$10			$800	30%	$2,400	1.0320	0.9354	0.3274
24	VFP	$500	20%	$1,500	$20	$20			$1,000	30%	$3,000	1.0195	0.9008	0.3027
25	VFP	$500	20%	$1,500	$10	$10			$1,000	30%	$3,000	1.0243	0.9140	0.3071
26	VFP	$500	20%	$1,500	$15	$15			$1,000	30%	$3,000	1.0219	0.9074	0.3049
27	VFP	$500	20%	$1,500	$25	$25			$1,000	30%	$3,000	1.0172	0.8943	0.3005
28	VFP	$500	20%	$2,500	$25	$25			$1,000	40%	$4,000	1.0062	0.8640	0.2903
29	VFP	$500	20%	$2,500	$30	$30			$1,000	30%	$5,000	1.0039	0.8577	0.2882
30	VFP	$750	20%	$3,000	$25	$50			$1,500	30%	$5,000	0.9905	0.8209	0.2537
31	VFP	$1,000	20%	$3,000	$15	$15			$2,000	30%	$6,000	0.9930	0.8278	0.2359
32	VFP	$1,000	20%	$3,000	$25	$25			$2,000	30%	$4,000	0.9886	0.8158	0.2325
33	VFP	$1,000	20%	$3,000	$25	$25			$2,000	30%	$6,000	0.9885	0.8154	0.2324
34	VFP	$1,000	20%	$2,000	$30	$30			$2,000	30%	$4,000	0.9964	0.8371	0.2386
35	VFP	$1,000	0%	$1,000	$15	$15			$2,000	30%	$4,000	1.0236	0.9121	0.2599
36	VFP	$1,000	20%	$3,000	$15	$15			$2,000	30%	$4,000	0.9932	0.8282	0.2360
37	VFP	$1,000	20%	$3,000	$20	$20			$2,000	30%	$6,000	0.9908	0.8215	0.2341
38	VFP	$1,000	20%	$3,000	$30	$30			$1,500	40%	$4,500	0.9864	0.8097	0.2308
39	VFP	$1,250	20%	$5,000	$25	$50			$2,500	30%	$6,500	0.9673	0.7577	0.2015
40	VFP	$1,500	20%	$3,000	$25	$25			$3,000	30%	$6,000	0.9792	0.7899	0.1943
41	VFP	$2,500	20%	$5,000	$20	$20			$5,000	30%	$7,000	0.9534	0.7198	0.1353
42	VFP	$2,500	20%	$5,000	$25	$25			$5,000	30%	$7,000	0.9512	0.7140	0.1342
43	VFP	$2,500	20%	$5,000	$25	$25			$5,000	30%	$10,000	0.9511	0.7136	0.1342
44	VFP	$2,750	20%	$8,000	$25	$50			$5,500	30%	$11,000	0.9327	0.6639	0.1182
45	VFP	$5,000	0%	$5,000	$25	$25			$10,000	30%	$15,000	0.9350	0.6702	0.0804
46	VFP	$5,000	0%	$5,000	$10	$10			$10,000	30%	$15,000	0.9413	0.6871	0.0825
47	VFP	$10,000	0%	$10,000	$25	$25			$20,000	30%	$25,000	0.8866	0.5404	0.0411

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Vermont Freedom Plan (VFP), Comprehensive (COMP), and Indemnity J-Plan (JPLAN)

		Preferred Benefits							Standard Benefits			PPACA Compliant		
												Utilization	Relativity	
index	Product	Deductible	Coinsurance	Out-of-Pocket	Office Copay	Specialist Copay	ER[1] Copay	AMB Copay	Deductible	Coinsurance	Out-of-Pocket		Active	Carveout
48	VFP	$0	10%	$1,000	$20	$20	$50		$250	30%	$2,000	1.0500	0.9989	0.4135
49	VFP	$250	10%	$1,250	$20	$20	$50		$500	30%	$2,500	1.0411	0.9608	0.3555
50	VFP	$300	20%	$1,500	$25	$25	$100		$600	40%	$3,000	1.0263	0.9195	0.3338
51	VFP	$400	20%	$800	$20	$20	$50		$500	40%	$2,500	1.0377	0.9512	0.3329
52	VFP	$500	20%	$1,000	$20	$20	$100		$1,000	30%	$3,000	1.0302	0.9303	0.3126
53	VFP	$500	20%	$1,500	$25	$40	$100		$1,000	30%	$3,000	1.0179	0.8962	0.3011
54	VFP	$500	20%	$1,500	$20	$20	$100		$1,000	30%	$3,000	1.0225	0.9091	0.3055
55	VFP	$500	10%	$1,500	$30	$30	$200		$2,000	40%	$6,000	1.0210	0.9047	0.3040
56	VFP	$750	20%	$5,000	$30	$30	$100		$1,500	40%	$10,000	0.9873	0.8122	0.2510
57	VFP	$750	0%	$750	$20	$20	$100		$1,500	30%	$6,000	1.0328	0.9376	0.2897
58	VFP	$1,000	20%	$3,000	$25	$40	$100		$2,000	30%	$6,000	0.9919	0.8246	0.2350
59	VFP	$1,000	20%	$2,000	$20	$20	$100		$2,000	30%	$4,000	1.0058	0.8628	0.2459
60	VFP	$1,500	20%	$6,000	$30	$50	$150		$3,000	40%	$12,000	0.9642	0.7493	0.1843
61	VFP	$2,500	20%	$5,000	$20	$20	$150		$5,000	40%	$7,000	0.9617	0.7424	0.1396
62	VFP	$2,500	20%	$6,000	$30	$50	$150		$4,000	40%	$12,000	0.9502	0.7113	0.1337
63	VFP	$3,000	0%	$3,000	$30	$50	$150		$5,000	0%	$5,000	0.9696	0.7639	0.1283
64	VFP	$4,000	20%	$8,000	$30	$50	$150		$8,000	40%	$16,000	0.9285	0.6528	0.0914
65	VFP	$0	20%	$2,000	$15	$30	$150	$100	$400	30%	$4,000	1.0355	0.9450	0.3912
66	VFP	$200	20%	$600	$10	$10	$250	$50	$400	30%	$1,200	1.0483	0.9808	0.3707
67	VFP	$200	20%	$600	$10	$10	$200	$100	$400	30%	$1,200	1.0491	0.9831	0.3716
68	VFP	$200	20%	$600	$30	$30	$150	$150	$400	50%	$1,200	1.0406	0.9592	0.3626
69	VFP	$200	20%	$600	$35	$50	$150	$150	$200	30%	$600	1.0365	0.9480	0.3583
70	VFP	$500	20%	$1,500	$20	$20	$250	$50	$1,000	30%	$3,000	1.0197	0.9012	0.3028
71	VFP	$500	20%	$1,500	$20	$30	$100	$100	$1,000	30%	$3,000	1.0208	0.9043	0.3038
72	VFP	$500	0%	$500	$20	$20	$200	$200	$2,000	40%	$15,000	1.0402	0.9583	0.3220
73	VFP	$750	20%	$3,750	$30	$30	$250	$50	$1,500	30%	$7,500	0.9904	0.8207	0.2536
74	VFP	$1,000	20%	$2,000	$25	$25	$50	$50	$2,000	30%	$3,000	1.0049	0.8605	0.2452
75	VFP	$1,000	20%	$3,000	$25	$25	$250	$50	$2,000	30%	$6,000	0.9916	0.8239	0.2348
76	VFP	$1,000	20%	$3,000	$25	$25	$100	$100	$2,000	30%	$6,000	0.9943	0.8313	0.2369
77	VFP	$1,000	20%	$3,000	$30	$45	$100	$100	$2,000	30%	$6,000	0.9900	0.8194	0.2335
78	VFP	$1,500	20%	$7,500	$30	$30	$250	$50	$3,000	30%	$15,000	0.9616	0.7421	0.1826
79	VFP	$2,500	20%	$7,500	$30	$30	$250	$50	$5,000	30%	$15,000	0.9469	0.7022	0.1320
80	VFP	$5,000	20%	$7,500	$30	$30	$250	$50	$10,000	30%	$15,000	0.9248	0.6427	0.0771
81	VFP	$10,000	0%	$10,000	$30	$30	$250	$50	$20,000	30%	$25,000	0.8974	0.5693	0.0433

1. **ER Copay**: the displayed member copay goes toward the facility allowed charges. Associated physician and ancillary charges are the covered at 100%.
2. The J Plan deductible applies only to infusion therapy, DME and prosthetics ambulance.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Consumer Driven Health Plans (CDHP's)

								Unlimited OOPM			$1,200 OOPM			$1,250 OOPM		
								Women's Preventive Same as Any Other			Women's Preventive Covered in Full			Women's Preventive Covered in Full		
		In-Network						Utilization	Relativity		Utilization	Relativity		Utilization	Relativity	
index	Product	Deductible	Coinsurance	Out-of-Pocket	RX OOPM Limit[3]	Wellness Rx[1]	Drugs After Deductible[2]		Active	Carveout		Active	Carveout		Active	Carveout
1	CDHP	$1,500	0%	$1,500	$1,250	N/A	0%	0.9693	0.9966	0.8302	0.9699	1.0051	0.8373	0.9698	1.0046	0.8368
2	CDHP	$1,500	20%	$2,500	$1,250	N/A	20%	0.9542	0.9296	0.7744	0.9549	0.9424	0.7851	0.9548	0.9417	0.7845
3	CDHP	$1,500	10%	$3,000	$1,250	N/A	10%	0.9554	0.9357	0.7794	0.9564	0.9488	0.7904	0.9563	0.9480	0.7897
4	CDHP	$2,000	0%	$2,000	$1,250	N/A	0%	0.9577	0.9434	0.7283	0.9590	0.9581	0.7397	0.9589	0.9572	0.7389
5	CDHP	$2,000	20%	$3,000	$1,250	N/A	20%	0.9420	0.8820	0.6809	0.9433	0.9005	0.6952	0.9432	0.8996	0.6945
6	CDHP	$2,000	20%	$3,500	$1,250	N/A	10%/25%/25%	0.9369	0.8641	0.6671	0.9386	0.8852	0.6834	0.9385	0.8842	0.6826
7	CDHP	$2,250	0%	$2,250	$1,250	N/A	0%	0.9519	0.9194	0.6822	0.9537	0.9375	0.6956	0.9535	0.9364	0.6948
8	CDHP	$2,500	0%	$3,500	$1,250	N/A	$10/$30/$50	0.9439	0.8787	0.6256	0.9473	0.9099	0.6478	0.9471	0.9085	0.6468
9	CDHP	$2,500	0%	$2,500	$1,250	N/A	0%	0.9461	0.8968	0.6385	0.9484	0.9183	0.6538	0.9483	0.9171	0.6530
10	CDHP	$2,500	10%	$5,000	$1,250	N/A	10%	0.9264	0.8296	0.5907	0.9298	0.8572	0.6103	0.9296	0.8560	0.6094
11	CDHP	$2,500	20%	$3,500	$1,250	N/A	20%	0.9301	0.8402	0.5982	0.9322	0.8644	0.6155	0.9321	0.8633	0.6147
12	CDHP	$3,000	0%	$3,000	$1,250	N/A	0%	0.9347	0.8553	0.5611	0.9381	0.8832	0.5794	0.9379	0.8818	0.5785
13	CDHP	$3,000	20%	$4,000	$1,250	N/A	20%	0.9185	0.8028	0.5266	0.9216	0.8324	0.5461	0.9214	0.8312	0.5453
14	CDHP	$3,000	20%	$5,500	$1,250	N/A	10%/25%/25%	0.9046	0.7625	0.5002	0.9094	0.7985	0.5238	0.9092	0.7972	0.5230
15	CDHP	$4,000	0%	$4,000	$1,250	N/A	0%	0.9125	0.7840	0.4351	0.9184	0.8234	0.4570	0.9182	0.8219	0.4562
16	CDHP	$5,000	0%	$5,000	$1,250	N/A	0%	0.8918	0.7249	0.3392	0.9000	0.7734	0.3620	0.8997	0.7719	0.3612
17	CDHP	$10,000	0%	$10,000	$1,250	N/A	0%	0.8685	0.5657	0.1284	0.8853	0.6419	0.1457	0.8849	0.6401	0.1453
18	CDHP	$2,000	20%	$3,000	$1,250	$10/$30/$50	$10/$30/$50	0.9410	0.8862	0.6841	0.9422	0.9008	0.6954	0.9421	0.9001	0.6949
19	CDHP	$2,500	0%	$3,500	$1,250	$10/$30/$50	$10/$30/$50	0.9425	0.8835	0.6290	0.9451	0.9071	0.6458	0.9450	0.9060	0.6451
20	CDHP	$2,500	0%	$2,500	$1,250	$10/$30/$60	0%	0.9456	0.9031	0.6430	0.9472	0.9190	0.6544	0.9471	0.9183	0.6538
21	CDHP	$3,000	0%	$4,000	$1,250	$10/$30/$50	$10/$30/$50	0.9312	0.8456	0.5547	0.9347	0.8734	0.5730	0.9346	0.8723	0.5722
22	CDHP	$3,000	0%	$3,000	$1,250	$10/$30/$50	0%	0.9343	0.8635	0.5665	0.9368	0.8838	0.5798	0.9366	0.8829	0.5792
23	CDHP	$5,950	0%	$5,950	$1,250	$15/$40/$60	0%	0.8743	0.6917	0.3237	0.8833	0.7324	0.3427	0.8830	0.7311	0.3422
24	CDHP	$2,250	0%	$2,250	$1,250	0%	0%	0.9514	0.9293	0.6895	0.9528	0.9431	0.6998	0.9527	0.9424	0.6993
25	CDHP	$2,500	0%	$3,500	$1,250	0%	50%	0.9424	0.8832	0.6288	0.9456	0.9102	0.6480	0.9454	0.9090	0.6472
26	CDHP	$2,500	0%	$3,500	$1,250	0%	$10/$30/$50	0.9436	0.8921	0.6352	0.9461	0.9142	0.6509	0.9460	0.9133	0.6503
27	CDHP	$2,500	0%	$2,500	$1,250	0%	0%	0.9457	0.9080	0.6465	0.9475	0.9239	0.6578	0.9474	0.9231	0.6573
28	CDHP	$2,500	20%	$5,950	$1,250	50%	50%	0.9078	0.7691	0.5476	0.9124	0.8071	0.5747	0.9122	0.8059	0.5738
29	CDHP	$3,000	0%	$3,000	$1,250	0%	0%	0.9346	0.8691	0.5701	0.9372	0.8890	0.5832	0.9371	0.8882	0.5827
30	CDHP	$4,000	0%	$4,000	$1,250	0%	0%	0.9133	0.8025	0.4454	0.9176	0.8297	0.4605	0.9174	0.8288	0.4600
31	CDHP	$5,000	0%	$5,000	$1,250	0%	0%	0.8931	0.7468	0.3495	0.8994	0.7801	0.3651	0.8992	0.7791	0.3646
32	CDHP	$5,000	0%	$5,000	$1,250	$10/$30/$50	0%	0.8921	0.7393	0.3460	0.8984	0.7738	0.3621	0.8981	0.7726	0.3616
33	CDHP	$5,950	0%	$5,950	$1,250	0%	0%	0.8776	0.7034	0.3292	0.8859	0.7414	0.3470	0.8856	0.7404	0.3465
34	CDHP	$2,000	0%	$2,000	$1,250	$5/40%/60%	0%	0.9573	0.9475	0.7315	0.9582	0.9594	0.7406	0.9582	0.9587	0.7401
35	CDHP	$2,000	20%	$3,000	$1,250	$5/40%/60%	20%	0.9412	0.8851	0.6833	0.9422	0.9008	0.6954	0.9421	0.9000	0.6948
36	CDHP	$2,000	50%	$5,950	$1,250	$0/50%/50%	50%	0.8954	0.7452	0.5753	0.8989	0.7747	0.5981	0.8988	0.7737	0.5973
37	CDHP	$2,250	0%	$2,250	$1,250	$5/40%/60%	0%	0.9515	0.9241	0.6857	0.9527	0.9382	0.6962	0.9526	0.9375	0.6957
38	CDHP	$2,250	20%	$3,250	$1,250	$5/40%/60%	20%	0.9352	0.8643	0.6413	0.9365	0.8821	0.6545	0.9364	0.8813	0.6539
39	CDHP	$2,450	10%	$5,950	$1,250	$0/50%/50%	10%	0.9231	0.8259	0.6128	0.9266	0.8521	0.6323	0.9264	0.8511	0.6315
40	CDHP	$2,500	0%	$2,500	$1,250	$5/40%/60%	0%	0.9458	0.9023	0.6424	0.9473	0.9186	0.6541	0.9472	0.9179	0.6535
41	CDHP	$2,500	20%	$3,500	$1,250	$5/40%/60%	20%	0.9294	0.8449	0.6016	0.9310	0.8647	0.6156	0.9309	0.8638	0.6150
42	CDHP	$3,000	0%	$3,000	$1,250	$5/40%/60%	0%	0.9345	0.8625	0.5658	0.9368	0.8833	0.5795	0.9367	0.8824	0.5788
43	CDHP	$3,000	20%	$4,000	$1,250	$5/40%/60%	20%	0.9180	0.8092	0.5309	0.9204	0.8329	0.5464	0.9202	0.8320	0.5458
44	CDHP	$3,250	20%	$4,250	$1,250	$5/40%/60%	20%	0.9124	0.7928	0.5201	0.9153	0.8183	0.5368	0.9151	0.8174	0.5362
45	CDHP	$4,000	20%	$5,000	$1,250	$5/40%/60%	20%	0.8963	0.7479	0.4151	0.9005	0.7786	0.4321	0.9003	0.7775	0.4315
46	CDHP	$5,000	0%	$5,000	$1,250	$5/40%/60%	0%	0.8920	0.7366	0.3448	0.8983	0.7729	0.3617	0.8980	0.7717	0.3612
47	CDHP	$5,950	0%	$5,950	$1,250	$5/40%/60%	0%	0.8739	0.6906	0.3232	0.8835	0.7332	0.3431	0.8832	0.7319	0.3425

1. **Wellness Rx:** if applicable, cost sharing rules apply *before* the deductible is satisfied.
The member's cost share for **Wellness Rx** accumulates toward the Out-of-Pocket Maximum.
2. **All other drugs** are subject to deductible. Once the deductible is met, drugs are subject to the **Drugs After Deductible** cost share until the Out-of-Pocket Maximum is met.
3. The Rx OOPM Limit is as described in Vermont Act 171.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Vermont Health Partnership (VHP) Medical Plans

		VHP Preferred Benefits						VHP Standard Benefits			PPACA Compliant	
											Utilization	Relativity
index	Product	IP	OP	PCP	SCP	ER	AMB	Deductible	Coinsurance	Out-of-Pocket		Active
1	VHP[1]	$0	$0	$0	$10	$50	$50	$500	30%	$2,500	1.0700	1.0007
2	VHP[1]	$0	$0	$10	$20	$0	$50	$500	30%	$2,500	1.0700	0.9927
3	VHP[1]	$0	$0	$10	$20	$50	$50	$500	30%	$2,500	1.0689	0.9894
4	VHP[1]	$250	$100	$10	$20	$50	$50	$500	30%	$2,500	1.0665	0.9834
5	VHP[1]	$250	$100	$15	$25	$50	$50	$500	30%	$2,500	1.0635	0.9756
6	VHP[1]	$500	$250	$20	$30	$50	$50	$500	30%	$2,500	1.0574	0.9604
7	VHP[1]	$500	$250	$25	$35	$50	$50	$500	30%	$2,500	1.0544	0.9528

PCP	Primary Care Physician
SCP	Specialist Physician
IP	Inpatient (max. of 2/yr per family)
OP	Outpatient Surgery
ER	Emergency Room
AMB	Ambulance

1. All **VHP** Plans have a DME rider benefit of: $100 deductible, 80% coinsurance, Unlimited out-of-pocket built into the relativity.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Prescription Drug Cards

			Copay ($) / Coinsurance (%)						Unlimited OOPM Women's Preventive Same as Any Other Relativity		$1,200 OOPM Women's Preventive Covered in Full Relativity		$1,250 OOPM Women's Preventive Covered in Full Relativity	
index	Type	Deductible	Generic	Preferred Brand	Non-Preferred Brand	Diabetic	Lifestyle Exclusion Rider	Mail Order Factor	Active	Carveout	Active	Carveout	Active	Carveout
1	CMB	$0	$3	50%	50%	N	Y	2.5	0.1281	0.4266	0.1635	0.5606	0.1630	0.5589
2	CMB	$0	$5	40%	60%	N	N	2.0	0.1302	0.4338	0.1656	0.5679	0.1651	0.5662
3	CMB	$50	$10	20%	20%	N	N	2.0	0.1554	0.5284	0.1729	0.5878	0.1724	0.5862
4	CMB	$100	$5	40%	60%	N	Y	2.5	0.1207	0.4189	0.1564	0.5580	0.1554	0.5543
5	CMB	$100	$5	40%	60%	N	N	2.0	0.1221	0.4237	0.1581	0.5640	0.1571	0.5603
6	COI	$0	50%	50%	50%	N	Y	2.5	0.1017	0.3389	0.1541	0.5438	0.1532	0.5406
7	COI	$0	50%	50%	50%	N	N	2.0	0.1028	0.3425	0.1557	0.5494	0.1548	0.5462
8	COI	$50	50%	50%	50%	N	Y	2.5	0.0985	0.3348	0.1507	0.5420	0.1498	0.5387
9	COP	$0	$0	$15	$40	Y	N	2.0	0.2073	0.6906	0.2096	0.6982	0.2096	0.6981
10	COP	$0	$1	$1	$1	Y	N	2.0	0.2260	0.7527	0.2261	0.7530	0.2261	0.7530
11	COP	$0	$2	$2	$2	Y	N	2.0	0.2235	0.7445	0.2238	0.7456	0.2238	0.7455
12	COP	$0	$3	$3	$3	N	N	2.0	0.2206	0.7348	0.2214	0.7373	0.2213	0.7372
13	COP	$0	$5	$10	$25	N	Y	2.5	0.2070	0.6895	0.2106	0.7015	0.2105	0.7012
14	COP	$0	$5	$10	$10	Y	N	2.0	0.2133	0.7105	0.2158	0.7188	0.2157	0.7186
15	COP	$0	$5	$25	$50	Y	N	2.0	0.1886	0.6282	0.1952	0.6502	0.1951	0.6498
16	COP	$0	$5	$20	$35	N	N	2.0	0.1949	0.6493	0.2006	0.6683	0.2005	0.6679
17	COP	$0	$5	$20	$40	N	N	2.0	0.1940	0.6463	0.2001	0.6664	0.1999	0.6660
18	COP	$0	$5	$20	$45	N	N	2.0	0.1932	0.6435	0.1995	0.6646	0.1994	0.6641
19	COP	$0	$5	$15	$35	N	N	2.0	0.2008	0.6687	0.2054	0.6842	0.2053	0.6838
20	COP	$0	$5	$30	$50	N	N	2.0	0.1827	0.6085	0.1901	0.6333	0.1894	0.6307
21	COP	$0	$10	$15	$15	Y	N	2.0	0.2022	0.6736	0.2088	0.6956	0.2087	0.6952
22	COP	$0	$10	$20	$35	Y	N	2.0	0.1921	0.6399	0.2000	0.6661	0.1998	0.6654
23	COP	$0	$10	$20	$40	Y	N	2.0	0.1913	0.6371	0.1994	0.6643	0.1993	0.6638
24	COP	$0	$10	$25	$40	Y	N	2.0	0.1856	0.6182	0.1949	0.6492	0.1947	0.6484
25	COP	$0	$10	$30	$50	Y	N	2.0	0.1786	0.5948	0.1889	0.6293	0.1887	0.6286
26	COP	$0	$10	$15	$30	N	N	2.0	0.1975	0.6579	0.2050	0.6827	0.2048	0.6822
27	COP	$0	$10	$20	$40	N	N	2.0	0.1891	0.6299	0.1978	0.6589	0.1977	0.6584
28	COP	$0	$10	$25	$40	N	N	2.0	0.1833	0.6106	0.1932	0.6436	0.1930	0.6427
29	COP	$0	$10	$25	$50	N	N	2.0	0.1816	0.6050	0.1922	0.6402	0.1920	0.6395
30	COP	$0	$10	$30	$50	N	N	2.0	0.1760	0.5864	0.1871	0.6232	0.1869	0.6224
31	COP	$0	$10	$30	$60	N	N	2.0	0.1745	0.5811	0.1862	0.6202	0.1860	0.6197
32	COP	$0	$10	$35	$60	N	N	2.0	0.1704	0.5675	0.1827	0.6085	0.1824	0.6076
33	COP	$0	$10	$25	$60	N	N	2.0	0.1800	0.5995	0.1913	0.6373	0.1911	0.6365
34	COP	$0	$15	$25	$40	Y	N	2.0	0.1831	0.6100	0.1952	0.6501	0.1949	0.6493
35	COP	$0	$15	$25	$40	N	N	2.0	0.1805	0.6011	0.1933	0.6437	0.1930	0.6428
36	COP	$0	$15	$30	$45	N	N	2.0	0.1744	0.5810	0.1883	0.6271	0.1879	0.6260
37	COP	$0	$15	$30	$50	N	N	2.0	0.1736	0.5782	0.1878	0.6256	0.1875	0.6245
38	COP	$0	$15	$35	$55	N	N	2.0	0.1667	0.5552	0.1824	0.6074	0.1821	0.6065
39	COP	$50	$5	$10	$25	N	Y	2.5	0.1992	0.6774	0.2031	0.6905	0.2030	0.6901
40	COP	$50	$5	$10	$25	N	N	2.0	0.2014	0.6848	0.2059	0.6999	0.2058	0.6996
41	COP	$50	$5	$30	$50	N	N	2.0	0.1758	0.5979	0.1835	0.6239	0.1834	0.6235
42	COP	$50	$10	$15	$30	Y	Y	2.5	0.1903	0.6471	0.1983	0.6741	0.1981	0.6737
43	COP	$50	$10	$20	$35	N	Y	2.5	0.1807	0.6143	0.1901	0.6462	0.1898	0.6455

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Prescription Drug Cards

			Copay ($) / Coinsurance (%)						Unlimited OOPM Women's Preventive Same as Any Other Relativity		$1,200 OOPM Women's Preventive Covered in Full Relativity		$1,250 OOPM Women's Preventive Covered in Full Relativity	
index	Type	Deductible	Generic	Preferred Brand	Non-Preferred Brand	Diabetic	Lifestyle Exclusion Rider	Mail Order Factor	Active	Carveout	Active	Carveout	Active	Carveout
44	COP	$50	$10	$15	$30	N	Y	2.5	0.1879	0.6390	0.1964	0.6676	0.1962	0.6672
45	COP	$50	$10	$20	$35	Y	N	2.0	0.1854	0.6304	0.1942	0.6601	0.1940	0.6594
46	COP	$50	$10	$20	$35	N	N	2.0	0.1829	0.6218	0.1922	0.6533	0.1919	0.6526
47	COP	$50	$10	$20	$50	N	N	2.0	0.1803	0.6131	0.1907	0.6484	0.1905	0.6477
48	COP	$50	$10	$25	$35	N	N	2.0	0.1779	0.6047	0.1876	0.6379	0.1875	0.6373
49	COP	$50	$10	$25	$40	N	N	2.0	0.1770	0.6018	0.1872	0.6363	0.1870	0.6357
50	COP	$50	$10	$30	$50	N	N	2.0	0.1700	0.5780	0.1808	0.6148	0.1806	0.6140
51	COP	$50	$10	$35	$70	N	N	2.0	0.1626	0.5528	0.1759	0.5981	0.1756	0.5970
52	COP	$50	$10	$25	$45	N	N	2.0	0.1762	0.5991	0.1867	0.6348	0.1865	0.6341
53	COP	$50	$15	$25	$40	N	Y	2.5	0.1715	0.5830	0.1847	0.6281	0.1844	0.6270
54	COP	$50	$15	$25	$40	N	N	2.0	0.1737	0.5906	0.1868	0.6350	0.1866	0.6343
55	COP	$100	$0	$20	$40	N	N	2.0	0.1878	0.6516	0.1903	0.6601	0.1902	0.6599
56	COP	$100	$5	$20	$45	N	Y	2.5	0.1785	0.6190	0.1853	0.6428	0.1852	0.6424
57	COP	$100	$5	$25	$50	N	Y	2.5	0.1724	0.5981	0.1801	0.6246	0.1793	0.6220
58	COP	$100	$5	$20	$40	N	Y	2.5	0.1792	0.6218	0.1858	0.6445	0.1857	0.6440
59	COP	$100	$5	$35	$50	Y	N	2.0	0.1720	0.5965	0.1794	0.6222	0.1792	0.6216
60	COP	$100	$5	$20	$40	N	N	2.0	0.1814	0.6293	0.1879	0.6517	0.1878	0.6513
61	COP	$100	$5	$20	$45	N	N	2.0	0.1806	0.6266	0.1874	0.6501	0.1872	0.6495
62	COP	$100	$10	$15	$30	N	Y	2.5	0.1825	0.6332	0.1906	0.6611	0.1904	0.6606
63	COP	$100	$10	$30	$50	N	Y	2.5	0.1624	0.5634	0.1742	0.6042	0.1739	0.6033
64	COP	$100	$10	$30	$45	N	Y	2.5	0.1632	0.5660	0.1746	0.6057	0.1744	0.6049
65	COP	$100	$10	$30	$45	Y	N	2.0	0.1686	0.5847	0.1792	0.6215	0.1790	0.6208
66	COP	$100	$10	$30	$50	Y	N	2.0	0.1679	0.5823	0.1788	0.6201	0.1785	0.6193
67	COP	$100	$10	$15	$30	N	N	2.0	0.1847	0.6406	0.1926	0.6682	0.1925	0.6677
68	COP	$100	$10	$20	$40	N	N	2.0	0.1762	0.6113	0.1861	0.6456	0.1859	0.6447
69	COP	$100	$10	$25	$45	N	N	2.0	0.1706	0.5918	0.1814	0.6292	0.1812	0.6285
70	COP	$100	$10	$30	$45	N	N	2.0	0.1653	0.5735	0.1766	0.6128	0.1764	0.6119
71	COP	$100	$10	$30	$50	N	N	2.0	0.1646	0.5710	0.1762	0.6113	0.1760	0.6104
72	COP	$100	$15	$40	$60	N	Y	2.5	0.1491	0.5172	0.1666	0.5778	0.1662	0.5767
73	COP	$100	$15	$30	$45	N	N	2.0	0.1631	0.5657	0.1776	0.6160	0.1772	0.6147
74	COP	$100	$15	$30	$50	N	N	2.0	0.1623	0.5630	0.1772	0.6146	0.1768	0.6133
75	COP	$100	$20	$40	$60	N	N	2.0	0.1490	0.5167	0.1685	0.5846	0.1681	0.5832
76	COP	$150	$10	$20	$40	N	N	2.0	0.1716	0.5953	0.1818	0.6306	0.1815	0.6296
77	COP	$150	$10	$30	$50	N	N	2.0	0.1603	0.5560	0.1723	0.5975	0.1720	0.5966

* **Type**: COI = coinsurance; COP = copay; CMB = combined
* **Diabetic**: If "Y" then Diabetic supplies are covered at 100% of allowed charges; If "N" then Diabetic supplies are subject to cost sharing same as any other prescription drug (SAAO).
* **Lifeslyle Exclusion Rider** : If "Y" then the benefit has the Lifestyle Exclusion Rider.
* **Mail Order Factor** : This is the number of copays taken on a 90-day mail order supply.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Carveout:Active Factors

Deductible	Without Rx	With Rx
$0	0.414	1.011
$100	0.396	1.001
$200	0.378	0.990
$250	0.370	0.984
$300	0.363	0.979
$400	0.350	0.967
$500	0.336	0.956
$750	0.309	0.926
$1,000	0.285	0.895
$1,100	0.277	0.883
$1,250	0.266	0.864
$1,500	0.246	0.833
$2,000	0.214	0.772
$2,250	0.201	0.742
$2,500	0.188	0.712
$2,750	0.178	0.684
$3,000	0.168	0.656
$3,500	0.154	0.605
$4,000	0.140	0.555
$5,000	0.120	0.468
$7,500	0.091	0.317
$10,000	0.076	0.227

State:	Vermont	**Filing Company:**	BCBSVT
TOI/Sub-TOI:	ML02 Multi-Line - Other/ML02.000 Multi-Line - Other		
Product Name:	2Q 2014 BCBSVT Benefit Relativity Factor Filing		
Project Name/Number:	/		

Supporting Document Schedules

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	BCBSVT Q2 2014 BRV Filing - Actuarial Memorandum.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Civil Union Rating Requirements
Bypass Reason:	Not required
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Filing Compliance Certification
Comments:	
Attachment(s):	Filing Compliance Certification.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Third Party Filing Authorization
Bypass Reason:	BCBSVT does not use a Third Party to submit filings.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Plain Language Summary and Exhibits
Comments:	
Attachment(s):	BCBSVT Q2 2014 BRV Filing - Plain Language Summary.pdf BCBSVT Q2 2014 BRV Filing - Exhibits.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Letter - Response to BCBS LG Benefit Relativity Factors Actuarial Review Interrogatories
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Interrogatories- 01.15.2014.pdf
Item Status:	

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 Multi-Line - Other/ML02.000 Multi-Line - Other*
Product Name: *2Q 2014 BCBSVT Benefit Relativity Factor Filing*
Project Name/Number: */*

Status Date:	

Satisfied - Item:	BCVT-128829812 - BCBSVT 2Q 2013 Benefit Relativity Factor Filing Documentation
Comments:	
Attachment(s):	BCVT-128829812 - BCBSVT 2Q 2013 Benefit Relativity Factor Filing.pdf
Item Status:	
Status Date:	

Satisfied - Item:	BCVT-128267446 - BCBSVT Group Merit Rating Program Filing Documentation
Comments:	
Attachment(s):	BCVT-128267446 - BCBSVT Group Merit Rating Program Filing.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Response Letter to 2Q 2014 BCBSVT Benefit Relativity Factor Filing
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01 30 2014.pdf
Item Status:	
Status Date:	

Satisfied - Item:	1Q-2Q14 BCBS Trend (BCVT-129197073) - Exhibit II - Pharmacy Trend Development
Comments:	
Attachment(s):	1Q-2Q14 BCBS Trend (BCVT-129197073) - Exhibit II - Pharmacy Trend Development.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01.30.2014
Comments:	
Attachment(s):	Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries- 01.30.2014.xlsx
Item Status:	
Status Date:	

State:	Vermont	**Filing Company:**	BCBSVT
TOI/Sub-TOI:	ML02 Multi-Line - Other/ML02.000 Multi-Line - Other		
Product Name:	2Q 2014 BCBSVT Benefit Relativity Factor Filing		
Project Name/Number:	/		

Attachment Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries-01.30.2014.xlsx is not a PDF document and cannot be reproduced here.

Blue Cross and Blue Shield of Vermont
Q2 2014 Benefit Relativity Methodology
Actuarial Memorandum

Purpose

The purpose of this narrative is to describe the methodology for determining a common set of benefit relativities for the rating of Blue Cross and Blue Shield of Vermont (BCBSVT) plans. It is our desire to use the relativity factors derived from this methodology and displayed in the exhibits, for the rating of large group business that is new or renewing in the second quarter of 2014 or later. The relativities will be used as described in the approved BCBSVT Group Merit Rating Program filing (SERFF# BCVT-128267446, VFN 59619). For any future benefit variations or special benefits not contained in the enclosed exhibits, relativities will be calculated using the same method described in this filing.

Overview

To determine standardized premium rate relationships, also called relativities, BCBSVT has created models that simulate the impact of member benefits for all types of plans. The models determine the allowed charges for the completed 12 months of claims included in the study, and "re-adjudicate" the claims, thereby simulating the impact of member cost sharing for a given benefit plan.

Claims data is from BCBSVT's data warehouse. All claim and enrollment data comes from the BCBSVT's data warehouse except where noted below. To ensure accuracy, the claims data used has been reconciled against internal reserving, enrollment and other financial reports. The starting point of the analysis is allowed charges as determined by the BCBSVT claims adjudication system. The claims data includes benefit codes that enable us to identify the services and benefit structures (copays, deductibles, and coinsurance).

For each benefit plan of interest, the models produced the simulated PMPM values of the benefits. Using the average allowed charges and average experience paid-to-allowed ratio, we calculated a "base" PMPM, also called the manual rate. This is the manual rate referred to as the "Book of Business Standard Plan Expected Single Claims Rate" in section VI.D of the BCBSVT Group Merit Rating Program Filing. The PMPM for each plan was then divided by the manual rate to produce its relativity. Relativities are included for medical only plans, Rx only plans, and CDHP plans. In addition, relativities have been produced for both Active Under 65 employees and Age 65+ Medicare Carve-out Employees.

Details about the Medical Benefit Model

Incurred allowed charges from August 2012 to July 2013, paid through October 2013, were used. We avoided using calendar year 2012 because experience for the first quarter of 2012 for BCBSVT's Indemnity products was worse than normal, and may have skewed the benefit relationships. The allowed charges were trended to July 1, 2015. This date is the midpoint of the 12-month period that begins January 1, 2015. The majority of the business that will be renewed using these relativity factors has a January 1 renewal date; the BCBSVT Group Merit Rating Program formula adjusts the trend for non-January renewals.

The claims from Insured Group and Self Funded business are included in the analysis. Only plans with both medical and pharmacy benefits are included. We excluded claims for Individual lines of business, as well as claims for Large Groups with special benefits. Claims and members that have Medicare as their primary insurance were also excluded.

Claims from both BCBSVT and TVHP are used. An adjustment was made to the TVHP allowed charges to restate all claims on the 2013 contract basis. Using the contracted reimbursement schedule, we calculated network factors that represent the different network contracts. Using these factors, we can include all claims in each of the three networks by adjusting each claim. This enables us to combine all the experience for each plan design. This also increases the number of member months used to 1,567,815, and enables us to use the same membership base in both the medical and pharmacy models.

The claims were categorized according to how benefits are paid, and one record was generated for each member, date of service, and type of service. Each record was then assigned a cost share (deductible/coinsurance, copay, covered in full) for each plan available.

The plan designs modeled are:

- Vermont Freedom Plan (VFP)
- Comprehensive (COMP)
- J Plan (JPLAN)
- Vermont Health Partnership (VHP)
- Consumer Driven Health Plan (CDHP)

For all products, claims for preventive mandated benefits were assigned a "covered in full" cost share, independently of the product that is being modeled.

The model tested one benefit design at a time. It determined the member portion of the allowed charges, and from this, a total simulated paid PMPM for each benefit design. The impact of the office copay, deductible, coinsurance, out-of-pocket maximum, and preventive mandated benefits were all considered. If the average allowed cost of a category was less than the copay being examined, it was assumed that the member paid for the full cost of the service.

VFP and VHP plans have an out-of-network benefit. In the administration of this benefit, there is no overlap between the in-network and out-of-network deductible and coinsurance. For COMP, JPLAN, and CDHP, all claims were included and adjudicated under the one overall benefit. The allowed charges associated with out-of-network benefits were adjusted by applying a factor equal to the ratio of out-of-network charges PMPM for each plan in the base data to the analogous PMPM in the aggregate base data, in order to account for the "freedom" associated with the plan.

Benefit Induced Utilization: Medical

An independent analysis was performed to measure the correlation between the benefit design and the quantity of medical services consumed. Claims and membership data from January 2009 through August 2013 were examined, and a modeled paid-to-allowed ratio was assigned to every benefit in the experience period. The correlation used the paid-to-allowed ratio as the independent variable and the utilization frequency (defined as Professional and Outpatient visits + Inpatient Admissions) as the dependent variable. A 2nd order polynomial was found to best fit the data. The polynomial was then normalized such that the paid-to-allowed ratio underlying the base BRV benefit (manual rate) returned a utilization adjustment of 1.00. In other words, if a simulated benefit has a paid-to-allowed ratio less than that of the average benefit, then utilization will be reduced (i.e. factor < 1.00). If a simulated benefit has a paid-to-allowed ratio greater than the average, then the benefit will have induced utilization (i.e. factor > 1.00).

Details about the Pharmacy Benefit Model

As with medical claims described above, incurred allowed drug charges from August 2012 to July 2013, paid through October 2013, were used. The charges were completed and trended to July 1, 2015. Included are claims from Insured Group, Self Funded and TVHP Group business. Since both TVHP and BCBSVT have the same Pharmacy Benefit Manager (PBM) contract, no adjustment was needed to combine the claims from the two companies. We excluded claims from Individual lines of business, as well as claims for Large Groups with special benefits. Only plans with both medical and pharmacy benefits are included.

Within the model, pharmacy scripts are assigned to one of six categories:

- Retail Generic
- Retail Preferred Brand
- Retail non-Preferred Brand
- Mail Generic
- Mail Preferred Brand
- Mail non-Preferred Brand

The experience period data was adjusted to reflect the major brands that are expected to become generic during 2014 and 2015. The list was based on a report provided by ESI, our PBM.
For these brands, the following adjustments were made:

- For the first 6 months (exclusivity period), we reduced the Average Wholesale Price (AWP) by 10% and kept the brand discount.
- For the months after the exclusivity period, we reduced the AWP by 10% and changed the discount to the generic discount. The 10% reductions in AWP are based upon industry standard assumptions, supported by our own analysis of AWP changes for drugs that have moved from brand to generic over the past several years.

One record was created for each member and date of service combination. One record can have more than one script category. The model tested one benefit design

at a time. It determined the member portion of the allowed charges and a total simulated paid PMPM for each benefit design. The impact of the deductible, coinsurance, copays and out-of-pocket maximum (OOPM) were considered. Following the ACA, contraceptives were excluded from the cost sharing. If the average allowed cost of a category is less than the copay being examined, it is assumed that the member pays for the full cost of the script. With Vermont Act 171, all pharmacy benefits now have an OOPM of $1,250. It is expected that this limit will increase to an unknown amount, following the IRC rules for Health Savings Account and High Deductible Plans, in 2015. The exhibits include the $1,250 OOPM benefit on pharmacy.

BCBSVT also offers different riders for pharmacy benefits. These riders will be modeled in the same way described above.

Benefit Induced Utilization: Pharmacy

Independent analysis was performed to measure the correlation between the benefit design and the quantity of pharmacy prescriptions consumed. The pharmacy benefits are adjusted in two ways. First, the generic utilization varies with the benefit designs. Claims and membership data from January 2009 through August 2013 were examined, and a table was created to adjust the base generic utilization up or down depending on the difference in the Generic and Brand copays of the member's drug plan.

Second, a separate analysis was done to adjust for the overall pharmacy benefit. A modeled paid-to-allowed ratio was assigned to every benefit in the experience period. The correlation used the paid-to-allowed ratio as the independent variable and utilization frequency (defined as number of scripts) as the dependent variable. A line was found to best fit the data. The line was then normalized such that the paid-to-allowed ratio underlying the base BRV benefit (manual rate) returned a utilization adjustment of 1.00.

Details about the Integrated Benefit Model (CDHP)

The CDHP model combines both the medical and pharmacy models described above. One record was created for each member, date of service and type of service combination. A separate medical and pharmacy paid-to-allowed ratio was calculated, and the appropriate utilization adjustment was made.

Details about the Manual Rate (Base Plan PMPM)

The manual rate is based on the experience average allowed charges and average paid-to-allowed ratio in the experience period. The Experience Paid-to-Allowed Ratios are calculated before any adjustment is made to the claims. The manual rate used in this filing is $408.35.

	PMPM Allowed	Experience Paid-to-Allowed Ratio	PMPM Paid
Medical	$412.48	84.46%	$348.38
Rx	$71.31	84.10%	$59.97
Total	$483.79	84.41%	$408.35

The ratio of medical to pharmacy allowed charges has shifted with the updated experience and trends. The table below shows the prior and current ratios:

	Medical Weight	Pharmacy Weight
Prior Filing	82.1%	17.9%
Current Filing	85.3%	14.7%

The new medical to pharmacy ratio is reflected in the final benefit relative values.

Age 65+ Medicare Carve-out

Medical Benefits

Benefit relative values are needed for Medicare carve-out plans. We developed a table of ratios, by deductible, of the value of a carve-out plan as compared to an active employee plan. These ratios are applied to the regular (active employee) relativities to produce the carve-out benefit relativities for the "Exclusion" method of integration with Medicare .

The table of ratios was built in the following manner:

1. Using BCBSVT data for the period 2009 through 2012, we determined the overall ratio of carve-out to active allowed charges. The result, 0.3979, is the weighted average of the 2009 through 2012 annual values, using member months as weights.
2. Since BCBSVT has a relatively small number of carve-out members, we used claim probability distributions (CPD's) from the 2012 Milliman Health Cost Guidelines® to develop the table of ratios by deductible. The expected claims costs at each deductible level were taken from the Milliman CPDs for active employees and for Age 65+ employees. We used a table that displays the member claims cost after Medicare benefits for the Age 65+ employees.
3. At each deductible level, a ratio of the expected claims cost, carve-out compared to active, was then determined. This provided a set of ratios based on deductibles.
4. The slope of the Milliman ratios was then applied to the BCBSVT starting ratio, 0.3979.

Pharmacy Benefits

For each benefit option modeled, there are relativity factors for active employee plans and carve-out plans. The carve-out factors are driven by a table of ratios that are based on the PMPM value of the active and carve-out options. With this filing, the

relationship between active and carve-out relativities has been updated using the following steps:

1. The pharmacy allowed PMPM's of active and carve-out members were compared over time. In particular, the ratio of active to carve-out PMPM's was compared for 2011 and 2012. These values are shown below.

	Ratio
2011	3.660
2012	3.363
Change	0.9934

2. Based on this change, the existing table of factors for determining the carve-out relativities has been adjusted by the 0.9934 factor.

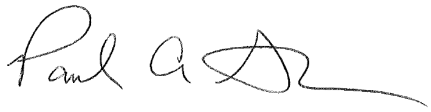
Actuarial Opinion

The purpose of this filing is to develop benefit relative value factors for use in the rating of BCBSVT large group benefit plans. This filing is not intended to be used for other purposes.

The data used in this analysis has been reviewed for reasonableness and consistency; however, it has not been audited.

It is my opinion that the benefit relative value factors presented in this filing fall within a range of reasonable values. They will produce premium rates that are reasonable in relation to the benefits provided, adequate, not excessive, and not unfairly discriminatory.

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's Qualification Standards to render this opinion.



Paul Schultz, F.S.A., M.A.A.A.

January 6, 2014

I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and, to the best of my knowledge, the filing complies with all applicable statutory and regulatory provisions for the state of Vermont

Kevin Goddard
Vice President, External Affairs and Sales

1/7/14
Date

Blue Cross and Blue Shield of Vermont
Q2 2014 Benefit Relativity Methodology
Plain Language Summary

The purpose of this filing is to establish a common set of benefit relativities for the rating of Blue Cross and Blue Shield of Vermont (BCBSVT) plans. The relativity factors will be used in the rating of large group business that is new or renewing in the second quarter of 2014 or later.

In developing rates for Merit rated (i.e. experience rated) groups it is typically the case that the plans of benefits to be rated are different from those from which the experience arose. To adjust for this, benefit relativity values are calculated for each plan of benefits. This is done by taking the claims for our entire book of business and recalculating the paid claims based on each provider network and plan design. Adjustments are made for the fact that utilization patterns for richer than average/(leaner than average) benefit levels are higher/(lower) than for an average benefit level. The resulting expected claim amounts for each benefit plan are compared to the average block of business claim amount to produce a series of index values, or benefit relativities. These relativities are used to convert a case's experience under the plan in force in its experience period to the expected experience under any new plan in the rating period.

The series of benefit relativity factors are themselves, on the whole, neutral to the cost of coverage. Rather, the factors are used to create reasonable and adequate pricing differentials among specific benefit plan designs.

For cases that are not fully credible, the block of business average PMPM is used to generate "manually rated" expected claims for the rating period. The manual rate is blended with the case's actual experience based upon the level of credibility assigned to the case. While this methodology is described in detail within the BCBSVT Group Merit Rating Program filing, the development of the book of business average PMPM is described within this filing.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Vermont Freedom Plan (VFP), Comprehensive (COMP), and Indemnity J-Plan (JPLAN)

		Preferred Benefits							Standard Benefits			Relativity Factor	
index	Product	Deductible	Coinsurance	Out-of-Pocket	Office Copay	Specialist Copay	ER[1] Copay	AMB Copay	Deductible	Coinsurance	Out-of-Pocket	Active	Carveout
1	VFP	$100	20%	$500	$10	$10			$200	30%	$1,000	1.0794	0.4095
2	VFP	$100	20%	$500	$10	$10			$200	30%	$600	1.0801	0.4097
3	VFP	$200	20%	$600	$10	$10			$400	30%	$1,200	1.0539	0.3847
4	VFP	$400	20%	$1,200	$10	$10			$800	30%	$2,400	0.9785	0.3316
5	VFP	$500	20%	$1,500	$10	$10			$1,000	30%	$3,000	0.9497	0.3105
6	VFP	$1,000	20%	$3,000	$15	$15			$2,000	30%	$6,000	0.8408	0.2335
7	VFP	$200	20%	$600	$20	$20			$400	30%	$1,200	1.0450	0.3814
8	VFP	$500	20%	$1,500	$20	$20			$1,000	30%	$3,000	0.9370	0.3064
9	VFP	$5,000	0%	$5,000	$25	$25			$10,000	30%	$15,000	0.6630	0.0987
10	VFP	$1,000	20%	$3,000	$25	$40	$100		$2,000	30%	$6,000	0.8358	0.2321
11	VFP	$500	20%	$1,500	$25	$40	$100		$1,000	30%	$3,000	0.9339	0.3054
12	VFP	$100	20%	$400	$10	$10			$200	30%	$800	1.0925	0.4145
13	VFP	$5,000	0%	$5,000	$10	$10			$10,000	30%	$15,000	0.6772	0.1008
14	VFP	$100	10%	$500	$15	$15			$200	30%	$1,000	1.0869	0.4123
15	VFP	$200	20%	$600	$15	$15			$400	30%	$1,200	1.0491	0.3829
16	VFP	$0	20%	$2,000	$15	$30	$150	$100	$400	30%	$4,000	0.9916	0.3913
17	VFP	$1,000	20%	$2,000	$20	$20	$100		$2,000	30%	$4,000	0.8879	0.2466
18	VFP	$2,500	20%	$5,000	$20	$20			$5,000	30%	$10,000	0.7128	0.1383
19	VFP	$2,500	20%	$5,000	$20	$20			$5,000	30%	$7,000	0.7132	0.1384
20	VFP	$500	0%	$500	$20	$20	$200	$200	$2,000	40%	$15,000	1.0427	0.3410
21	VFP	$500	20%	$1,000	$20	$20		$100	$1,000	30%	$2,000	0.9733	0.3183
22	VFP	$500	20%	$1,500	$20	$20	$100		$1,000	30%	$3,000	0.9488	0.3102
23	VFP	$1,000	20%	$3,000	$20	$30	$100		$2,000	30%	$6,000	0.8455	0.2348
24	VFP	$500	20%	$1,500	$20	$30	$100	$100	$1,000	30%	$3,000	0.9424	0.3082
25	VFP	$500	20%	$1,500	$20	$30	$100	$50	$1,000	30%	$3,000	0.9426	0.3082
26	VFP	$250	20%	$1,500	$20	$40	$200	$200	$500	40%	$3,000	0.9582	0.3432
27	VFP	$1,000	20%	$2,000	$25	$25	$50	$50	$2,000	30%	$3,000	0.8858	0.2460
28	VFP	$1,000	20%	$3,000	$25	$25			$2,000	30%	$4,000	0.8276	0.2298
29	VFP	$1,500	20%	$3,000	$25	$25			$3,000	30%	$6,000	0.7966	0.1925
30	VFP	$2,500	20%	$5,000	$25	$25			$5,000	30%	$10,000	0.7068	0.1371
31	VFP	$300	20%	$1,500	$25	$25	$100		$600	40%	$3,000	0.9638	0.3388
32	VFP	$500	20%	$1,500	$25	$25			$1,000	30%	$3,000	0.9311	0.3045
33	VFP	$500	20%	$2,500	$25	$25			$1,000	40%	$4,000	0.8882	0.2904
34	VFP	$1,250	20%	$3,500	$25	$40	$100		$2,500	30%	$7,000	0.8078	0.2087
35	VFP	$750	20%	$2,000	$25	$40	$100		$1,500	30%	$4,000	0.8883	0.2668
36	VFP	$1,000	20%	$3,000	$25	$45	$150	$150	$2,000	30%	$6,000	0.8307	0.2307
37	VFP	$1,000	20%	$3,000	$30	$30			$1,500	40%	$4,500	0.8213	0.2281
38	VFP	$2,500	20%	$5,000	$30	$30			$5,000	30%	$10,000	0.7009	0.1360
39	VFP	$200	20%	$600	$35	$50	$150	$150	$200	30%	$600	1.0358	0.3781
40	COMP	$0	20%	$600								1.0801	0.4263
41	COMP	$100	20%	$600								1.0580	0.4014
42	COMP	$300	20%	$600								1.0262	0.3607
43	COMP	$300	20%	$900								0.9930	0.3491
44	COMP	$500	20%	$1,500								0.9214	0.3013
45	COMP	$200	20%	$700								1.0287	0.3755
46	COMP	$2,000	10%	$2,500								0.7652	0.1644
47	COMP	$2,500	0%	$2,500								0.7498	0.1455
48	JPLAN[2]	$100	20%	$500	$10	$10						1.1399	0.4324
49	JPLAN[2]	$100	20%	$500	$20	$20						1.1309	0.4290
50	JPLAN[2]	$100	20%	$500	$25	$25						1.1270	0.4275

1. **ER Copay**: the displayed member copay goes toward the facility allowed charges. Associated physician and ancillary charges are the covered at 100%.
2. The J Plan deductible applies only to infusion therapy, DME and prosthetics ambulance.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Consumer Driven Health Plans (CDHP's)

		In-Network						Relativity Factor	
index	Product	Deductible	Coinsurance	Out-of-Pocket	RX OOPM Limit[3]	Wellness Rx[1]	Drugs After Deductible[2]	Active	Carveout
1	CDHP	$1,500	0%	$1,500	$1,250	N/A	0%	1.0235	0.8617
2	CDHP	$1,500	0%	$1,500	$1,250	0%	0%	1.0283	0.8658
3	CDHP	$1,500	20%	$2,500	$1,250	N/A	20%	0.9399	0.7913
4	CDHP	$1,800	0%	$1,800	$1,250	N/A	0%	0.9828	0.7935
5	CDHP	$2,000	0%	$2,000	$1,250	N/A	0%	0.9589	0.7525
6	CDHP	$2,000	10%	$3,500	$1,250	N/A	10%/40%/50%	0.8919	0.6999
7	CDHP	$2,000	20%	$3,500	$1,250	N/A	10%/25%/25%	0.8700	0.6827
8	CDHP	$2,000	0%	$2,000	$1,250	0%	0%	0.9648	0.7571
9	CDHP	$2,000	0%	$2,000	$1,250	$10/$30/$50	0%	0.9606	0.7538
10	CDHP	$2,000	20%	$3,000	$1,250	N/A	20%	0.8877	0.6966
11	CDHP	$2,250	0%	$2,250	$1,250	N/A	0%	0.9318	0.7054
12	CDHP	$2,250	0%	$2,250	$1,250	0%	0%	0.9382	0.7103
13	CDHP	$2,250	20%	$3,250	$1,250	$15/$40/$60	20%	0.8661	0.6557
14	CDHP	$2,500	0%	$2,500	$1,250	0%	0%	0.9142	0.6676
15	CDHP	$2,500	0%	$2,500	$1,250	N/A	0%	0.9075	0.6627
16	CDHP	$2,500	0%	$2,500	$1,250	$10/$30/$50	0%	0.9092	0.6639
17	CDHP	$2,500	0%	$2,500	$1,250	$10/$30/$50	0%	0.9092	0.6639
18	CDHP	$2,500	10%	$5,000	$1,250	N/A	10%	0.8389	0.6126
19	CDHP	$3,000	0%	$3,000	$1,250	N/A	0%	0.8652	0.5880
20	CDHP	$3,000	0%	$3,000	$1,250	0%	0%	0.8726	0.5930
21	CDHP	$3,000	0%	$3,000	$1,250	$10/$30/$50	0%	0.8669	0.5891
22	CDHP	$3,000	20%	$5,000	$1,250	0%	20%	0.7938	0.5394
23	CDHP	$3,000	20%	$5,500	$1,250	N/A	10%/25%/25%	0.7757	0.5271
24	CDHP	$3,000	0%	$3,000	$1,250	$5/$15/$40	0%	0.8689	0.5905
25	CDHP	$3,000	0%	$3,000	$1,250	0%	0%	0.8726	0.5930
26	CDHP	$3,000	0%	$3,000	$1,250	$5/40%/60%	0%	0.8662	0.5886
27	CDHP	$3,000	0%	$4,000	$1,250	$10/$30/$50	$10/$30/$50	0.8559	0.5816
28	CDHP	$3,000	20%	$4,000	$1,250	0%	20%	0.8196	0.5570
29	CDHP	$3,250	20%	$4,250	$1,250	$15/$40/$60	20%	0.7959	0.5221
30	CDHP	$4,000	0%	$4,000	$1,250	0%	0%	0.8071	0.4783
31	CDHP	$4,000	0%	$4,000	$1,250	N/A	0%	0.7986	0.4733
32	CDHP	$5,000	0%	$5,000	$1,250	0%	0%	0.7570	0.3974
33	CDHP	$5,000	0%	$5,000	$1,250	N/A	0%	0.7476	0.3925
34	CDHP	$5,000	0%	$5,000	$1,250	$10/$30/$50	0%	0.7501	0.3938

1. **Wellness Rx:** if applicable, cost sharing rules apply *before* the deductible is satisfied.
   The member's cost share for **Wellness Rx** accumulates toward the Out-of-Pocket Maximum.
2. **All other drugs** are subject to deductible. Once the deductible is met, drugs are subject to the **Drugs After Deductible** cost share until the Out-of-Pocket Maximum is met.
3. The **Rx OOPM** Limit is as described in Vermont Act 171.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Vermont Health Partnership (VHP) Medical Plans

		VHP Preferred Benefits							VHP Standard Benefits			Relativity Factor
index	Product	IP	OP	PCP	SCP	ER	AMB	OOPM	Deductible	Coinsurance	Out-of-Pocket	Active
1	VHP[1]	$0	$0	$0	$10	$50	$50	$6,350	$500	30%	$2,500	1.1029
2	VHP[1]	$0	$0	$10	$20	$50	$50	$6,350	$500	30%	$2,500	1.0894
3	VHP[1]	$250	$100	$10	$20	$50	$50	$6,350	$500	30%	$2,500	1.0850
4	VHP[1]	$250	$100	$15	$25	$50	$50	$6,350	$500	30%	$2,500	1.0757

PCP	Primary Care Physician Copay
SCP	Specialist Physician Copay
IP	Inpatient Care Deductible (max of 3/yr per family)
OP	Outpatient Surgery Copay
ER	Emergency Room Copay
AMB	Ambulance Copay
OOPM	Per ACA, all copays accumulate toward the Out of Pocket Maximum

1. All **VHP** Plans have a DME rider benefit of: $100 deductible, 80% coinsurance, built into the relativity.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Prescription Drug Cards

			Copay ($) / Coinsurance (%)									Relativity	
Index	Type	Deductible	Retail Generic	Retail Preferred Brand	Retail Non-Preferred Brand	Mail Order Generic	Mail Order Preferred Brand	Mail Order Non-Preferred Brand	OOPM	Diabetic Supplies	Lifestyle Exclusion Rider	Active	Carveout
1	COP	$0	$10	$20	$35	$20	$40	$70	$1,250	100%	N	0.1616	0.5347
2	COP	$0	$10	$25	$40	$20	$50	$80	$1,250	100%	N	0.1523	0.5039
3	COP	$0	$15	$25	$40	$30	$50	$80	$1,250	100%	N	0.1533	0.5072
4	COP	$0	$5	$20	$45	$10	$40	$90	$600	100%	N	0.1644	0.5601
5	COP	$100	$10	$30	$50	$20	$60	$100	$1,250	100%	N	0.1359	0.4683
6	COP	$0	$10	$30	$50	$20	$60	$100	$1,250	100%	N	0.1459	0.4828
7	COP	$0	$10	$30	$60	$20	$60	$120	$1,250	100%	N	0.1444	0.4778
8	COP	$0	$5	$25	$50	$10	$50	$100	$1,250	100%	N	0.1566	0.5182
9	COP	$100	$10	$30	$45	$20	$60	$90	$1,250	100%	N	0.1366	0.4707
10	COP	$100	$5	$25	$50	$10	$50	$100	$1,250	100%	N	0.1437	0.4952
11	COP	$100	$5	$35	$50	$10	$70	$100	$1,250	100%	N	0.1390	0.4790
12	COP	$50	$10	$20	$35	$20	$40	$70	$1,250	100%	N	0.1557	0.5258
13	CMB	$50	$10	20%	20%	$20	20%	20%	$1,250	SAAO	N	0.1276	0.4309
14	COI	$0	50%	50%	50%	50%	50%	50%	$1,250	SAAO	N	0.1153	0.3815
15	COI	$0	0%	20%	50%	0%	20%	50%	$1,250	SAAO	N	0.1500	0.4963
16	COP	$0	$10	$30	$50	$20	$60	$100	$1,250	SAAO	N	0.1434	0.4745
17	COP	$0	$15	$25	$40	$30	$50	$80	$1,250	SAAO	N	0.1509	0.4993
18	COP	$0	$5	$10	$25	$10	$20	$50	$1,250	SAAO	N	0.1752	0.5797
19	COP	$0	$5	$20	$35	$10	$40	$70	$1,250	SAAO	N	0.1620	0.5360
20	COP	$100	$0	$20	$40	$0	$40	$80	$1,250	SAAO	N	0.1557	0.5365
21	COP	$100	$10	$15	$30	$20	$30	$60	$1,250	SAAO	N	0.1507	0.5193
22	COP	$100	$10	$20	$40	$20	$40	$80	$1,250	SAAO	N	0.1473	0.5076
23	COP	$100	$10	$25	$45	$20	$50	$90	$1,250	SAAO	N	0.1386	0.4776
24	COP	$100	$10	$30	$50	$20	$60	$100	$1,250	SAAO	N	0.1334	0.4597
25	COP	$50	$10	$20	$35	$20	$40	$70	$1,250	SAAO	N	0.1534	0.5181
26	COP	$50	$10	$20	$50	$20	$40	$100	$1,250	SAAO	N	0.1506	0.5086
27	COP	$50	$10	$25	$40	$20	$50	$80	$1,250	SAAO	N	0.1443	0.4873
28	COP	$50	$10	$30	$50	$20	$60	$100	$1,250	SAAO	N	0.1381	0.4664
29	COP	$50	$5	$10	$25	$10	$20	$50	$1,250	SAAO	N	0.1673	0.5650
30	COP	$0	$10	$20	$40	$20	$40	$80	$1,250	SAAO	N	0.1582	0.5235
31	COP	$0	$10	$25	$40	$20	$50	$80	$1,250	SAAO	N	0.1498	0.4957
32	COP	$0	$10	$30	$60	$20	$60	$120	$1,250	SAAO	N	0.1419	0.4695
33	COP	$0	$10	$35	$60	$20	$70	$120	$1,250	SAAO	N	0.1380	0.4566
34	COP	$0	$15	$30	$45	$30	$60	$90	$1,250	SAAO	N	0.1418	0.4692
35	COP	$0	$5	$20	$45	$10	$40	$90	$1,250	SAAO	N	0.1600	0.5294
36	COP	$0	$5	$30	$50	$10	$60	$100	$1,250	SAAO	N	0.1501	0.4966
37	COP	$100	$10	$30	$45	$20	$60	$90	$1,250	SAAO	N	0.1341	0.4621
38	COP	$100	$10	$30	$50	$20	$60	$100	$1,200	SAAO	N	0.1336	0.4604
39	COP	$100	$15	$30	$45	$30	$60	$90	$1,250	SAAO	N	0.1331	0.4586
40	COP	$100	$15	$30	$50	$30	$60	$100	$1,250	SAAO	N	0.1324	0.4562
41	COP	$100	$5	$20	$40	$10	$40	$80	$1,250	SAAO	N	0.1476	0.5086
42	COP	$100	$5	$20	$45	$10	$40	$90	$1,250	SAAO	N	0.1468	0.5058
43	COP	$150	$10	$30	$50	$20	$60	$100	$1,250	SAAO	N	0.1294	0.4459
44	COP	$50	$10	$25	$35	$20	$50	$70	$1,250	SAAO	N	0.1452	0.4904
45	COP	$50	$10	$35	$70	$20	$70	$140	$1,250	SAAO	N	0.1318	0.4451
46	COP	$50	$15	$25	$40	$30	$50	$80	$1,250	SAAO	N	0.1460	0.4931

* **Type**: COI = coinsurance; COP = copay; CMB = combined
* **Diabetic**: If "100%" then Diabetic supplies are covered at 100% of allowed charges;
If "SAAO" then Diabetic supplies are subject to cost sharing same as any other prescription drug.
* **Lifeslyle Exclusion Rider** : If "Y" then the benefit has the Lifestyle Exclusion Rider.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Carveout:Active Factors

Deductible	Without Rx	With Rx
$0	0.398	1.010
$100	0.381	1.000
$200	0.364	0.990
$250	0.356	0.984
$300	0.350	0.979
$400	0.337	0.968
$500	0.325	0.957
$750	0.300	0.929
$1,000	0.278	0.900
$1,100	0.271	0.888
$1,250	0.261	0.871
$1,500	0.243	0.842
$2,000	0.215	0.784
$2,250	0.203	0.756
$2,500	0.191	0.728
$2,750	0.182	0.702
$3,000	0.173	0.675
$3,500	0.160	0.628
$4,000	0.147	0.580
$5,000	0.128	0.496
$7,500	0.101	0.349
$10,000	0.085	0.259

BlueCross BlueShield of Vermont
An Independent Licensee of the Blue Cross and Blue Shield Association

January 17, 2014

Mr. Josh Hammerquist, A.S.A., M.A.A.A.
Assistant Vice President & Consulting Actuary
Lewis & Ellis, Inc.

Subject: Your 01/15/2014 Questions re: Blue Cross and Blue Shield of Vermont 2Q 2014 BCBSVT Benefit Relativity Factor Filing (SERFF Tracking #: BCVT-129370654)

Dear Mr. Hammerquist:

In response to your request dated January 15, 2014, here are *your questions* and our answers:

1. Please submit the SERFF PDF Pipelines with all communications for the previously approved version of this filing and the filing that is referenced specifically in the Actuarial Memorandum.

Please find attached the SERFF PDF Pipelines for:

- BCVT-128829812 – BCBSVT 2Q 2013 Benefit Relativity Factor Filing
- BCVT-128267446 – BCBSVT Group Merit Program Filing

2. Provide the credibility formula that is applied to large groups. Include 2 examples from previous filings for large groups that are not fully credible.

We do not file large group rates in Vermont. The credibility formula is described in BCVT-128267446 – BCBSVT Group Merit Program Filing, page 22 of 41, attached as per above.

Please let us know if you have any further questions.

Sincerely,

Paul Schultz, F.S.A., M.A.A.A.

Filing at a Glance

Company:	BCBSVT
Product Name:	BCBSVT 2Q 2013 Benefit Relativity Factor Filing
State:	Vermont
TOI:	ML02 - Multi-Line - Other
Sub-TOI:	ML02.0000 - Multi-Line - Other
Filing Type:	Trend / Admin Charge
Date Submitted:	12/31/2012
SERFF Tr Num:	BCVT-128829812
SERFF Status:	Closed-Approved
State Tr Num:	63889
State Status:	Approved
Co Tr Num:	
Co Status:	
Implementation Date Requested:	On Approval
Author(s):	Vince Mace, Pam Young, Seth Abbene, Jude Daye, Martine Brisson-Lemieux
Reviewer(s):	Sean Londergan (primary)
Disposition Date:	05/01/2013
Disposition Status:	Approved
Implementation Date:	04/01/2013

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT 2Q 2013 Benefit Relativity Factor Filing*
Project Name/Number: */*

General Information

Project Name:
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Employer, Association
Filing Status Changed: 05/01/2013
State Status Changed: 05/01/2013
Created By: Jude Daye
Corresponding Filing Tracking Number:

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Group
Group Market Size: Small and Large
Overall Rate Impact:
Company Status Changed:
Deemer Date:
Submitted By: Pam Young

Filing Description:
December 21, 2012

Phil Keller
Director of Insurance Rates and Forms
Vermont Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

SUBJECT: Blue Cross and Blue Shield of Vermont – NAIC # 53295
Q2 2013 Benefit Relativity Factor Filing

Dear Mr. Keller:

We are submitting for your review and approval updated benefit relativity factors for Blue Cross and Blue Shield of Vermont (BCBSVT). It is our desire to use these factors in the rating of BCBSVT small group association and large group products, for business that is new or renewing in the second quarter of 2013 or later.

Please let me know if we can answer any questions or provide further information during your review.

Sincerely,

Kevin Goddard

cc: Tammy Tomczyk/Oliver Wyman
Sean Londergan/BISHCA
Ruth Greene/BCBSVT
Vince Mace/BCBSVT
Donna Lee/BCBSVT

Company and Contact

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT 2Q 2013 Benefit Relativity Factor Filing*
Project Name/Number: */*

Filing Contact Information

Jude Daye, Executive Assistant
445 Industrial Lane
Montpelier, VT 05601

dayej@bcbsvt.com
802-371-3244 [Phone]

Filing Company Information

BCBSVT
PO BOX 186
Montpelier, VT 05601
(802) 371-3450 ext. [Phone]

CoCode: 53295
Group Code:
Group Name:
FEIN Number: 03-0277307

State of Domicile: Vermont
Company Type: Hospital Service Corp
State ID Number:

Filing Fees

Fee Required? Yes
Fee Amount: $50.00
Retaliatory? No
Fee Explanation:
Per Company: Yes

Company	Amount	Date Processed	Transaction #
BCBSVT	$50.00	12/31/2012	66118423

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT 2Q 2013 Benefit Relativity Factor Filing*
Project Name/Number: */*

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Sean Londergan	05/01/2013	05/01/2013

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Rate Filing Deemed Complete	Note To Filer	Sean Londergan	02/14/2013	02/14/2013

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT 2Q 2013 Benefit Relativity Factor Filing*
Project Name/Number: */*

Disposition

Disposition Date: 05/01/2013
Implementation Date: 04/01/2013
Status: Approved

Comment: Per 8 V.S.A. §4062(a)(2)(B) the Green Mountain Care Board is deemed to have approved the company's filing.

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Actuarial Memorandum		Yes
Supporting Document	Filing Compliance Certification		Yes
Supporting Document	Health Administrative Forms		Yes
Supporting Document	Health Filing Data		Yes
Supporting Document	Third Party Filing Authorization		Yes
Supporting Document	Table of Contents and Exhibits		Yes

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT 2Q 2013 Benefit Relativity Factor Filing*
Project Name/Number: */*

Note To Filer

Created By:

Sean Londergan on 02/14/2013 10:42 AM

Last Edited By:

Sean Londergan

Submitted On:

02/14/2013 10:42 AM

Subject:

Rate Filing Deemed Complete

Comments:

This note is to advise the company that this rate filing has been deemed complete as of February 11, 2013 - meaning that the Department's 30-day review period for both filings runs through March 13, 2013.

Sean Londergan
Rate & Form Analyst
Department of Financial Regulation

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 2Q 2013 Benefit Relativity Factor Filing
Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	BCBSVT Q2 2013 BRV Filing - Actuarial Memorandum.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Filing Compliance Certification
Comments:	
Attachment(s):	Filing Compliance Certification.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Health Administrative Forms
Comments:	
Attachment(s):	F106 BCBSVT 2Q 2013 Benefit Relativity Factor Filing.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Health Filing Data
Bypass Reason:	Our variability data is filed with our outline of coverage filings.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Third Party Filing Authorization
Bypass Reason:	BCBSVT does not use a Third Party to submit filings.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Table of Contents and Exhibits
Comments:	
Attachment(s):	BCBSVT Q2 2013 BRV Filing - Table of Contents.pdf BCBSVT Q2 2013 BRV Filing - Exhibits.pdf
Item Status:	

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT 2Q 2013 Benefit Relativity Factor Filing
Project Name/Number: /

Status Date:	

Blue Cross and Blue Shield of Vermont
Q2 2013 Benefit Relativity Methodology
Actuarial Memorandum

Purpose

The purpose of this narrative is to describe the methodology for determining a common set of benefit relativities for the rating of Blue Cross and Blue Shield of Vermont (BCBSVT) plans. It is our desire to use the relativity factors derived from this methodology and displayed in the exhibits for the rating of small group association business and large group business, which are new or renewing in the second quarter of 2013 or later.

Overview

To determine standardized pure premium relationships, also called relativities[1], BCBSVT has created models that simulate the impact of member benefits for the following types of plans: Vermont Freedom Plan (VFP), Comprehensive, Indemnity (J-Plans), Consumer Driven Health Plans (CDHP's), Vermont Health Partnership (VHP), and Prescriptions Drugs. The models determine the allowed charges for the latest complete calendar year included in the study, and "re-adjudicate" the claims, thereby simulating the impact of member cost sharing for a given benefit plan.

Claims data has been taken from BCBSVT's data warehouse. The starting point of the analysis is allowed charges as determined by the BCBSVT claims adjudication system. The claims data includes benefit codes that enable us to identify the services and benefit structures (copays, deductibles, and coinsurance).

For each benefit plan of interest, the models produced simulated PMPM values of the benefits. The model then applies utilization adjustment factors to account for the expected benefit induced utilization. One plan has been chosen as the "base" plan. The utilization-adjusted PMPM for each plan was then divided by the base plan PMPM to produce its relativity. Relativities are included for medical only plans, Rx only plans, and CDHP plans. In addition, relativities have been produced for both Active employees and Age 65+ Medicare Carve-out Employees.

The chosen base plan is:

Medical: VFP $750 Deductible, 20% Coinsurance, $3,750 OOP, $30 Office Visit, $250 ER, $50 Ambulance, PPACA Compliant
Rx: $100 Deductible, $5/$25/$50 Copays, Diabetic Supplies Same as Any Other, Lifestyle Exclusion Rider, Mail Order 2.5x, $1,250 OOP

The relativity factors will be used only to adjust the relativities between benefit plans. Tier factors for the various contract types (e.g. Single, Two-Person, Family) are not affected by this analysis. The relativities also will not affect the overall expected claims level, which will be determined by the usual experience renewal calculation for each piece of business.

[1] The relativities will be applied to the Projected Standard Plan Single Claims Rate, as outlined in the approved BCBSVT Group Merit Rating Program filing (SERF# BCVT-128267466).

Medical vs. Pharmacy Weight

The ratio of medical to drug allowed charges has shifted with the updated experience and trends. The table below shows the prior and current ratios:

	Medical Weight	Pharmacy Weight
Prior Filing	0.864	0.136
Current Filing	0.821	0.179

The new medical-pharmacy ratios are reflected in the final benefit relative values.

Medical Benefit Model Details

1. Incurred allowed charges from 2011, paid through July 2012, were used. The charges were trended to July 1, 2014. This date is the midpoint of the 12-month period that begins January 1, 2014. (The majority of the business that will be renewed with these factors has a January 1 renewal date.)

2. The claims from Insured Group and Self Funded business are included in the analysis; individual lines of business claims have been excluded. Claims from large groups with special benefits have also been excluded. Only plans with both medical and pharmacy benefits are included.

3. The VFP, Comprehensive and J-Plan models use claims experience and member months from VFP, Comprehensive, J-Plan and CDHP products.

4. The VHP model uses only VHP (managed care) experience. Because the VHP contractual arrangements with providers are materially different from the provider contracts for the other products, VHP experience is not included in the models for the other products.

5. The claims were categorized according to how benefits are paid. For example, the model for the VFP products splits the benefits into copay, deductible/coinsurance, and preventive care categories. For the VHP product, claims were separated into office copay, inpatient, outpatient surgery, ER, ambulance and preventive care categories.

6. VFP and VHP products have additional claim splits for Standard (formerly described as “Out-of-Network”) Benefits. These benefits are subject to specific Standard Benefit deductibles, coinsurance and out-of-pocket maximums, and are mutually exclusive of all Preferred (formerly described as “In-Network”) Benefits listed above.

7. Continuance tables were then created to model the impact of deductibles and out-of-pocket maximums. Cost/Frequency tables were created to model the impact of copays.

8. The following medical-only models were created: VFP, Comprehensive, J-Plan, and VHP.

Pharmacy Benefit Model Details

1. Incurred allowed drug charges from 2011, paid through July 2012, were used. As with the Medical Benefit Model, the charges were trended to July 1, 2014.

2. The claims included are from Insured Group, Self Funded and TVHP business. TVHP claims are included because is no contractual or provider reimbursement differences between the TVHP and BCBSVT. Claims experience from Individual lines of business has been excluded from the analysis. Claims from large groups with special benefits have also been excluded. Only plans with both medical and pharmacy benefits are included.

3. Within the model, scripts are assigned to one of six categories:

   - Retail Generic
   - Retail Preferred Brand
   - Retail Non-Preferred Brand
   - Mail Generic
   - Mail Preferred Brand
   - Mail Non-Preferred Brand

4. Cost/Frequency tables were created for the six categories to model the impact of copays and coinsurance. The model assumes that the member will pay the lesser of the allowed charge of the prescription or the amount of their copay.

5. A continuance table was used to assess the impact of deductibles and out-of-pocket maximums. With Vermont Act 171, all pharmacy benefits will have an OOPM of $1,250 during 2013. It is expected that this limit will increase to a yet unknown amount, following the IRC rules for Health Savings Account and High Deductible Plans, in 2014.

6. **Options for the Drug Cards**

   a. Diabetic Supplies:
      - Diabetic supplies are covered at 100%, with no member cost-sharing
      - Diabetic supplies are subject to the same member cost shares as any other Rx (SAAO)

   b. Mail Order Drugs (90 day supply):
      - Member cost sharing is 2.0X retail cost sharing
      - Member cost sharing is 2.5X retail cost sharing

   c. Lifestyle Exclusion Rider:
      - Lifestyle drugs are included and member cost-sharing is the same as any other drug
      - Lifestyle drugs are excluded

d. Women's Wellness
   - If the plan is subject to the preventive care provisions of the Affordable Care Act (or has elected to comply with those provisions), then contraceptives are covered at 100%
   - If the plan is not subject to the preventive care provisions of the Affordable Care Act, then member cost sharing will apply the same as any other prescription

CDHP Benefit Model Details

1. Incurred allowed charges from 2011, paid through July 2012, were used. The charges were trended to July 1, 2014. This date is the midpoint of the 12-month period that begins January 1, 2014. (The majority of the business that will be renewed with these factors has a January 1 renewal date.)

2. The claims from Insured Group and Self Funded business are included in the analysis; Individual lines of business claims have been excluded. Claims from large groups with special benefits have also been excluded. Only plans with both medical and pharmacy benefits are included.

3. The CDHP model uses claims experience and member months from VFP, Comprehensive, J-Plan and CDHP products.

4. **Rx Options in CDHP Model**

   a. Wellness drugs (Safe Harbor Drugs) can be provided on a first-dollar basis, i.e. they are not subject to the integrated deductible.

   b. After the integrated deductible is satisfied, pharmacy claims (including wellness) can have unique cost-sharing benefits until the integrated out-of-pocket maximum is satisfied.

   c. The model assumes that all CDHP benefits will comply with Vermont Act 171, which limits a member's pharmacy out-of-pocket to $1,250 during 2013. It is expected that this limit will increase to a yet unknown amount, following the IRC rules for Health Savings Account and High Deductible Plans, in 2014.

5. A "claim-by-claim" re-adjudication model assesses the impact of CDHP deductibles, out-of-pocket maximums and no cost-share preventive care (ACA) services with various wellness benefits and Act 171 limitations incorporated.

Utilization Adjustment

1. A separate analysis was done which organized claims data by plan type and benefit design (deductible-based, copay-based, CDHP and pharmacy).

2. Utilization adjustment factors were developed for each benefit design, using the paid-to-allowed ratio to adjust up or down from the base simulated PMPM.

These utilization factors are shown in Exhibits I, II and III, along with the benefit relativities.

Age 65+ Medicare Carve-out: Medical Benefits

Benefit relative values are needed for Medicare carve-out plans. We developed a table of ratios, by deductible, of the value of a carve-out plan as compared to an active employee plan. These ratios are applied to the regular (active employee) relativities to produce the carve-out benefit relativities.
The table of ratios was built in the following manner:

1. Using BCBSVT data for the period 2008 through 2011, we determined the overall ratio of carve-out to active allowed charges. The result, 0.414, is the weighted average of the 2008, 2009, 2010 and 2011 annual values using weights of 1/16, 3/16, 5/16 and 7/16, respectively.

2. Since BCBSVT has a relatively small number of carve-out members, we used claim probability distributions (CPD's) from the 2010 Milliman Health Cost Guidelines® to develop the table of ratios by deductible.

3. The expected claims costs at each deductible were taken from the Milliman CPDs for active employees.

4. The expected claims costs at each deductible were taken from the Milliman CPD's for Ages 65 and over. We used a table that displays the member claims cost after Medicare benefits.

5. At each deductible level, a ratio of the expected claims cost, carve-out compared to active, was then determined. This provided a set of ratios based on deductibles.

6. The slope of the Milliman ratios was then applied to the BCBSVT starting ratio, 0.414.

7. The resulting table is included as Exhibit V.

Age 65+ Medicare Carve-out: Rx Benefits

For each benefit option shown in Exhibit IV, there are relativity factors for active employees and carve-out plans. The carve-out factors are driven by a table of ratios that are based on the PMPM value of the active and carve-out options. With this filing, the relationship between active and carve-out relativities has been updated using the following steps:

1. The PMPM Rx allowed costs of active and carve-out members were compared over time. In particular, the ratio of active to carve-out PMPM's was compared for 2010 and 2011. These values are shown below.

	Ratio
2010	3.580
2011	3.650
Change	1.0196

2. The existing table of factors for determining the carve-out relativities has been adjusted by the 1.0196 factor.

Applying the Relativities

The benefit relativities will be used in accordance with the approved BCBSVT Group Merit Rating Program filing (SERF# BCVT-128267466).

If there is a future need for relativities for benefit designs that are not displayed in the Exhibits[2], we will use the methodology described in this filing to simulate the impact of the benefits and relate the resulting PMPM's to the base PMPM.

Actuarial Opinion

The purpose of this filing is to develop benefit relative value factors for use in rating BCBSVT small group association and large group plans. This filing is not intended to be used for other purposes.

The data used in this analysis has been reviewed for reasonableness and consistency; however, it has not been audited.

It is my opinion that, in aggregate, the benefit relative value factors presented in this filing fall within a range of reasonable trend values. They will produce premium rates that are reasonable in relation to the benefits provided, adequate, not excessive, and not unfairly discriminatory.

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's Qualification Standards to render this opinion.

Donna M. Lee

Donna M. Lee, F.S.A., M.A.A.A.

December 17, 2012

[2] An example of this is the need for new relativities with the announcement of the 2014 IRC rules for Health Savings Account and High Deductible Plans, since the 2014 drug out-of-pocket limit under Vermont Act 171 will change accordingly.

I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and, to the best of my knowledge, the filing complies with all applicable statutory and regulatory provisions for the state of Vermont

Kevin Goddard
Vice President, External Affairs and Sales

12/2/10
Date

Health Filing Form F106 (7/98)
Required Information for All Filings & the Fee

NAIC#: 53295
Company Name Blue Cross Blue Shield of Vermont
Address: PO Box 186
City, State, Zip: Montpelier, VT 05601
Phone: 371-3450 Contact Person: Alison Partridge

Filing Contents: BCBSVT 2Q 2013 Benefit Relativity Factor Filing

1) New: ☒ Change: ☐
If a Change: Latest Approval Date____ Vermont Filing #:
2) Rates: ☒ Forms: ☐ Rates & Forms: ☐
3) Policy:☐ Contract: ☐ Amendment:☐ Endorsement:☐
Handbook:☐ Rider:☐ Certificate:☐ Other: Outline
4) Individual:☐ Small Group (1-50):☒ Large Group (51+):☐ All Groups:☐

Type of Filing:

Accident Only: ☐
AD&D: ☐
Advertising: ☐
Blanket: ☐
Cancer Expense:☐
Comprehensive/
Major Medical: ☐
Conversion: ☐
Critical Illness: ☐
Dental:☐
Disability:☐
Home Health Only:☐
Hospital Indemnity:☐
Limited Benefit:☐
Long Term Care:
Qualified:☐
Non-Qualified:☐
Medicare Supplement:☐
Miscellaneous:☐
Nursing Home Only:☐
Organ Transplant:☐
Prescription Drug:☐
Student/Athlete:☐
Stop Loss/Excess Risk:☐
Travel:☐
Vision:☐
Other: Health

Mandatory - Filing Fee Information:

1. State of Domicile: Vermont
2. Amount of Fee: $50.00
3. Is the Fee you are sending based on your state of domicile's retaliatory fee? Yes ☐ No ☒
4. Explain how each part of the Fee was determined, showing all calculation (use separate sheet if necessary). Vermont filing fee

5. Fee calculated by: Jude Daye (Printed Name) Jude Daye (Signature)

Blue Cross and Blue Shield of Vermont
Q2 2013 Benefit Relativity Methodology Filing
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Actuarial Memorandum

Exhibit I Relativities for VFP, Comprehensive & J Plans

Exhibit II Relativities for CDHP Plans

Exhibit III Relativities for VHP Plans

Exhibit IV Relativities for Rx Plans

Exhibit V Carve-out:Active Factors

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Vermont Freedom Plan (VFP), Comprehensive (COMP), and Indemnity J-Plan (JPLAN)

		Preferred Benefits							Standard Benefits			PPACA Compliant		
												Utilization	Relativity	
index	Product	Deductible	Coinsurance	Out-of-Pocket	Office Copay	Specialist Copay	ER[1] Copay	AMB Copay	Deductible	Coinsurance	Out-of-Pocket		Active	Carveout
1	COMP	$0	20%	$500								1.0500	1.0105	0.4183
2	COMP	$100	20%	$500								1.0500	1.0003	0.3961
3	COMP	$100	20%	$700								1.0500	0.9896	0.3919
4	COMP	$200	20%	$700								1.0472	0.9779	0.3696
5	COMP	$250	20%	$500								1.0500	0.9889	0.3659
6	COMP	$500	20%	$1,500								1.0188	0.8986	0.3019
7	COMP	$1,000	20%	$1,500								1.0047	0.8599	0.2451
8	COMP	$2,500	0%	$2,500								0.9694	0.7634	0.1435
9	JPLAN[2]	$100	20%	$500	$0	$0						1.0700	1.0728	0.4248
10	JPLAN[2]	$100	20%	$500	$15	$15						1.0700	1.0589	0.4193
11	JPLAN[2]	$100	20%	$500	$20	$20						1.0700	1.0542	0.4175
12	JPLAN[2]	$100	20%	$500	$25	$25						1.0687	1.0485	0.4152
13	JPLAN[2]	$100	20%	$500	$10	$10						1.0700	1.0635	0.4211
14	VFP	$100	20%	$500	$10	$10			$200	30%	$1,000	1.0500	0.9997	0.3959
15	VFP	$100	20%	$500	$10	$10			$200	30%	$600	1.0500	0.9999	0.3960
16	VFP	$100	10%	$500	$15	$15			$200	30%	$1,000	1.0500	1.0023	0.3969
17	VFP	$200	20%	$600	$10	$10			$500	30%	$1,500	1.0500	0.9873	0.3732
18	VFP	$200	20%	$600	$10	$10			$400	30%	$1,200	1.0500	0.9875	0.3733
19	VFP	$200	10%	$600	$20	$20			$400	30%	$1,200	1.0495	0.9843	0.3721
20	VFP	$200	20%	$600	$20	$20			$400	30%	$1,200	1.0461	0.9745	0.3684
21	VFP	$200	20%	$600	$15	$15			$400	30%	$1,200	1.0485	0.9814	0.3710
22	VFP	$300	20%	$950	$20	$20			$600	40%	$1,800	1.0348	0.9432	0.3424
23	VFP	$400	20%	$1,200	$10	$10			$800	30%	$2,400	1.0320	0.9354	0.3274
24	VFP	$500	20%	$1,500	$20	$20			$1,000	30%	$3,000	1.0195	0.9008	0.3027
25	VFP	$500	20%	$1,500	$10	$10			$1,000	30%	$3,000	1.0243	0.9140	0.3071
26	VFP	$500	20%	$1,500	$15	$15			$1,000	30%	$3,000	1.0219	0.9074	0.3049
27	VFP	$500	20%	$1,500	$25	$25			$1,000	30%	$3,000	1.0172	0.8943	0.3005
28	VFP	$500	20%	$2,500	$25	$25			$1,000	40%	$4,000	1.0062	0.8640	0.2903
29	VFP	$500	20%	$2,500	$30	$30			$1,000	30%	$5,000	1.0039	0.8577	0.2882
30	VFP	$750	20%	$3,000	$25	$50			$1,500	30%	$5,000	0.9905	0.8209	0.2537
31	VFP	$1,000	20%	$3,000	$15	$15			$2,000	30%	$6,000	0.9930	0.8278	0.2359
32	VFP	$1,000	20%	$3,000	$25	$25			$2,000	30%	$4,000	0.9886	0.8158	0.2325
33	VFP	$1,000	20%	$3,000	$25	$25			$2,000	30%	$6,000	0.9885	0.8154	0.2324
34	VFP	$1,000	20%	$2,000	$30	$30			$2,000	30%	$4,000	0.9964	0.8371	0.2386
35	VFP	$1,000	0%	$1,000	$15	$15			$2,000	30%	$4,000	1.0236	0.9121	0.2599
36	VFP	$1,000	20%	$3,000	$15	$15			$2,000	30%	$4,000	0.9932	0.8282	0.2360
37	VFP	$1,000	20%	$3,000	$20	$20			$2,000	30%	$6,000	0.9908	0.8215	0.2341
38	VFP	$1,000	20%	$3,000	$30	$30			$1,500	40%	$4,500	0.9864	0.8097	0.2308
39	VFP	$1,250	20%	$5,000	$25	$50			$2,500	30%	$6,500	0.9673	0.7577	0.2015
40	VFP	$1,500	20%	$3,000	$25	$25			$3,000	30%	$6,000	0.9792	0.7899	0.1943
41	VFP	$2,500	20%	$5,000	$20	$20			$5,000	30%	$7,000	0.9534	0.7198	0.1353
42	VFP	$2,500	20%	$5,000	$25	$25			$5,000	30%	$7,000	0.9512	0.7140	0.1342
43	VFP	$2,500	20%	$5,000	$25	$25			$5,000	30%	$10,000	0.9511	0.7136	0.1342
44	VFP	$2,750	20%	$8,000	$25	$50			$5,500	30%	$11,000	0.9327	0.6639	0.1182
45	VFP	$5,000	0%	$5,000	$25	$25			$10,000	30%	$15,000	0.9350	0.6702	0.0804
46	VFP	$5,000	0%	$5,000	$10	$10			$10,000	30%	$15,000	0.9413	0.6871	0.0825
47	VFP	$10,000	0%	$10,000	$25	$25			$20,000	30%	$25,000	0.8866	0.5404	0.0411

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Vermont Freedom Plan (VFP), Comprehensive (COMP), and Indemnity J-Plan (JPLAN)

		Preferred Benefits							Standard Benefits			PPACA Compliant		
												Utilization	Relativity	
index	Product	Deductible	Coinsurance	Out-of-Pocket	Office Copay	Specialist Copay	ER[1] Copay	AMB Copay	Deductible	Coinsurance	Out-of-Pocket		Active	Carveout
48	VFP	$0	10%	$1,000	$20	$20	$50		$250	30%	$2,000	1.0500	0.9989	0.4135
49	VFP	$250	10%	$1,250	$20	$20	$50		$500	30%	$2,500	1.0411	0.9608	0.3555
50	VFP	$300	20%	$1,500	$25	$25	$100		$600	40%	$3,000	1.0263	0.9195	0.3338
51	VFP	$400	20%	$800	$20	$20	$50		$500	40%	$2,500	1.0377	0.9512	0.3329
52	VFP	$500	20%	$1,000	$20	$20	$100		$1,000	30%	$3,000	1.0302	0.9303	0.3126
53	VFP	$500	20%	$1,500	$25	$40	$100		$1,000	30%	$3,000	1.0179	0.8962	0.3011
54	VFP	$500	20%	$1,500	$20	$20	$100		$1,000	30%	$3,000	1.0225	0.9091	0.3055
55	VFP	$500	10%	$1,500	$30	$30	$200		$2,000	40%	$6,000	1.0210	0.9047	0.3040
56	VFP	$750	20%	$5,000	$30	$30	$100		$1,500	40%	$10,000	0.9873	0.8122	0.2510
57	VFP	$750	0%	$750	$20	$20	$100		$1,500	30%	$6,000	1.0328	0.9376	0.2897
58	VFP	$1,000	20%	$3,000	$25	$40	$100		$2,000	30%	$6,000	0.9919	0.8246	0.2350
59	VFP	$1,000	20%	$2,000	$20	$20	$100		$2,000	30%	$4,000	1.0058	0.8628	0.2459
60	VFP	$1,500	20%	$6,000	$30	$50	$150		$3,000	40%	$12,000	0.9642	0.7493	0.1843
61	VFP	$2,500	20%	$5,000	$20	$20	$150		$5,000	40%	$7,000	0.9617	0.7424	0.1396
62	VFP	$2,500	20%	$6,000	$30	$50	$150		$4,000	40%	$12,000	0.9502	0.7113	0.1337
63	VFP	$3,000	0%	$3,000	$30	$50	$150		$5,000	0%	$5,000	0.9696	0.7639	0.1283
64	VFP	$4,000	20%	$8,000	$30	$50	$150		$8,000	40%	$16,000	0.9285	0.6528	0.0914
65	VFP	$0	20%	$2,000	$15	$30	$150	$100	$400	30%	$4,000	1.0355	0.9450	0.3912
66	VFP	$200	20%	$600	$10	$10	$250	$50	$400	30%	$1,200	1.0483	0.9808	0.3707
67	VFP	$200	20%	$600	$10	$10	$200	$100	$400	30%	$1,200	1.0491	0.9831	0.3716
68	VFP	$200	20%	$600	$30	$30	$150	$150	$400	50%	$1,200	1.0406	0.9592	0.3626
69	VFP	$200	20%	$600	$35	$50	$150	$150	$200	30%	$600	1.0365	0.9480	0.3583
70	VFP	$500	20%	$1,500	$20	$20	$250	$50	$1,000	30%	$3,000	1.0197	0.9012	0.3028
71	VFP	$500	20%	$1,500	$20	$30	$100	$100	$1,000	30%	$3,000	1.0208	0.9043	0.3038
72	VFP	$500	0%	$500	$20	$20	$200	$200	$2,000	40%	$15,000	1.0402	0.9583	0.3220
73	VFP	$750	20%	$3,750	$30	$30	$250	$50	$1,500	30%	$7,500	0.9904	0.8207	0.2536
74	VFP	$1,000	20%	$2,000	$25	$25	$50	$50	$2,000	30%	$3,000	1.0049	0.8605	0.2452
75	VFP	$1,000	20%	$3,000	$25	$25	$250	$50	$2,000	30%	$6,000	0.9916	0.8239	0.2348
76	VFP	$1,000	20%	$3,000	$25	$25	$100	$100	$2,000	30%	$6,000	0.9943	0.8313	0.2369
77	VFP	$1,000	20%	$3,000	$30	$45	$100	$100	$2,000	30%	$6,000	0.9900	0.8194	0.2335
78	VFP	$1,500	20%	$7,500	$30	$30	$250	$50	$3,000	30%	$15,000	0.9616	0.7421	0.1826
79	VFP	$2,500	20%	$7,500	$30	$30	$250	$50	$5,000	30%	$15,000	0.9469	0.7022	0.1320
80	VFP	$5,000	20%	$7,500	$30	$30	$250	$50	$10,000	30%	$15,000	0.9248	0.6427	0.0771
81	VFP	$10,000	0%	$10,000	$30	$30	$250	$50	$20,000	30%	$25,000	0.8974	0.5693	0.0433

1. **ER Copay**: the displayed member copay goes toward the facility allowed charges. Associated physician and ancillary charges are the covered at 100%.
2. The J Plan deductible applies only to infusion therapy, DME and prosthetics ambulance.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Consumer Driven Health Plans (CDHP's)

								Unlimited OOPM			$1,200 OOPM			$1,250 OOPM		
								Women's Preventive Same as Any Other			Women's Preventive Covered in Full			Women's Preventive Covered in Full		
		In-Network						Utilization	Relativity		Utilization	Relativity		Utilization	Relativity	
index	Product	Deductible	Coinsurance	Out-of-Pocket	RX OOPM Limit[3]	Wellness Rx[1]	Drugs After Deductible[2]		Active	Carveout		Active	Carveout		Active	Carveout
1	CDHP	$1,500	0%	$1,500	$1,250	N/A	0%	0.9693	0.9966	0.8302	0.9699	1.0051	0.8373	0.9698	1.0046	0.8368
2	CDHP	$1,500	20%	$2,500	$1,250	N/A	20%	0.9542	0.9296	0.7744	0.9549	0.9424	0.7851	0.9548	0.9417	0.7845
3	CDHP	$1,500	10%	$3,000	$1,250	N/A	10%	0.9554	0.9357	0.7794	0.9564	0.9488	0.7904	0.9563	0.9480	0.7897
4	CDHP	$2,000	0%	$2,000	$1,250	N/A	0%	0.9577	0.9434	0.7283	0.9590	0.9581	0.7397	0.9589	0.9572	0.7389
5	CDHP	$2,000	20%	$3,000	$1,250	N/A	20%	0.9420	0.8820	0.6809	0.9433	0.9005	0.6952	0.9432	0.8996	0.6945
6	CDHP	$2,000	20%	$3,500	$1,250	N/A	10%/25%/25%	0.9369	0.8641	0.6671	0.9386	0.8852	0.6834	0.9385	0.8842	0.6826
7	CDHP	$2,250	0%	$2,250	$1,250	N/A	0%	0.9519	0.9194	0.6822	0.9537	0.9375	0.6956	0.9535	0.9364	0.6948
8	CDHP	$2,500	0%	$3,500	$1,250	N/A	$10/$30/$50	0.9439	0.8787	0.6256	0.9473	0.9099	0.6478	0.9471	0.9085	0.6468
9	CDHP	$2,500	0%	$2,500	$1,250	N/A	0%	0.9461	0.8968	0.6385	0.9484	0.9183	0.6538	0.9483	0.9171	0.6530
10	CDHP	$2,500	10%	$5,000	$1,250	N/A	10%	0.9264	0.8296	0.5907	0.9298	0.8572	0.6103	0.9296	0.8560	0.6094
11	CDHP	$2,500	20%	$3,500	$1,250	N/A	20%	0.9301	0.8402	0.5982	0.9322	0.8644	0.6155	0.9321	0.8633	0.6147
12	CDHP	$3,000	0%	$3,000	$1,250	N/A	0%	0.9347	0.8553	0.5611	0.9381	0.8832	0.5794	0.9379	0.8818	0.5785
13	CDHP	$3,000	20%	$4,000	$1,250	N/A	20%	0.9185	0.8028	0.5266	0.9216	0.8324	0.5461	0.9214	0.8312	0.5453
14	CDHP	$3,000	20%	$5,500	$1,250	N/A	10%/25%/25%	0.9046	0.7625	0.5002	0.9094	0.7985	0.5238	0.9092	0.7972	0.5230
15	CDHP	$4,000	0%	$4,000	$1,250	N/A	0%	0.9125	0.7840	0.4351	0.9184	0.8234	0.4570	0.9182	0.8219	0.4562
16	CDHP	$5,000	0%	$5,000	$1,250	N/A	0%	0.8918	0.7249	0.3392	0.9000	0.7734	0.3620	0.8997	0.7719	0.3612
17	CDHP	$10,000	0%	$10,000	$1,250	N/A	0%	0.8685	0.5657	0.1284	0.8853	0.6419	0.1457	0.8849	0.6401	0.1453
18	CDHP	$2,000	20%	$3,000	$1,250	$10/$30/$50	$10/$30/$50	0.9410	0.8862	0.6841	0.9422	0.9008	0.6954	0.9421	0.9001	0.6949
19	CDHP	$2,500	0%	$3,500	$1,250	$10/$30/$50	$10/$30/$50	0.9425	0.8835	0.6290	0.9451	0.9071	0.6458	0.9450	0.9060	0.6451
20	CDHP	$2,500	0%	$2,500	$1,250	$10/$30/$60	0%	0.9456	0.9031	0.6430	0.9472	0.9190	0.6544	0.9471	0.9183	0.6538
21	CDHP	$3,000	0%	$4,000	$1,250	$10/$30/$50	$10/$30/$50	0.9312	0.8456	0.5547	0.9347	0.8734	0.5730	0.9346	0.8723	0.5722
22	CDHP	$3,000	0%	$3,000	$1,250	$10/$30/$50	0%	0.9343	0.8635	0.5665	0.9368	0.8838	0.5798	0.9366	0.8829	0.5792
23	CDHP	$5,950	0%	$5,950	$1,250	$15/$40/$60	0%	0.8743	0.6917	0.3237	0.8833	0.7324	0.3427	0.8830	0.7311	0.3422
24	CDHP	$2,250	0%	$2,250	$1,250	0%	0%	0.9514	0.9293	0.6895	0.9528	0.9431	0.6998	0.9527	0.9424	0.6993
25	CDHP	$2,500	0%	$3,500	$1,250	0%	50%	0.9424	0.8832	0.6288	0.9456	0.9102	0.6480	0.9454	0.9090	0.6472
26	CDHP	$2,500	0%	$3,500	$1,250	0%	$10/$30/$50	0.9436	0.8921	0.6352	0.9461	0.9142	0.6509	0.9460	0.9133	0.6503
27	CDHP	$2,500	0%	$2,500	$1,250	0%	0%	0.9457	0.9080	0.6465	0.9475	0.9239	0.6578	0.9474	0.9231	0.6573
28	CDHP	$2,500	20%	$5,950	$1,250	50%	50%	0.9078	0.7691	0.5476	0.9124	0.8071	0.5747	0.9122	0.8059	0.5738
29	CDHP	$3,000	0%	$3,000	$1,250	0%	0%	0.9346	0.8691	0.5701	0.9372	0.8890	0.5832	0.9371	0.8882	0.5827
30	CDHP	$4,000	0%	$4,000	$1,250	0%	0%	0.9133	0.8025	0.4454	0.9176	0.8297	0.4605	0.9174	0.8288	0.4600
31	CDHP	$5,000	0%	$5,000	$1,250	0%	0%	0.8931	0.7468	0.3495	0.8994	0.7801	0.3651	0.8992	0.7791	0.3646
32	CDHP	$5,000	0%	$5,000	$1,250	$10/$30/$50	0%	0.8921	0.7393	0.3460	0.8984	0.7738	0.3621	0.8981	0.7726	0.3616
33	CDHP	$5,950	0%	$5,950	$1,250	0%	0%	0.8776	0.7034	0.3292	0.8859	0.7414	0.3470	0.8856	0.7404	0.3465
34	CDHP	$2,000	0%	$2,000	$1,250	$5/40%/60%	0%	0.9573	0.9475	0.7315	0.9582	0.9594	0.7406	0.9582	0.9587	0.7401
35	CDHP	$2,000	20%	$3,000	$1,250	$5/40%/60%	20%	0.9412	0.8851	0.6833	0.9422	0.9008	0.6954	0.9421	0.9000	0.6948
36	CDHP	$2,000	50%	$5,950	$1,250	$0/50%/50%	50%	0.8954	0.7452	0.5753	0.8989	0.7747	0.5981	0.8988	0.7737	0.5973
37	CDHP	$2,250	0%	$2,250	$1,250	$5/40%/60%	0%	0.9515	0.9241	0.6857	0.9527	0.9382	0.6962	0.9526	0.9375	0.6957
38	CDHP	$2,250	20%	$3,250	$1,250	$5/40%/60%	20%	0.9352	0.8643	0.6413	0.9365	0.8821	0.6545	0.9364	0.8813	0.6539
39	CDHP	$2,450	10%	$5,950	$1,250	$0/50%/50%	10%	0.9231	0.8259	0.6128	0.9266	0.8521	0.6323	0.9264	0.8511	0.6315
40	CDHP	$2,500	0%	$2,500	$1,250	$5/40%/60%	0%	0.9458	0.9023	0.6424	0.9473	0.9186	0.6541	0.9472	0.9179	0.6535
41	CDHP	$2,500	20%	$3,500	$1,250	$5/40%/60%	20%	0.9294	0.8449	0.6016	0.9310	0.8647	0.6156	0.9309	0.8638	0.6150
42	CDHP	$3,000	0%	$3,000	$1,250	$5/40%/60%	0%	0.9345	0.8625	0.5658	0.9368	0.8833	0.5795	0.9367	0.8824	0.5788
43	CDHP	$3,000	20%	$4,000	$1,250	$5/40%/60%	20%	0.9180	0.8092	0.5309	0.9204	0.8329	0.5464	0.9202	0.8320	0.5458
44	CDHP	$3,250	20%	$4,250	$1,250	$5/40%/60%	20%	0.9124	0.7928	0.5201	0.9153	0.8183	0.5368	0.9151	0.8174	0.5362
45	CDHP	$4,000	20%	$5,000	$1,250	$5/40%/60%	20%	0.8963	0.7479	0.4151	0.9005	0.7786	0.4321	0.9003	0.7775	0.4315
46	CDHP	$5,000	0%	$5,000	$1,250	$5/40%/60%	0%	0.8920	0.7366	0.3448	0.8983	0.7729	0.3617	0.8980	0.7717	0.3612
47	CDHP	$5,950	0%	$5,950	$1,250	$5/40%/60%	0%	0.8739	0.6906	0.3232	0.8835	0.7332	0.3431	0.8832	0.7319	0.3425

1. **Wellness Rx:** if applicable, cost sharing rules apply *before* the deductible is satisfied.
The member's cost share for **Wellness Rx** accumulates toward the Out-of-Pocket Maximum.
2. **All other drugs** are subject to deductible. Once the deductible is met, drugs are subject to the **Drugs After Deductible** cost share until the Out-of-Pocket Maximum is met.
3. The Rx OOPM Limit is as described in Vermont Act 171.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Vermont Health Partnership (VHP) Medical Plans

		VHP Preferred Benefits						VHP Standard Benefits			PPACA Compliant	
											Utilization	Relativity
index	Product	IP	OP	PCP	SCP	ER	AMB	Deductible	Coinsurance	Out-of-Pocket		Active
1	VHP[1]	$0	$0	$0	$10	$50	$50	$500	30%	$2,500	1.0700	1.0007
2	VHP[1]	$0	$0	$10	$20	$0	$50	$500	30%	$2,500	1.0700	0.9927
3	VHP[1]	$0	$0	$10	$20	$50	$50	$500	30%	$2,500	1.0689	0.9894
4	VHP[1]	$250	$100	$10	$20	$50	$50	$500	30%	$2,500	1.0665	0.9834
5	VHP[1]	$250	$100	$15	$25	$50	$50	$500	30%	$2,500	1.0635	0.9756
6	VHP[1]	$500	$250	$20	$30	$50	$50	$500	30%	$2,500	1.0574	0.9604
7	VHP[1]	$500	$250	$25	$35	$50	$50	$500	30%	$2,500	1.0544	0.9528

PCP	Primary Care Physician
SCP	Specialist Physician
IP	Inpatient (max. of 2/yr per family)
OP	Outpatient Surgery
ER	Emergency Room
AMB	Ambulance

1. All **VHP** Plans have a DME rider benefit of: $100 deductible, 80% coinsurance, Unlimited out-of-pocket built into the relativity.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Prescription Drug Cards

			Copay ($) / Coinsurance (%)						Unlimited OOPM Women's Preventive Same as Any Other Relativity		$1,200 OOPM Women's Preventive Covered in Full Relativity		$1,250 OOPM Women's Preventive Covered in Full Relativity	
index	Type	Deductible	Generic	Preferred Brand	Non-Preferred Brand	Diabetic	Lifestyle Exclusion Rider	Mail Order Factor	Active	Carveout	Active	Carveout	Active	Carveout
1	CMB	$0	$3	50%	50%	N	Y	2.5	0.1281	0.4266	0.1635	0.5606	0.1630	0.5589
2	CMB	$0	$5	40%	60%	N	N	2.0	0.1302	0.4338	0.1656	0.5679	0.1651	0.5662
3	CMB	$50	$10	20%	20%	N	N	2.0	0.1554	0.5284	0.1729	0.5878	0.1724	0.5862
4	CMB	$100	$5	40%	60%	N	Y	2.5	0.1207	0.4189	0.1564	0.5580	0.1554	0.5543
5	CMB	$100	$5	40%	60%	N	N	2.0	0.1221	0.4237	0.1581	0.5640	0.1571	0.5603
6	COI	$0	50%	50%	50%	N	Y	2.5	0.1017	0.3389	0.1541	0.5438	0.1532	0.5406
7	COI	$0	50%	50%	50%	N	N	2.0	0.1028	0.3425	0.1557	0.5494	0.1548	0.5462
8	COI	$50	50%	50%	50%	N	Y	2.5	0.0985	0.3348	0.1507	0.5420	0.1498	0.5387
9	COP	$0	$0	$15	$40	Y	N	2.0	0.2073	0.6906	0.2096	0.6982	0.2096	0.6981
10	COP	$0	$1	$1	$1	Y	N	2.0	0.2260	0.7527	0.2261	0.7530	0.2261	0.7530
11	COP	$0	$2	$2	$2	Y	N	2.0	0.2235	0.7445	0.2238	0.7456	0.2238	0.7455
12	COP	$0	$3	$3	$3	N	N	2.0	0.2206	0.7348	0.2214	0.7373	0.2213	0.7372
13	COP	$0	$5	$10	$25	N	Y	2.5	0.2070	0.6895	0.2106	0.7015	0.2105	0.7012
14	COP	$0	$5	$10	$10	Y	N	2.0	0.2133	0.7105	0.2158	0.7188	0.2157	0.7186
15	COP	$0	$5	$25	$50	Y	N	2.0	0.1886	0.6282	0.1952	0.6502	0.1951	0.6498
16	COP	$0	$5	$20	$35	N	N	2.0	0.1949	0.6493	0.2006	0.6683	0.2005	0.6679
17	COP	$0	$5	$20	$40	N	N	2.0	0.1940	0.6463	0.2001	0.6664	0.1999	0.6660
18	COP	$0	$5	$20	$45	N	N	2.0	0.1932	0.6435	0.1995	0.6646	0.1994	0.6641
19	COP	$0	$5	$15	$35	N	N	2.0	0.2008	0.6687	0.2054	0.6842	0.2053	0.6838
20	COP	$0	$5	$30	$50	N	N	2.0	0.1827	0.6085	0.1901	0.6333	0.1894	0.6307
21	COP	$0	$10	$15	$15	Y	N	2.0	0.2022	0.6736	0.2088	0.6956	0.2087	0.6952
22	COP	$0	$10	$20	$35	Y	N	2.0	0.1921	0.6399	0.2000	0.6661	0.1998	0.6654
23	COP	$0	$10	$20	$40	Y	N	2.0	0.1913	0.6371	0.1994	0.6643	0.1993	0.6638
24	COP	$0	$10	$25	$40	Y	N	2.0	0.1856	0.6182	0.1949	0.6492	0.1947	0.6484
25	COP	$0	$10	$30	$50	Y	N	2.0	0.1786	0.5948	0.1889	0.6293	0.1887	0.6286
26	COP	$0	$10	$15	$30	N	N	2.0	0.1975	0.6579	0.2050	0.6827	0.2048	0.6822
27	COP	$0	$10	$20	$40	N	N	2.0	0.1891	0.6299	0.1978	0.6589	0.1977	0.6584
28	COP	$0	$10	$25	$40	N	N	2.0	0.1833	0.6106	0.1932	0.6436	0.1930	0.6427
29	COP	$0	$10	$25	$50	N	N	2.0	0.1816	0.6050	0.1922	0.6402	0.1920	0.6395
30	COP	$0	$10	$30	$50	N	N	2.0	0.1760	0.5864	0.1871	0.6232	0.1869	0.6224
31	COP	$0	$10	$30	$60	N	N	2.0	0.1745	0.5811	0.1862	0.6202	0.1860	0.6197
32	COP	$0	$10	$35	$60	N	N	2.0	0.1704	0.5675	0.1827	0.6085	0.1824	0.6076
33	COP	$0	$10	$25	$60	N	N	2.0	0.1800	0.5995	0.1913	0.6373	0.1911	0.6365
34	COP	$0	$15	$25	$40	Y	N	2.0	0.1831	0.6100	0.1952	0.6501	0.1949	0.6493
35	COP	$0	$15	$25	$40	N	N	2.0	0.1805	0.6011	0.1933	0.6437	0.1930	0.6428
36	COP	$0	$15	$30	$45	N	N	2.0	0.1744	0.5810	0.1883	0.6271	0.1879	0.6260
37	COP	$0	$15	$30	$50	N	N	2.0	0.1736	0.5782	0.1878	0.6256	0.1875	0.6245
38	COP	$0	$15	$35	$55	N	N	2.0	0.1667	0.5552	0.1824	0.6074	0.1821	0.6065
39	COP	$50	$5	$10	$25	N	Y	2.5	0.1992	0.6774	0.2031	0.6905	0.2030	0.6901
40	COP	$50	$5	$10	$25	N	N	2.0	0.2014	0.6848	0.2059	0.6999	0.2058	0.6996
41	COP	$50	$5	$30	$50	N	N	2.0	0.1758	0.5979	0.1835	0.6239	0.1834	0.6235
42	COP	$50	$10	$15	$30	Y	Y	2.5	0.1903	0.6471	0.1983	0.6741	0.1981	0.6737
43	COP	$50	$10	$20	$35	N	Y	2.5	0.1807	0.6143	0.1901	0.6462	0.1898	0.6455

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Prescription Drug Cards

			Copay ($) / Coinsurance (%)						Unlimited OOPM Women's Preventive Same as Any Other Relativity		$1,200 OOPM Women's Preventive Covered in Full Relativity		$1,250 OOPM Women's Preventive Covered in Full Relativity	
index	Type	Deductible	Generic	Preferred Brand	Non-Preferred Brand	Diabetic	Lifestyle Exclusion Rider	Mail Order Factor	Active	Carveout	Active	Carveout	Active	Carveout
44	COP	$50	$10	$15	$30	N	Y	2.5	0.1879	0.6390	0.1964	0.6676	0.1962	0.6672
45	COP	$50	$10	$20	$35	Y	N	2.0	0.1854	0.6304	0.1942	0.6601	0.1940	0.6594
46	COP	$50	$10	$20	$35	N	N	2.0	0.1829	0.6218	0.1922	0.6533	0.1919	0.6526
47	COP	$50	$10	$20	$50	N	N	2.0	0.1803	0.6131	0.1907	0.6484	0.1905	0.6477
48	COP	$50	$10	$25	$35	N	N	2.0	0.1779	0.6047	0.1876	0.6379	0.1875	0.6373
49	COP	$50	$10	$25	$40	N	N	2.0	0.1770	0.6018	0.1872	0.6363	0.1870	0.6357
50	COP	$50	$10	$30	$50	N	N	2.0	0.1700	0.5780	0.1808	0.6148	0.1806	0.6140
51	COP	$50	$10	$35	$70	N	N	2.0	0.1626	0.5528	0.1759	0.5981	0.1756	0.5970
52	COP	$50	$10	$25	$45	N	N	2.0	0.1762	0.5991	0.1867	0.6348	0.1865	0.6341
53	COP	$50	$15	$25	$40	N	Y	2.5	0.1715	0.5830	0.1847	0.6281	0.1844	0.6270
54	COP	$50	$15	$25	$40	N	N	2.0	0.1737	0.5906	0.1868	0.6350	0.1866	0.6343
55	COP	$100	$0	$20	$40	N	N	2.0	0.1878	0.6516	0.1903	0.6601	0.1902	0.6599
56	COP	$100	$5	$20	$45	N	Y	2.5	0.1785	0.6190	0.1853	0.6428	0.1852	0.6424
57	COP	$100	$5	$25	$50	N	Y	2.5	0.1724	0.5981	0.1801	0.6246	0.1793	0.6220
58	COP	$100	$5	$20	$40	N	Y	2.5	0.1792	0.6218	0.1858	0.6445	0.1857	0.6440
59	COP	$100	$5	$35	$50	Y	N	2.0	0.1720	0.5965	0.1794	0.6222	0.1792	0.6216
60	COP	$100	$5	$20	$40	N	N	2.0	0.1814	0.6293	0.1879	0.6517	0.1878	0.6513
61	COP	$100	$5	$20	$45	N	N	2.0	0.1806	0.6266	0.1874	0.6501	0.1872	0.6495
62	COP	$100	$10	$15	$30	N	Y	2.5	0.1825	0.6332	0.1906	0.6611	0.1904	0.6606
63	COP	$100	$10	$30	$50	N	Y	2.5	0.1624	0.5634	0.1742	0.6042	0.1739	0.6033
64	COP	$100	$10	$30	$45	N	Y	2.5	0.1632	0.5660	0.1746	0.6057	0.1744	0.6049
65	COP	$100	$10	$30	$45	Y	N	2.0	0.1686	0.5847	0.1792	0.6215	0.1790	0.6208
66	COP	$100	$10	$30	$50	Y	N	2.0	0.1679	0.5823	0.1788	0.6201	0.1785	0.6193
67	COP	$100	$10	$15	$30	N	N	2.0	0.1847	0.6406	0.1926	0.6682	0.1925	0.6677
68	COP	$100	$10	$20	$40	N	N	2.0	0.1762	0.6113	0.1861	0.6456	0.1859	0.6447
69	COP	$100	$10	$25	$45	N	N	2.0	0.1706	0.5918	0.1814	0.6292	0.1812	0.6285
70	COP	$100	$10	$30	$45	N	N	2.0	0.1653	0.5735	0.1766	0.6128	0.1764	0.6119
71	COP	$100	$10	$30	$50	N	N	2.0	0.1646	0.5710	0.1762	0.6113	0.1760	0.6104
72	COP	$100	$15	$40	$60	N	Y	2.5	0.1491	0.5172	0.1666	0.5778	0.1662	0.5767
73	COP	$100	$15	$30	$45	N	N	2.0	0.1631	0.5657	0.1776	0.6160	0.1772	0.6147
74	COP	$100	$15	$30	$50	N	N	2.0	0.1623	0.5630	0.1772	0.6146	0.1768	0.6133
75	COP	$100	$20	$40	$60	N	N	2.0	0.1490	0.5167	0.1685	0.5846	0.1681	0.5832
76	COP	$150	$10	$20	$40	N	N	2.0	0.1716	0.5953	0.1818	0.6306	0.1815	0.6296
77	COP	$150	$10	$30	$50	N	N	2.0	0.1603	0.5560	0.1723	0.5975	0.1720	0.5966

* **Type**: COI = coinsurance; COP = copay; CMB = combined
* **Diabetic**: If "Y" then Diabetic supplies are covered at 100% of allowed charges; If "N" then Diabetic supplies are subject to cost sharing same as any other prescription drug (SAAO).
* **Lifeslyle Exclusion Rider** : If "Y" then the benefit has the Lifestyle Exclusion Rider.
* **Mail Order Factor** : This is the number of copays taken on a 90-day mail order supply.

Blue Cross and Blue Shield of Vermont
Benefit Plan Relative Value Factors
Carveout:Active Factors

Deductible	Without Rx	With Rx
$0	0.414	1.011
$100	0.396	1.001
$200	0.378	0.990
$250	0.370	0.984
$300	0.363	0.979
$400	0.350	0.967
$500	0.336	0.956
$750	0.309	0.926
$1,000	0.285	0.895
$1,100	0.277	0.883
$1,250	0.266	0.864
$1,500	0.246	0.833
$2,000	0.214	0.772
$2,250	0.201	0.742
$2,500	0.188	0.712
$2,750	0.178	0.684
$3,000	0.168	0.656
$3,500	0.154	0.605
$4,000	0.140	0.555
$5,000	0.120	0.468
$7,500	0.091	0.317
$10,000	0.076	0.227

Filing at a Glance

Company:	BCBSVT
Product Name:	BCBSVT Group Merit Rating Program Filing
State:	Vermont
TOI:	ML02 - Multi-Line - Other
Sub-TOI:	ML02.0000 - Multi-Line - Other
Filing Type:	Trend / Admin Charge
Date Submitted:	04/16/2012
SERFF Tr Num:	BCVT-128267446
SERFF Status:	Closed-Approved
State Tr Num:	59619
State Status:	Approved
Co Tr Num:	
Co Status:	
Implementation Date Requested:	On Approval
Author(s):	Vince Mace, Pam Young, Seth Abbene, Jude Daye, Martine Brisson-Lemieux
Reviewer(s):	Sean Londergan (primary)
Disposition Date:	10/26/2012
Disposition Status:	Approved
Implementation Date:	10/26/2012

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT Group Merit Rating Program Filing*
Project Name/Number: */*

General Information

Project Name:
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Employer, Association
Filing Status Changed: 10/26/2012
State Status Changed: 10/26/2012
Created By: Jude Daye
Corresponding Filing Tracking Number:

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Group
Group Market Size: Small and Large
Overall Rate Impact:
Company Status Changed:
Deemer Date:
Submitted By: Pam Young

Filing Description:
April 12, 2012

Phil Keller
Director of Insurance Rates and Forms
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

Subject: Blue Cross and Blue Shield of Vermont (NAIC # 0053295)
Group Merit Rating Program Filing

Dear Phil,

We are submitting for your review and approval a revised Group Merit Rating Program Filing. With this revision, we are seeking to both improve the service we provide to our customers and to realize operational efficiencies. The chart below outlines the major changes, their projected impact to our customers and issues they resolve:

Change Impact Issue(s) Resolved
The addition of expected high cost claims moved before claims are trended. Minor impact to the overall rating. Simplifies both the trend and pooling factor filings.
Claims experience analyzed with seasonality adjusted BRVs, not prior year's pure premium. Some difference to the overall rating. Able to produce more accurate rates when enrollment has shifted.
Rates set to current BRVs each year. Some cases may see major changes in the relationship between plans in the first year. Removes unintended cross-subsidization.
Reduces risk that enrollment shifts will cause the rates to be underfunded.
Simplifies benefit options, especially the removal of benefits.
"Expected Loss Ratio" replaced with demographically adjusted manual rate. Will create some variability in the first year as demographics are incorporated for the first time. Reconciles the rating between BCBS & TVHP.
Demographic changes will be reflected in future ratings.
Easier for groups and brokers to understand.
Revised the credibility formula. Smaller groups will be less credible and less credibility will be assigned to start-up cases. Reduces the fluctuation in rate increases.

Some of these changes will require minor adjustments to our filed rating factors. With this amendment, we are including amended pooling charges that are appropriate for use before trending the claims. We are also including an explanation of how we derive the manual rate from the approved Benefit Relative Value filing and tables of the demographic and industry factors that we will be applying to it. We would also like to note that we will be using the “uncapped” trend factor from our currently approved filing.

Please do not hesitate to contact me if there is anything we can do to facilitate your review. Thank you for your consideration.

Sincerely,

Kevin Goddard

cc: Tammy Tomczyk / Oliver Wyman Denise Barker / Oliver Wyman
Vince Mace / BCBSVT Kimberly Peake / BCBSVT

Company and Contact

Filing Contact Information

Jude Daye, Executive Assistant
445 Industrial Lane
Montpelier, VT 05601

dayej@bcbsvt.com
802-371-3244 [Phone]

Filing Company Information

BCBSVT
PO BOX 186
Montpelier, VT 05601
(802) 371-3450 ext. [Phone]

CoCode: 53295
Group Code:
Group Name:
FEIN Number: 03-0277307

State of Domicile: Vermont
Company Type: Hospital Service Corp
State ID Number:

Filing Fees

Fee Required?	Yes
Fee Amount:	$50.00
Retaliatory?	No
Fee Explanation:	
Per Company:	Yes

Company	Amount	Date Processed	Transaction #
BCBSVT	$50.00	04/16/2012	57991043

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Sean Londergan	10/26/2012	10/26/2012

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Filing Deemed Complete	Note To Filer	Sean Londergan	09/05/2012	09/05/2012
Filing Deemed Complete	Note To Filer	Sean Londergan	07/27/2012	07/27/2012

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT Group Merit Rating Program Filing*
Project Name/Number: */*

Disposition

Disposition Date: 10/26/2012
Implementation Date: 10/26/2012
Status: Approved

Comment: Per the Green Mountain Care Board's Decision and Order dated October 25, 2012 (GMCB-022-12-rr), which has been attached to this disposition, Blue Cross and Blue Shield of Vermont's (BCBSVT) Group Merit Rating Formula filing is approved as filed.

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Actuarial Memorandum		Yes
Supporting Document	Filing Compliance Certification		Yes
Supporting Document	Health Administrative Forms		Yes
Supporting Document	Health Filing Data		Yes
Supporting Document	Third Party Filing Authorization		Yes
Supporting Document	Cover Letter, Narrative and Program Attachments		Yes

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: BCBSVT Merit Rating Formula	)	
	)	GMCB-022-12-rr
	)	
SERFF No. MVPH-128267466	)	
Vermont Filing No. 59619	)	

DECISION & ORDER

Introduction

On September 28, 2012, the Commissioner of the Department of Financial Regulation (Commissioner) recommended that the Green Mountain Care Board (Board) approve Blue Cross and Blue Shield of Vermont's (BCBSVT) proposed Group Merit Rating Formula. In this Decision and Order, the Board accepts the Commissioner's recommendation. The Commissioner shall apply this decision pursuant to 8 V.S.A. § 4062(a).

Background

Starting in 2012, Vermont law requires a two-step regulatory process for health insurer rate requests: (1) the Department of Financial Regulation (Department) reviews each request and makes a recommendation to the Board, 8 V.S.A. § 4062(a), and (2) the Board reviews and approves, modifies, or disapproves the request. 8 V.S.A. § 4062(a)(2)(B); 18 V.S.A. § 9375(b)(6)(A). The Board introduces to this process considerations related to the broad aims of Act 48 such as the extent to which rates are consistent with the goals of containing costs, improving quality of care, and improving the health of the population.

Procedural History

BCBSVT submitted the instant filing to the Department on April 16, 2012, via the System for Electronic Rate and Form Filing (SERFF). The Department deemed the filing complete on August 30, 2012.

On September 28, 2012, the Board received the Commissioner's Recommendation and the opinion letter from the Department's contract actuary Oliver Wyman (OW). *See* Recommendation for Approval of BCBSVT Merit Rating Formula Filing (September 28, 2012) (Recommendation), http://gmcboard.vermont.gov/BCBSVT/128267446; Oliver Wyman Actuarial Opinion, http://gmcboard.vermont.gov/sites/gmcboard/files/Opinion_022.pdf (OW Letter).

BCBSVT and the Office of the Health Care Ombudsman (HCO)[1] filed timely notices of appearance. On October 2, 2012, the Board issued a Notice of Hearing. The parties have waived the hearing and filed memoranda in lieu of the hearing. The Board has reviewed and considered all materials submitted by the Department and the parties.

Findings of Fact

Nature of the filing

1. BCBSVT is a non-profit hospital and medical service corporation that provides major medical, Medicare supplement, and prescription drug coverage to approximately 139,000 Vermonters. The company offers a variety of plans and products in the individual, group and association markets in Vermont. Recommendation at 2.

2. The present filing is not a premium rate filing. Rather, the Group Merit Rating Program details the procedures and practices used by the carrier for setting its manual rates – manual rates are blended with the large group's actual experience to arrive at the appropriate rate – for all of its large group accounts. In this filing, BCBSVT proposes to make specific changes to its merit rating formula. *Id.*

3. If this filing is approved, the rating formula for large groups will be revised. As a result, the overall rate impact will vary among large groups: some will see premium rate increases, while others will see decreases. Overall, approval of this filing would result in an aggregate rate decrease of 1.0%. *Id*.

Summary of the Data and Analysis

4. This filing was reviewed by the Department's actuary, Oliver Wyman, which provided its analysis to the Department on September 6, 2012. The actuarial opinion provides the basis for the Department's review.

5. OW reviewed the carrier's current methodology for pooling high cost claims versus its proposed methodology. OW determined that BCBSVT's proposed change in methodology would simplify trend filings, in part by reducing the number of trend factors required to be developed. OW believes that implementing the new methodology will reduce the effort involved in preparing the trend filing, could slightly reduce administrative expenses, and would reduce the amount of effort involved in reviewing trend filings. OW Letter at 1.

[1] The insurer and the HCO are parties before the Board in rate review cases. Expedited Rule GMCB 2012-01A § 10(b).

6. OW also reviewed the proposed change to the way BCBSVT analyzes base period incurred claims. The proposed method would reflect the seasonal patterns that incurred claims follow, and adjust for them utilizing a seasonally adjusted benefit factor for each benefit plan, for each month. OW terms the proposed change "innovative" but notes that the administrative costs of this method of claims analysis may outweigh the incremental precision gained. *Id*. at 2. In addition, utilizing the most current benefit relativity factors will remove some unintended cross-subsidization, which will in some cases result in large rate changes in the first year of implementation. *Id*.

7. OW requested, and received, additional documentation that should have accompanied the initial SERFF filing, including work papers and numerical analysis, to support BCBSVT's proposed credibility formula. OW then agreed that BCBSVT's proposed credibility formula was reasonable. OW Letter at 3-5.

8. In the first year that the new methodology is implemented, there would be a significant impact on rates for certain groups. Although the aggregate premium would be 1.0% lower than under the current formula, the impacts to specific groups range from a 33% rate decrease to a 29% rate increase. OW Letter at 6.

9. The Commissioner recommends that the Board approve the filing as submitted. Recommendation at 4. The Commissioner finds the proposed changes will help produce affordable premiums because use of the new formula will produce a 1.0% overall rate decrease when compared with the current formula and would not result in an average annual rate increase that would trigger the 10% threshold under the Patient Protection and Affordable Care Act. *Id*.

10. Additionally, the Commissioner concluded that the policy forms provide all health care benefits mandated by state law and provide policyholders with an opportunity to seek independent review of coverage denials, and the proposed change thus satisfies the statutory requirements of providing quality care and promoting access to health care. *Id.* at 4-5.

Standard of Review

1. Under Vermont law, the Board must "approve, modify, or disapprove requests for health insurance rates" within thirty (30) days of receiving the Commissioner's Recommendation. 18 V.S.A. § 9375(b)(6), *as amended by* 2011 (Adj. Sess.) Act 171, § 12; .8 V.S.A. § 4062(a)(2)(B), *as amended by* 2011 (Adj. Sess.) Act 171, § 25.

2. In reaching a decision, the Board shall consider "the Commissioner's recommendation; the rate review file underlying the Commissioner's recommendation; public comments received . . . evidence or material requested by the Board from a Party; and any evidence, including testimony, or other material introduced at the hearing." Expedited Rule GMCB 2012-01A, § 11. The Board may also consider "the requirements of the underlying statutes; changes in health care delivery; changes in payment methods and amounts; and other issues at the discretion of the Board." *Id.*

3. In addition, we review the Commissioner's Recommendation for compliance with the standards imposed on the Department under Vermont law. The Department's review must ensure that rates are not "excessive, inadequate or unfairly discriminatory or fail to meet the standards of affordability, promotion of quality care, and promotion of access pursuant to section 4062 of this title." 8 V.S.A. § 4512(b).

Conclusions of Law

4. Although as noted above, the changes proposed in this filing will cause the rates of certain large group products to increase significantly, overall, the revised merit rating formula will produce lower rates in the aggregate, with significant rate decreases for some groups. Further, BCBSVT has indicated that using the revised formula will simplify the preparation and review of trend filings, which should reduce administrative costs. Therefore, we agree with the Commissioner's recommendation that the proposed filing should be approved as submitted.

5. In addition, we accept the Commissioner's conclusions that the change in merit rating formula, resulting in an average rate decrease of 1.0%, will promote affordability, accessibility, and quality care.

Order

For the reasons discussed above, we approve BCBSVT's proposed Merit Rating Formula filing. The Commissioner shall apply this decision pursuant to 8 V.S.A. § 4062(a).

So ordered.

Dated: October 25, 2012
Montpelier, Vermont

s/ Anya Rader Wallack	)	
	)	
s/ Alfred Gobeille	)	GREEN MOUNTAIN
	)	CARE BOARD
s/ Karen Hein	)	OF VERMONT
	)	
s/ Cornelius Hogan	)	
	)	
s/ Allan Ramsay	)	

Filed: October 25, 2012

Attest: s/ Janet Richard
Green Mountain Care Board
Administrative Services Coordinator

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Board (by e-mail, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made. (E-mail address: Janet.Richard@state.vt.us).
Appeal of this decision to the Supreme Court of Vermont must be filed with the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.

State: *Vermont* **Filing Company:** *BCBSVT*
TOI/Sub-TOI: *ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*
Product Name: *BCBSVT Group Merit Rating Program Filing*
Project Name/Number: */*

Note To Filer

Created By:

Sean Londergan on 09/05/2012 09:37 AM

Last Edited By:

Sean Londergan

Submitted On:

09/05/2012 09:37 AM

Subject:

Filing Deemed Complete

Comments:

This note is to advise the GMCB that a rate filing has been deemed complete as of August 30, 2012 - meaning that the Department's 30-day review period for the filing runs through September 29, 2012.

Please note that this rate filing (SERFF tracking # is BCVT-128267446) had been deemed complete as of July 10, 2012. On August 7, 2012, however, BCBSVT advised the Department that the company would like more time to gather and provide additional quantitative analysis for the filing. At that time, the Department’s 30-day review period was stopped. BCBSVT’s process of gathering and providing additional quantitative support for the filing was completed on August 30, 2012.

Thank you.

Sean

Sean P. Londergan
Rate & Form Analyst
Department of Financial Regulation

State:	*Vermont*	**Filing Company:**	*BCBSVT*
TOI/Sub-TOI:	*ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other*		
Product Name:	*BCBSVT Group Merit Rating Program Filing*		
Project Name/Number:	*/*		

Note To Filer

Created By:

Sean Londergan on 07/27/2012 09:41 AM

Last Edited By:

Sean Londergan

Submitted On:

07/27/2012 09:42 AM

Subject:

Filing Deemed Complete

Comments:

This note is to advise the company that the rate filing was deemed complete by the Department on July 10, 2012. Meaning that the Department's 30 day review period for this filing runs through August 9, 2012.

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT Group Merit Rating Program Filing
Project Name/Number: /

Supporting Document Schedules

Bypassed - Item:	Actuarial Memorandum
Bypass Reason:	There isn't an Actuarial Memorandum with this filing.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Filing Compliance Certification
Comments:	
Attachment(s):	Filing Compliance Certification.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Health Administrative Forms
Comments:	
Attachment(s):	F106 BCBSVT Group Merit Rating Program Filing.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Health Filing Data
Bypass Reason:	Our variability data is filed with our outline of coverage filings.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Third Party Filing Authorization
Bypass Reason:	BCBSVT does not use a Third Party to submit filings.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Cover Letter, Narrative and Program Attachments
Comments:	Cover letter attached again because tabs didn't line up on previous pages.
Attachment(s):	Cvr Ltr Grp Merit Rating Program Filing.pdf Group Merit Rating Program Narrative.pdf Group Merit Rating Program Attachments.pdf

State: Vermont **Filing Company:** BCBSVT
TOI/Sub-TOI: ML02 - Multi-Line - Other/ML02.0000 - Multi-Line - Other
Product Name: BCBSVT Group Merit Rating Program Filing
Project Name/Number: /

Item Status:	
Status Date:	

I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and, to the best of my knowledge, the filing complies with all applicable statutory and regulatory provisions for the state of Vermont.

Kevin Goddard
Vice President, External Affairs

3/19/09
Date

Health Filing Form F106 (7/98)
Required Information for All Filings & the Fee

NAIC#: 53295
Company Name Blue Cross Blue Shield of Vermont
Address: PO Box 186
City, State, Zip: Montpelier, VT 05601
Phone: 371-3450 Contact Person: Alison Partridge

Filing Contents: BCBSVT Group Merit Rating Program Filing
1) New: ☒ Change: ☐
If a Change: Latest Approval Date: _____ Vermont Filing #:_____
2) Rates: ☒ Forms: ☐ Rates & Forms: ☐
3) Policy:☐ Contract: ☐ Amendment:☐ Endorsement:☐
Handbook:☐ Rider:☐ Certificate:☐ Other: Outline
4) Individual:☐ Small Group (1-50):☐ Large Group (51+):☐ All Groups:☒

Type of Filing:

Accident Only: ☐	Dental:☐	Miscellaneous:☐
AD&D: ☐	Disability:☐	Nursing Home Only:☐
Advertising: ☐	Home Health Only:☐	Organ Transplant:☐
Blanket: ☐	Hospital Indemnity:☐	Prescription Drug:☐
Cancer Expense:☐	Limited Benefit:☐	Student/Athlete:☐
Comprehensive/ Major Medical: ☐	Long Term Care: Qualified:☐	Stop Loss/Excess Risk:☐
Conversion: ☐	Non-Qualified:☐	Travel:☐
Critical Illness: ☐	Medicare Supplement:☐	Vision:☐
		Other: Health

Mandatory - Filing Fee Information:
1. State of Domicile: Vermont
2. Amount of Fee: $50.00
3. Is the Fee you are sending based on your state of domicile's retaliatory fee? Yes ☐ No ☒
4. Explain how each part of the Fee was determined, showing all calculation (use separate sheet if necessary). Vermont filing fee

5. Fee calculated by: Jude Daye (Printed Name) Jude Daye (Signature)

BlueCross BlueShield of Vermont
An Independent Licensee of the Blue Cross and Blue Shield Association.

Kevin Goddard
Vice President External Affairs and Sales

April 12, 2012

Phil Keller
Director of Insurance Rates and Forms
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

Subject: Blue Cross and Blue Shield of Vermont (NAIC # 0053295)
Group Merit Rating Program Filing

Dear Phil,

We are submitting for your review and approval a revised Group Merit Rating Program Filing. With this revision, we are seeking to both improve the service we provide to our customers and to realize operational efficiencies. The chart below outlines the major changes, their projected impact to our customers and issues they resolve:

Change	Impact	Issue(s) Resolved
The addition of expected high cost claims moved before claims are trended.	Minor impact to the overall rating.	Simplifies both the trend and pooling factor filings.
Claims experience analyzed with seasonality adjusted BRVs, not prior year's pure premium.	Some difference to the overall rating.	Able to produce more accurate rates when enrollment has shifted.
Rates set to current BRVs each year.	Some cases may see major changes in the relationship between plans in the first year.	Removes unintended cross-subsidization. Reduces risk that enrollment shifts will cause the rates to be underfunded. Simplifies benefit options, especially the removal of benefits.
"Expected Loss Ratio" replaced with demographically adjusted manual rate.	Will create some variability in the first year as demographics are incorporated for the first time.	Reconciles the rating between BCBS & TVHP. Demographic changes will be reflected in future ratings. Easier for groups and brokers to understand.
Revised the credibility formula.	Smaller groups will be less credible and less credibility will be assigned to start-up cases.	Reduces the fluctuation in rate increases.

P.O. Box 186 • Montpelier, VT 05601-0186
Corporate Office (802) 223-6131 • FAX Number (802) 229-0511
goddardk@bcbsvt.com • www.bcbsvt.com

Some of these changes will require minor adjustments to our filed rating factors. With this amendment, we are including amended pooling charges that are appropriate for use before trending the claims. We are also including an explanation of how we derive the manual rate from the approved Benefit Relative Value filing and tables of the demographic and industry factors that we will be applying to it. We would also like to note that we will be using the "uncapped" trend factor from our currently approved filing.

Please do not hesitate to contact me if there is anything we can do to facilitate your review. Thank you for your consideration.

Sincerely,

Kevin Goddard

cc: Tammy Tomczyk / Oliver Wyman
Vince Mace / BCBSVT
Denise Barker / Oliver Wyman
Kimberly Peake / BCBSVT

Blue Cross and Blue Shield of Vermont
Group Merit Rating Program

I. Purpose

The Group Merit Rating Program specifies the policies and practices used by Blue Cross and Blue Shield of Vermont (BCBSVT) for issuing renewal rates to eligible group businesses.

II. Definitions

A. **Eligibles** – Employees of the group who can be offered health insurance and work thirty or more hours a week.

B. **Experience Period** – The duration of time from which group data is accumulated for renewal rating purposes.

C. **Group** – A collection of subscribers covered by certificates and recognized by the Plan as one entity for rating purposes.

D. **Merit -** A type of group; one with at least 51 eligibles.

E. **Rates** – The monthly premiums charged by the Plan for a particular group, time period, type of coverage, and type of membership

F. **Rating Period** – The duration of time (typically twelve months) for which group renewal rates are calculated and intended to remain constant. Rates would change in conjunction with a benefit change.

III. General Provisions

A. **Effective Date**

The Group Merit Rating Program described herein will apply beginning with rates communicated 10 business days after the date of its approval, and continuing until 10 business days after the date of approval of the next BCBSVT Group Merit Rating Program. The term "communicated," for this purpose, means a written proposal delivered to a large group account.

B. **Premium Accounts**

The Group Merit Rating Program is applicable to groups that fund health coverage by paying premiums to BCBSVT. Such premium arrangements may include fully insured, retrospective and contingent funding methods.

C. **Lines of Business**

Upon implementation, the Group Merit Rating Program will apply to all BCBSVT comprehensive medical coverages. We may include additional lines of business under this Program as appropriate during the future. Any additional

lines of business incorporated within the Program will be administered consistent with the policies and practices herein.

IV. Eligibility for Group Merit Rating Program

A. Recognized Group

This Program applies only to accounts, contracting for coverage with BCBSVT, that meet the definition of group herein.

B. Group Size

This Program applies to groups that have maintained at least 51 eligibles on 50 percent of its working days during the preceding calendar quarter. Furthermore, we will apply the Group Merit Rating Program to renewal rate calculations for groups for which strong evidence indicates a rating period average of at least 51 eligibles, so long as relevant experience is available.

C. Mergers/Separations

Mergers with other groups or by separation of units within the group itself may affect the eligibility of a group for the Group Merit Rating Program. We determine whether the merger/separation activity dictates recognition of different groups for rating purposes. In general, we require that such activity be supported by bonafide changes in common ownership status or in joint administrative status in order to redefine a group.

V. Data

A. Group Specific

Under the Group Merit Rating Program, experience period claims normally are twelve consecutive incurred months and fourteen consecutive paid months beginning eighteen months prior to the effective date. However, we may choose to alter the length and/or timing of the experience period based on market and/or business needs.

B. Corporate Factors

Several corporate factors contribute to the development of group-specific renewal rates. These factors include: 1) completion factors, 2) Book of Business Standard Plan Expected Single Claim Rate, 3) trend factors, 4) retention factors such as administrative fees and contribution to reserve, 5) pooling charges and 6) capitated charges. Where applicable, we file these factors with the Vermont Department of Financial Regulation and use the most recently approved factors in the rating.

VI. Rating Mechanism

A. Experience Period Claims PMPM

We split experience period claims into amounts above the pooling point (based on the size of the case during the experience period) and amounts below the pooling point. Claims below the pooling point are referred to as Capped Claims.

We apply completion factors developed from the monthly financial reporting process to Capped Claims to produce Completed Capped Claims. We add a pooling charge (calculated as a factor[1] times the Completed Capped Claims) to the Completed Capped Claims to produce large claim adjusted experience period claims. We then multiply these claims by an adjustment factor to reflect structural changes in the benefit plan from the experience period to the rating period. (This is to adjust for such things as mandated benefit changes, contractual provision changes, etc., that, in the judgment of the underwriter, are necessary to make the experience appropriate for the estimation of the expected claims in the rating period.)

We divide the result by the number of member months during the experience period to produce Adjusted Experience Period Claims per member per month (PMPM).

B. Average Experience Period Seasonal Adjusted Benefit Relativity Factor

We determine an Average Experience Period Seasonal Adjusted Benefit Relativity Factor as follows:

1. We determine a benefit relativity factor for each benefit plan and contract tier type (single, 2-person, family, etc.).

2. Based on the seasonal patterns observed as part of the reserving process for each calendar month (January, February, ..., December), we determine seasonal factors for CDHPs and for non-CDHPs and normalize them so that they total to 12.

3. For each benefit plan, contract tier type and month, we calculate a seasonal benefit relativity factor. We then apply these factors to the number of contracts for each benefit plan, contract tier type and month in the experience period. We total the results and divide the resultant sum by the number of member months in the experience period. This

[1] Pooling charge factors appropriate for use with the methodology are included in Attachment B.

produces the Average Experience Period Seasonal Adjusted Benefit Relativity Factor.

C. **Experience-Based Expected Standard Plan Single Claims Rate**
We divide the Adjusted Experience Period Claims PMPM by the Average Experience Period Seasonal Adjusted Benefit Relativity Factor to produce the Experience Period Standard Benefit Single Claims Rate. We then multiply this by a trend factor to adjust from the experience period to the rating period. (The trend factor is determined by taking the weighted average of the medical and pharmacy trend factors for each benefit plan in the experience period. The weights are the capped claims during the experience period for each benefit plan.) The result is the Experience Based Expected Standard Plan Claims Single Claims Rate.

D. **Book of Business Standard Plan Expected Single Claims Rate**
We derive the standard rate from the approved BCBSVT Benefit Relativity Factor Filing's base plan PMPM. We trend this PMPM forward to the effective date of the rating with the Benefit Paid Estimated Uncapped Combined trend from the most recently approved BCBSVT trend filing. We then adjust this trended PMPM for the specifics of the case. We calculate a weighted average age/gender factor for the group based on the current membership.[2] We also identify the appropriate industry load or credit based on the group's SIC.[3] We then multiply the trended standard rate by these two factors to determine the case specific Book of Business Standard Plan Expected Single Claims Rate.

E. **Credibility Factor (CF)**
The calculation is as follows:

Let **NC** = {average number of non-carveout subscribers in the experience period} + {0.5 * average number of carveout subscribers during the experience period}.

Let **CF** = $\mathbf{cf_1} * \mathbf{cf_2}$ where:

$$cf_1 = \begin{cases} (NC/500)^{0.75} & \text{for } NC < 500 \\ 1 & \text{for } NC >= 500 \end{cases}$$

$\mathbf{cf_2}$ = min {(number of months in experience period/12)^2, 1}

---

[2] The age/gender adjustment factors are included as Attachment C.
[3] The industry factors are included as Attachment D.

F. **Projected Standard Plan Single Claims Rate**
We calculate this as (CF) times (Experience Based Expected Standard Plan Single Claims Rate) plus (1-CF) times (Book of Business Standard Plan Expected Single Claims Rate).

G. **Projected Claims by Plan, Tier Type**
For each plan and contract tier type anticipated in the rating period, we calculate projected claims as the (Projected Standard Plan Single Claims Rate) times (the BRV for the plan and contract tier).

H. **Required premium by Plan, Tier Type**
The average number of members per contract tier during the experience period is the basis for the projected members per tier in the rating period. The underwriter will adjust this if, in their opinion, the result is not representative of the expected values in the rating period.[4] The calculation for the total required premium by (plan, tier) is as follows:

1. Projected Claims by (plan, tier), plus

2. {(Projected PMPM capitation for the plan) + (Expected net reinsurance PMPM for the plan) – (Projected Rx rebate for the plan)} times (the expected number of members per contract in the tier), plus

3. (PMPM administration charge factors[5]) times (the expected number of members per contract in the tier), times

4. 1 / (1-contribution to reserve factor – percent of premium administration charge factors[6])}.

---

[4] E.g., the number of contracts in a particular tier may be small (or even 0). In such instances, the underwriter should use appropriate values based on total block of business or other appropriate source.
[5] These factors include the filed administrative charge plus any charges for broker commissions or additional administrative services that may be applicable.
[6] Where applicable. This factor may include broker commissions and/or charges for additional administrative services that were not already included in the previous step.

I. **Underwriting Judgment Adjustments**

If, in the underwriter's professional judgment, the specific properties of the case being rated are such that the standard formula would not produce appropriate rates for the rating period, the underwriter will make such modifications as needed to produce appropriate rates. The underwriter will document in the case file the reason(s) for the adjustment(s) and the method of determining the appropriate adjustment(s).

J. **Management Discretionary Adjustments**

For marketing or other reasons, management may decide to modify the rates on a specific case or block of cases. The underwriter will document in the case file the adjustment(s) made, along with a description of the nature of the adjustment(s).

VII. Attachments

A. **Sample Calculation**

Attachment A illustrates the calculation of the renewal rate changes in a manner consistent with the mechanism described in Section VI herein.

B. **Pooling Charges**

Attachment B contains a table of pooling claim factors that are consistent with the approved Q2 2012 BCBSVT Provision for Large Claims and Stop Loss Filing – Amended, for the experience periods shown. We will apply these factors to a group's Completed Capped Claims, net of Completed Claims on Medicare Eligibles, to calculate the Pooling Charge.

C. **Age/Gender Adjustments**

Attachment C contains a table of age/gender adjustment factors, normalized for our book of business, that we will apply to Book of Business Standard Plan Expected Single Claims Rate, as described herein.

D. **Industry Adjustments**

Attachment D contains a table of industry adjustment factors by SIC, normalized for our book of business, that we will apply to Book of Business Standard Plan Expected Single Claims Rate, as described herein.

Sample Calculation

Projected Standard Plans Single Claims Rate:

Experience Period Paid Claims	$20,839,262	a	
Experience Period Claims amount above $320,000 pooling limit	$40,754	b	
Capped Claims	$20,798,508	c	=a-b
Completion Factor	1.011	d	
Completed Capped Claims	$21,027,292	e	=c*d
Completed Claims on Medicare Eligibles	$789,264	f	
Pooling Charge Factor	0.016	g	
Pooling Charge	$323,808	h	=(e-f)*g
Experience adjustment factor	1.000	i	
Adjusted Experience Period Claims	$21,351,100	j	=(e+h)*i
Experience Period Member Months	54,210	k	
Adjusted Experience Period Claims PMPM	$393.86	l	=j/k
Average Experience Period Seasonal Adjusted Benefit Relativity Factor	0.809	m	
Experience Period Standard Benefit Single Claims Rate	$486.85	n	=l/m
Trend 10.8% per annum for 21 months	1.197	o	
Experience-Based Expected Standard Plan Single Claims Rate	$582.55	p	=n*o
Book of Business Standard Plan Expected Single Claims Rate	$506.33	q	
Credibility factor	99%	r	
Projected Standard Plan Single Claims Rate	**$581.79**	s	=(p*r)+{q*(1-r)}

Needed Premium Rates (PMPM):

		PMPM	Single	2-Person	Family	Carve Out		
Members per contract			1	2	3.938	1		
BRV:	*Plan A*		0.9293	1.5705	2.2861	0.7769	A1	
	Plan B		1.0117	2.0234	2.7316	0.7481	B1	
Projected Claims:	*Plan A*		$540.66	$913.72	$1,330.02	$451.99	A2	=A1*s
	Plan B		$588.60	$1,177.20	$1,589.22	$435.24	B2	=B1*s
Projected Capitation:	*Plan A*	$9.59	$9.59	$19.18	$37.77	$2.73	A3	
	Plan B	$10.19	$10.19	$20.38	$40.13	$2.73	B3	
Net Cost of Reinsurance:	*Plan A*	$6.82	$6.82	$13.64	$26.86	$0.00	A4	
	Plan B	$6.82	$6.82	$13.64	$26.86	$0.00	B4	
Projected Rx Rebate:	*Plan A*	$0.00	$0.00	$0.00	$0.00	$0.00	A5	
	Plan B	$6.02	$6.02	$12.04	$23.71	$6.02	B5	
Administrative Charge		$53.17	$53.17	$106.34	$209.39	$53.17	C	
Commission (% premium)		6.25%					D	
Contribution to Reserve		1.00%					E	
Required Premium:	*Plan A*		**$657.94**	**$1,135.18**	**$1,729.42**	**$547.60**	F1	=(A2+A3+A4-A5+C)/(1-D-E)
	Plan B		**$703.78**	**$1,407.57**	**$1,985.86**	**$523.04**	F2	=(B2+B3+B4-B5+C)/(1-D-E)

Pooling Charge Factors

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$30,000	30.5%	30.9%	31.2%	31.5%	31.8%	32.2%	32.5%	32.9%
$35,000	26.4%	26.7%	27.0%	27.3%	27.6%	27.9%	28.2%	28.5%
$40,000	23.2%	23.5%	23.7%	24.0%	24.2%	24.5%	24.8%	25.0%
$45,000	20.7%	20.9%	21.1%	21.4%	21.6%	21.8%	22.1%	22.3%
$50,000	18.6%	18.8%	19.0%	19.2%	19.5%	19.7%	19.9%	20.1%
$55,000	16.9%	17.1%	17.3%	17.5%	17.7%	17.9%	18.1%	18.3%
$60,000	15.5%	15.7%	15.9%	16.0%	16.2%	16.4%	16.6%	16.8%
$65,000	14.2%	14.4%	14.6%	14.8%	14.9%	15.1%	15.3%	15.5%
$70,000	13.2%	13.3%	13.5%	13.6%	13.8%	14.0%	14.1%	14.3%
$75,000	12.2%	12.4%	12.5%	12.7%	12.8%	13.0%	13.1%	13.3%
$80,000	11.4%	11.5%	11.6%	11.8%	11.9%	12.1%	12.2%	12.4%
$85,000	10.6%	10.7%	10.9%	11.0%	11.2%	11.3%	11.4%	11.6%
$90,000	9.9%	10.1%	10.2%	10.3%	10.5%	10.6%	10.7%	10.9%
$95,000	9.4%	9.5%	9.6%	9.7%	9.8%	10.0%	10.1%	10.2%
$100,000	8.8%	8.9%	9.1%	9.2%	9.3%	9.4%	9.5%	9.6%
$105,000	8.3%	8.4%	8.5%	8.7%	8.8%	8.9%	9.0%	9.1%
$110,000	7.9%	8.0%	8.1%	8.2%	8.3%	8.4%	8.5%	8.7%
$115,000	7.5%	7.6%	7.7%	7.8%	7.9%	8.0%	8.1%	8.2%
$120,000	7.1%	7.2%	7.3%	7.4%	7.5%	7.6%	7.7%	7.8%
$125,000	6.7%	6.8%	6.9%	7.0%	7.1%	7.2%	7.3%	7.4%
$130,000	6.4%	6.5%	6.6%	6.7%	6.8%	6.9%	7.0%	7.1%
$135,000	6.1%	6.2%	6.3%	6.4%	6.5%	6.6%	6.7%	6.8%
$140,000	5.8%	5.9%	6.0%	6.1%	6.2%	6.3%	6.4%	6.5%
$145,000	5.6%	5.7%	5.7%	5.8%	5.9%	6.0%	6.1%	6.2%
$150,000	5.3%	5.4%	5.5%	5.6%	5.7%	5.7%	5.8%	5.9%
$155,000	5.1%	5.2%	5.3%	5.3%	5.4%	5.5%	5.6%	5.7%
$160,000	4.9%	5.0%	5.0%	5.1%	5.2%	5.3%	5.4%	5.4%
$165,000	4.6%	4.7%	4.8%	4.9%	5.0%	5.1%	5.1%	5.2%
$170,000	4.5%	4.5%	4.6%	4.7%	4.8%	4.8%	4.9%	5.0%
$175,000	4.3%	4.4%	4.4%	4.5%	4.6%	4.6%	4.7%	4.8%
$180,000	4.1%	4.2%	4.3%	4.3%	4.4%	4.5%	4.5%	4.6%
$185,000	4.0%	4.1%	4.1%	4.2%	4.2%	4.3%	4.4%	4.4%
$190,000	3.8%	3.9%	4.0%	4.0%	4.1%	4.2%	4.2%	4.3%
$195,000	3.7%	3.7%	3.8%	3.9%	3.9%	4.0%	4.1%	4.1%
$200,000	3.5%	3.6%	3.7%	3.7%	3.8%	3.9%	3.9%	4.0%
$205,000	3.4%	3.5%	3.5%	3.6%	3.6%	3.7%	3.8%	3.8%
$210,000	3.3%	3.4%	3.4%	3.5%	3.5%	3.6%	3.6%	3.7%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Pooling Charge Factors

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$215,000	3.2%	3.3%	3.3%	3.4%	3.4%	3.5%	3.5%	3.6%
$220,000	3.1%	3.1%	3.2%	3.3%	3.3%	3.4%	3.4%	3.5%
$225,000	3.0%	3.0%	3.1%	3.1%	3.2%	3.3%	3.3%	3.4%
$230,000	2.8%	2.9%	3.0%	3.0%	3.1%	3.2%	3.2%	3.3%
$235,000	2.8%	2.8%	2.9%	2.9%	3.0%	3.0%	3.1%	3.2%
$240,000	2.7%	2.7%	2.8%	2.8%	2.9%	2.9%	3.0%	3.1%
$245,000	2.6%	2.6%	2.7%	2.7%	2.8%	2.8%	2.9%	2.9%
$250,000	2.5%	2.6%	2.6%	2.6%	2.7%	2.7%	2.8%	2.8%
$255,000	2.4%	2.5%	2.5%	2.6%	2.6%	2.7%	2.7%	2.7%
$260,000	2.4%	2.4%	2.4%	2.5%	2.5%	2.6%	2.6%	2.7%
$265,000	2.3%	2.3%	2.4%	2.4%	2.5%	2.5%	2.6%	2.6%
$270,000	2.2%	2.2%	2.3%	2.3%	2.4%	2.4%	2.5%	2.5%
$275,000	2.1%	2.2%	2.2%	2.3%	2.3%	2.4%	2.4%	2.5%
$280,000	2.0%	2.1%	2.1%	2.2%	2.2%	2.3%	2.3%	2.4%
$285,000	2.0%	2.0%	2.1%	2.1%	2.2%	2.2%	2.3%	2.3%
$290,000	1.9%	1.9%	2.0%	2.0%	2.1%	2.1%	2.2%	2.2%
$295,000	1.9%	1.9%	1.9%	2.0%	2.0%	2.1%	2.1%	2.2%
$300,000	1.8%	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%	2.1%
$305,000	1.8%	1.8%	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%
$310,000	1.7%	1.7%	1.8%	1.8%	1.9%	1.9%	1.9%	1.9%
$315,000	1.7%	1.7%	1.7%	1.8%	1.8%	1.8%	1.9%	1.9%
$320,000	1.6%	1.7%	1.7%	1.7%	1.8%	1.8%	1.8%	1.9%
$325,000	1.6%	1.6%	1.6%	1.7%	1.7%	1.7%	1.8%	1.8%
$330,000	1.5%	1.6%	1.6%	1.6%	1.7%	1.7%	1.7%	1.8%
$335,000	1.5%	1.5%	1.5%	1.6%	1.6%	1.7%	1.7%	1.7%
$340,000	1.4%	1.5%	1.5%	1.5%	1.6%	1.6%	1.6%	1.7%
$345,000	1.4%	1.4%	1.5%	1.5%	1.5%	1.6%	1.6%	1.6%
$350,000	1.3%	1.4%	1.4%	1.4%	1.5%	1.5%	1.6%	1.6%
$355,000	1.3%	1.3%	1.4%	1.4%	1.4%	1.5%	1.5%	1.5%
$360,000	1.2%	1.3%	1.3%	1.3%	1.4%	1.4%	1.5%	1.5%
$365,000	1.2%	1.2%	1.3%	1.3%	1.3%	1.4%	1.4%	1.5%
$370,000	1.1%	1.2%	1.2%	1.3%	1.3%	1.3%	1.4%	1.4%
$375,000	1.1%	1.1%	1.2%	1.2%	1.2%	1.3%	1.3%	1.4%
$380,000	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%	1.3%	1.3%
$385,000	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%	1.3%
$390,000	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%
$395,000	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Pooling Charge Factors

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$400,000	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
$405,000	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%
$410,000	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%
$415,000	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%
$420,000	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%
$425,000	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%
$430,000	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%
$435,000	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%
$440,000	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%
$445,000	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%
$450,000	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%
$455,000	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%
$460,000	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%
$465,000	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%
$470,000	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%
$475,000	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%
$480,000	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%
$485,000	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%
$490,000	0.6%	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%
$495,000	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%
$500,000	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%	0.8%
$505,000	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%
$510,000	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%
$515,000	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%
$520,000	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%
$525,000	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%
$530,000	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
$535,000	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
$540,000	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
$545,000	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
$550,000	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%
$555,000	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%
$560,000	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%
$565,000	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
$570,000	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
$575,000	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%
$580,000	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Pooling Charge Factors

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$585,000	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
$590,000	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
$595,000	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%
$600,000	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%
$605,000	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%
$610,000	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%
$615,000	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%
$620,000	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%
$625,000	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%
$630,000	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
$635,000	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
$640,000	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
$645,000	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%
$650,000	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%
$655,000	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%
$660,000	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%
$665,000	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%
$670,000	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%
$675,000	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%
$680,000	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
$685,000	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
$690,000	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%
$695,000	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%
$700,000	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%
$705,000	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
$710,000	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
$715,000	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%
$720,000	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%
$725,000	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%
$730,000	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
$735,000	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
$740,000	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%
$745,000	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%
$750,000	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%
$755,000	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
$760,000	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
$765,000	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Pooling Charge Factors

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$770,000	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%
$775,000	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
$780,000	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
$785,000	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
$790,000	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
$795,000	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
$800,000	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
$805,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
$810,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
$815,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
$820,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
$825,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
$830,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
$835,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$840,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$845,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$850,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$855,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$860,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$865,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$870,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$875,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$880,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$885,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$890,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$895,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$900,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$905,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$910,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$915,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$920,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$925,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$930,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$935,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$940,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$945,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$950,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Pooling Charge Factors Attachment B

	Experience Period Starting Quarter							
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Limit	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*	claim factor*
$955,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$960,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$965,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$970,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$975,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$980,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$985,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$990,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$995,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$1,000,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Percentages to be applied to experience claims below limit, to derive expected claims over limit.

Age/Sex Factors

	Employee Age	Age/Gender Factor
Male (Employees & Spouses)	To 25	0.344
	25 - 29	0.389
	30 - 34	0.459
	35 - 39	0.560
	40 - 44	0.694
	45 - 49	0.899
	50 - 54	1.192
	55 - 59	1.575
	60 - 64	2.029
	65+	2.753
Female (Employees & Spouses)	To 25	0.710
	25 - 29	0.890
	30 - 34	0.984
	35 - 39	0.955
	40 - 44	0.974
	45 - 49	1.103
	50 - 54	1.324
	55 - 59	1.564
	60 - 64	1.877
	65+	2.476
	Child Age	
Child	0 - 1	1.250
	2 - 6	0.280
	7 - 18	0.312

4 Digit SIC Code	Industry Description	Normalized Factor
912	Finfish	1.162
913	Shellfish	1.162
919	Miscellaneous Marine Products	1.162
921	Fish Hatcheries and Preserves	1.162
971	Hunting and Trapping, and Game Propagation	1.162
1011	Iron Ores	1.201
1012	Iron Ores	1.211
1013	Iron Ores	1.211
1014	Iron Ores	1.211
1015	Iron Ores	1.211
1016	Iron Ores	1.211
1017	Iron Ores	1.211
1018	Iron Ores	1.211
1019	Iron Ores	1.211
1020	Iron Ores	1.211
1021	Copper Ores	1.201
1022	Copper Ores	1.211
1023	Copper Ores	1.211
1024	Copper Ores	1.211
1025	Copper Ores	1.211
1026	Copper Ores	1.211
1027	Copper Ores	1.211
1028	Copper Ores	1.211
1029	Copper Ores	1.211
1030	Copper Ores	1.211
1031	Lead and Zinc Ores	1.201
1032	Lead and Zinc Ores	1.211
1033	Lead and Zinc Ores	1.211
1034	Lead and Zinc Ores	1.211
1035	Lead and Zinc Ores	1.211
1036	Lead and Zinc Ores	1.211
1037	Lead and Zinc Ores	1.211
1038	Lead and Zinc Ores	1.211
1039	Lead and Zinc Ores	1.211
1040	Lead and Zinc Ores	1.211
1041	Gold Ores	1.201
1042	Gold Ores	1.211
1043	Gold Ores	1.211
1044	Silver Ores	1.201
1045	Silver Ores	1.211
1046	Silver Ores	1.211
1047	Silver Ores	1.211
1048	Silver Ores	1.211
1049	Silver Ores	1.211
1050	Silver Ores	1.211
1051	Silver Ores	1.211
1052	Silver Ores	1.211
1053	Silver Ores	1.211
1054	Silver Ores	1.211
1055	Silver Ores	1.211
1056	Silver Ores	1.211
1057	Silver Ores	1.211
1058	Silver Ores	1.211
1059	Silver Ores	1.211
1060	Silver Ores	1.211
1061	Ferroalloy Ores, Except Vanadium	1.201
1062	Ferroalloy Ores, Except Vanadium	1.211
1063	Ferroalloy Ores, Except Vanadium	1.211
1064	Ferroalloy Ores, Except Vanadium	1.211
1065	Ferroalloy Ores, Except Vanadium	1.211
1066	Ferroalloy Ores, Except Vanadium	1.211
1067	Ferroalloy Ores, Except Vanadium	1.211
1068	Ferroalloy Ores, Except Vanadium	1.211
1069	Ferroalloy Ores, Except Vanadium	1.211
1070	Ferroalloy Ores, Except Vanadium	1.211

4 Digit SIC Code	Industry Description	Normalized Factor
1071	Ferroalloy Ores, Except Vanadium	1.211
1072	Ferroalloy Ores, Except Vanadium	1.211
1073	Ferroalloy Ores, Except Vanadium	1.211
1074	Ferroalloy Ores, Except Vanadium	1.211
1075	Ferroalloy Ores, Except Vanadium	1.211
1076	Ferroalloy Ores, Except Vanadium	1.211
1077	Ferroalloy Ores, Except Vanadium	1.211
1078	Ferroalloy Ores, Except Vanadium	1.211
1079	Ferroalloy Ores, Except Vanadium	1.211
1080	Ferroalloy Ores, Except Vanadium	1.211
1081	Metal Mining Services	1.201
1082	Metal Mining Services	1.211
1083	Metal Mining Services	1.211
1084	Metal Mining Services	1.211
1085	Metal Mining Services	1.211
1086	Metal Mining Services	1.211
1087	Metal Mining Services	1.211
1088	Metal Mining Services	1.211
1089	Metal Mining Services	1.211
1090	Metal Mining Services	1.211
1091	Metal Mining Services	1.211
1092	Metal Mining Services	1.211
1093	Metal Mining Services	1.211
1094	Uranium-Radium-Vanadium Ores	1.201
1095	Uranium-Radium-Vanadium Ores	1.211
1096	Uranium-Radium-Vanadium Ores	1.211
1097	Uranium-Radium-Vanadium Ores	1.211
1098	Uranium-Radium-Vanadium Ores	1.211
1099	Miscellaneous Metal Ores, NEC	1.201
1100	Miscellaneous Metal Ores, NEC	1.211
1101	Miscellaneous Metal Ores, NEC	1.211
1102	Miscellaneous Metal Ores, NEC	1.211
1103	Miscellaneous Metal Ores, NEC	1.211
1104	Miscellaneous Metal Ores, NEC	1.211
1105	Miscellaneous Metal Ores, NEC	1.211
1106	Miscellaneous Metal Ores, NEC	1.211
1107	Miscellaneous Metal Ores, NEC	1.211
1108	Miscellaneous Metal Ores, NEC	1.211
1109	Miscellaneous Metal Ores, NEC	1.211
1110	Miscellaneous Metal Ores, NEC	1.211
1111	Miscellaneous Metal Ores, NEC	1.211
1112	Miscellaneous Metal Ores, NEC	1.211
1113	Miscellaneous Metal Ores, NEC	1.211
1114	Miscellaneous Metal Ores, NEC	1.211
1115	Miscellaneous Metal Ores, NEC	1.211
1116	Miscellaneous Metal Ores, NEC	1.211
1117	Miscellaneous Metal Ores, NEC	1.211
1118	Miscellaneous Metal Ores, NEC	1.211
1119	Miscellaneous Metal Ores, NEC	1.211
1120	Miscellaneous Metal Ores, NEC	1.211
1121	Miscellaneous Metal Ores, NEC	1.211
1122	Miscellaneous Metal Ores, NEC	1.211
1123	Miscellaneous Metal Ores, NEC	1.211
1124	Miscellaneous Metal Ores, NEC	1.211
1125	Miscellaneous Metal Ores, NEC	1.211
1126	Miscellaneous Metal Ores, NEC	1.211
1127	Miscellaneous Metal Ores, NEC	1.211
1128	Miscellaneous Metal Ores, NEC	1.211
1129	Miscellaneous Metal Ores, NEC	1.211
1130	Miscellaneous Metal Ores, NEC	1.211
1131	Miscellaneous Metal Ores, NEC	1.211
1132	Miscellaneous Metal Ores, NEC	1.211
1133	Miscellaneous Metal Ores, NEC	1.211
1134	Miscellaneous Metal Ores, NEC	1.211
1135	Miscellaneous Metal Ores, NEC	1.211

4 Digit SIC Code	Industry Description	Normalized Factor
1136	Miscellaneous Metal Ores, NEC	1.211
1137	Miscellaneous Metal Ores, NEC	1.211
1138	Miscellaneous Metal Ores, NEC	1.211
1139	Miscellaneous Metal Ores, NEC	1.211
1140	Miscellaneous Metal Ores, NEC	1.211
1141	Miscellaneous Metal Ores, NEC	1.211
1142	Miscellaneous Metal Ores, NEC	1.211
1143	Miscellaneous Metal Ores, NEC	1.211
1144	Miscellaneous Metal Ores, NEC	1.211
1145	Miscellaneous Metal Ores, NEC	1.211
1146	Miscellaneous Metal Ores, NEC	1.211
1147	Miscellaneous Metal Ores, NEC	1.211
1148	Miscellaneous Metal Ores, NEC	1.211
1149	Miscellaneous Metal Ores, NEC	1.211
1150	Miscellaneous Metal Ores, NEC	1.211
1151	Miscellaneous Metal Ores, NEC	1.211
1152	Miscellaneous Metal Ores, NEC	1.211
1153	Miscellaneous Metal Ores, NEC	1.211
1154	Miscellaneous Metal Ores, NEC	1.211
1155	Miscellaneous Metal Ores, NEC	1.211
1156	Miscellaneous Metal Ores, NEC	1.211
1157	Miscellaneous Metal Ores, NEC	1.211
1158	Miscellaneous Metal Ores, NEC	1.211
1159	Miscellaneous Metal Ores, NEC	1.211
1160	Miscellaneous Metal Ores, NEC	1.211
1161	Miscellaneous Metal Ores, NEC	1.211
1162	Miscellaneous Metal Ores, NEC	1.211
1163	Miscellaneous Metal Ores, NEC	1.211
1164	Miscellaneous Metal Ores, NEC	1.211
1165	Miscellaneous Metal Ores, NEC	1.211
1166	Miscellaneous Metal Ores, NEC	1.211
1167	Miscellaneous Metal Ores, NEC	1.211
1168	Miscellaneous Metal Ores, NEC	1.211
1169	Miscellaneous Metal Ores, NEC	1.211
1170	Miscellaneous Metal Ores, NEC	1.211
1171	Miscellaneous Metal Ores, NEC	1.211
1172	Miscellaneous Metal Ores, NEC	1.211
1173	Miscellaneous Metal Ores, NEC	1.211
1174	Miscellaneous Metal Ores, NEC	1.211
1175	Miscellaneous Metal Ores, NEC	1.211
1176	Miscellaneous Metal Ores, NEC	1.211
1177	Miscellaneous Metal Ores, NEC	1.211
1178	Miscellaneous Metal Ores, NEC	1.211
1179	Miscellaneous Metal Ores, NEC	1.211
1180	Miscellaneous Metal Ores, NEC	1.211
1181	Miscellaneous Metal Ores, NEC	1.211
1182	Miscellaneous Metal Ores, NEC	1.211
1183	Miscellaneous Metal Ores, NEC	1.211
1184	Miscellaneous Metal Ores, NEC	1.211
1185	Miscellaneous Metal Ores, NEC	1.211
1186	Miscellaneous Metal Ores, NEC	1.211
1187	Miscellaneous Metal Ores, NEC	1.211
1188	Miscellaneous Metal Ores, NEC	1.211
1189	Miscellaneous Metal Ores, NEC	1.211
1190	Miscellaneous Metal Ores, NEC	1.211
1191	Miscellaneous Metal Ores, NEC	1.211
1192	Miscellaneous Metal Ores, NEC	1.211
1193	Miscellaneous Metal Ores, NEC	1.211
1194	Miscellaneous Metal Ores, NEC	1.211
1195	Miscellaneous Metal Ores, NEC	1.211
1196	Miscellaneous Metal Ores, NEC	1.211
1197	Miscellaneous Metal Ores, NEC	1.211
1198	Miscellaneous Metal Ores, NEC	1.211
1199	Miscellaneous Metal Ores, NEC	1.211
1200	Miscellaneous Metal Ores, NEC	1.211

4 Digit SIC Code	Industry Description	Normalized Factor
1201	Miscellaneous Metal Ores, NEC	1.211
1202	Miscellaneous Metal Ores, NEC	1.211
1203	Miscellaneous Metal Ores, NEC	1.211
1204	Miscellaneous Metal Ores, NEC	1.211
1205	Miscellaneous Metal Ores, NEC	1.211
1206	Miscellaneous Metal Ores, NEC	1.211
1207	Miscellaneous Metal Ores, NEC	1.211
1208	Miscellaneous Metal Ores, NEC	1.211
1209	Miscellaneous Metal Ores, NEC	1.211
1210	Miscellaneous Metal Ores, NEC	1.211
1211	Miscellaneous Metal Ores, NEC	1.211
1212	Miscellaneous Metal Ores, NEC	1.211
1213	Miscellaneous Metal Ores, NEC	1.211
1214	Miscellaneous Metal Ores, NEC	1.211
1215	Miscellaneous Metal Ores, NEC	1.211
1216	Miscellaneous Metal Ores, NEC	1.211
1217	Miscellaneous Metal Ores, NEC	1.211
1218	Miscellaneous Metal Ores, NEC	1.211
1219	Miscellaneous Metal Ores, NEC	1.211
1220	Miscellaneous Metal Ores, NEC	1.211
1221	Bituminous Coal and Lignite Surface Mining	1.181
1222	Bituminous Coal Underground Mining	1.181
1223	Bituminous Coal Underground Mining	1.181
1224	Bituminous Coal Underground Mining	1.181
1225	Bituminous Coal Underground Mining	1.181
1226	Bituminous Coal Underground Mining	1.181
1227	Bituminous Coal Underground Mining	1.181
1228	Bituminous Coal Underground Mining	1.181
1229	Bituminous Coal Underground Mining	1.181
1230	Bituminous Coal Underground Mining	1.181
1231	Anthracite Mining	1.181
1232	Anthracite Mining	1.181
1233	Anthracite Mining	1.181
1234	Anthracite Mining	1.181
1235	Anthracite Mining	1.181
1236	Anthracite Mining	1.181
1237	Anthracite Mining	1.181
1238	Anthracite Mining	1.181
1239	Anthracite Mining	1.181
1240	Anthracite Mining	1.181
1241	Coal Mining Services	1.181
1411	Dimension Stone	1.162
1412	Dimension Stone	1.143
1413	Dimension Stone	1.143
1414	Dimension Stone	1.143
1415	Dimension Stone	1.143
1416	Dimension Stone	1.143
1417	Dimension Stone	1.143
1418	Dimension Stone	1.143
1419	Dimension Stone	1.143
1420	Dimension Stone	1.143
1421	Dimension Stone	1.143
1422	Crushed and Broken Limestone	1.162
1423	Crushed and Broken Granite	1.162
1424	Crushed and Broken Granite	1.143
1425	Crushed and Broken Granite	1.143
1426	Crushed and Broken Granite	1.143
1427	Crushed and Broken Granite	1.143
1428	Crushed and Broken Granite	1.143
1429	Crushed and Broken Stone, NEC	1.162
1430	Crushed and Broken Stone, NEC	1.143
1431	Crushed and Broken Stone, NEC	1.143
1432	Crushed and Broken Stone, NEC	1.143
1433	Crushed and Broken Stone, NEC	1.143
1434	Crushed and Broken Stone, NEC	1.143

4 Digit SIC Code	Industry Description	Normalized Factor
1435	Crushed and Broken Stone, NEC	1.143
1436	Crushed and Broken Stone, NEC	1.143
1437	Crushed and Broken Stone, NEC	1.143
1438	Crushed and Broken Stone, NEC	1.143
1439	Crushed and Broken Stone, NEC	1.143
1440	Crushed and Broken Stone, NEC	1.143
1441	Crushed and Broken Stone, NEC	1.143
1442	Construction Sand and Gravel	1.162
1443	Construction Sand and Gravel	1.143
1444	Construction Sand and Gravel	1.143
1445	Construction Sand and Gravel	1.143
1446	Industrial Sand	1.162
1447	Industrial Sand	1.143
1448	Industrial Sand	1.143
1449	Industrial Sand	1.143
1450	Industrial Sand	1.143
1451	Industrial Sand	1.143
1452	Industrial Sand	1.143
1453	Industrial Sand	1.143
1454	Industrial Sand	1.143
1455	Kaolin and Ball Clay	1.162
1456	Kaolin and Ball Clay	1.143
1457	Kaolin and Ball Clay	1.143
1458	Kaolin and Ball Clay	1.143
1459	Clay, Ceramic, and Refractory Minerals, NEC	1.162
1460	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1461	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1462	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1463	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1464	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1465	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1466	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1467	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1468	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1469	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1470	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1471	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1472	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1473	Clay, Ceramic, and Refractory Minerals, NEC	1.143
1474	Potash, Soda, and Borate Minerals	1.162
1475	Phosphate Rock	1.162
1476	Phosphate Rock	1.143
1477	Phosphate Rock	1.143
1478	Phosphate Rock	1.143
1479	Chemical and Fertilizer Mineral Mining, NEC	1.162
1480	Chemical and Fertilizer Mineral Mining, NEC	1.143
1481	Nonmetallic Minerals Services Except Fuels	1.162
1482	Nonmetallic Minerals Services Except Fuels	1.143
1483	Nonmetallic Minerals Services Except Fuels	1.143
1484	Nonmetallic Minerals Services Except Fuels	1.143
1485	Nonmetallic Minerals Services Except Fuels	1.143
1486	Nonmetallic Minerals Services Except Fuels	1.143
1487	Nonmetallic Minerals Services Except Fuels	1.143
1488	Nonmetallic Minerals Services Except Fuels	1.143
1489	Nonmetallic Minerals Services Except Fuels	1.143
1490	Nonmetallic Minerals Services Except Fuels	1.143
1491	Nonmetallic Minerals Services Except Fuels	1.143
1492	Nonmetallic Minerals Services Except Fuels	1.143
1493	Nonmetallic Minerals Services Except Fuels	1.143
1494	Nonmetallic Minerals Services Except Fuels	1.143
1495	Nonmetallic Minerals Services Except Fuels	1.143
1496	Nonmetallic Minerals Services Except Fuels	1.143
1497	Nonmetallic Minerals Services Except Fuels	1.143
1498	Nonmetallic Minerals Services Except Fuels	1.143
1499	Miscellaneous Nonmetallic Minerals, Except Fuels	1.162

4 Digit SIC Code	Industry Description	Normalized Factor
2331	Women's, Misses', and Juniors' Blouses and Shirts	0.897
2892	Explosives	1.132
3111	Leather Tanning and Finishing	1.132
3292	Asbestos Products	1.162
3612	Power, Distribution, and Specialty Transformers	0.916
3613	Switchgear and Switchboard Apparatus	0.916
3621	Motors and Generators	0.916
3622	Motors and Generators	0.916
3623	Motors and Generators	0.916
3624	Carbon and Graphite Products	0.916
3625	Relays and Industrial Controls	0.916
3626	Relays and Industrial Controls	0.916
3627	Relays and Industrial Controls	0.916
3628	Relays and Industrial Controls	0.916
3629	Electrical Industrial Apparatus, NEC	0.916
3630	Electrical Industrial Apparatus, NEC	0.916
3631	Household Cooking Equipment	0.916
3632	Household Refrigerators and Home and Farm Freezers	0.916
3633	Household Laundry Equipment	0.916
3634	Electric Housewares and Fans	0.916
3635	Household Vacuum Cleaners	0.916
3636	Household Vacuum Cleaners	0.916
3637	Household Vacuum Cleaners	0.916
3638	Household Vacuum Cleaners	0.916
3639	Household Appliances, NEC	0.916
3640	Household Appliances, NEC	0.916
3641	Electric Lamp Bulbs and Tubes	0.916
3642	Electric Lamp Bulbs and Tubes	0.916
3643	Current-Carrying Wiring Devices	0.916
3644	Noncurrent-Carrying Wiring Devices	0.916
3645	Residential Electric Lighting Fixtures	0.916
3646	Commercial, Industrial, and Institutional Electric Lighting Fixtures	0.916
3647	Vehicular Lighting Equipment	0.916
3648	Lighting Equipment, NEC	0.916
3651	Household Audio and Video Equipment	0.916
3652	Phonograph Records and Prerecorded Audio Tapes and Disks	0.916
3822	Automatic Controls for Regulating Residential and Commercial Environments and Appliances	0.906
3823	Industrial Instruments for Measurement, Display, and Control of Process Variables; and Related Products	0.897
3841	Physicians & Surgeons Equipment & Supplies Manufacturers	0.906
3842	Orthopedic, Prosthetic, and Surgical Appliances and Supplies	0.906
3843	Dental Equipment and Supplies	0.906
3844	X-Ray Apparatus and Tubes and Related Irradiation Apparatus	0.906
3845	Electromedical and Electrotherapeutic Apparatus	0.906
3851	Ophthalmic Goods	0.906
3861	Photographic Equipment and Supplies	0.906
3873	Watches, Clocks, Clockwork Operated Devices and Parts	0.906
4111	Local and Suburban Transit	1.113
4112	Local and Suburban Transit	1.103
4113	Local and Suburban Transit	1.103
4114	Local and Suburban Transit	1.103
4115	Local and Suburban Transit	1.103
4116	Local and Suburban Transit	1.103
4117	Local and Suburban Transit	1.103
4118	Local and Suburban Transit	1.103
4119	Local Passenger Transportation, NEC	1.113
4121	Taxicabs	1.132
4131	Intercity and Rural Bus Transportation	1.113
4141	Local Bus Charter Service	1.103
4142	Bus Charter Service, Except Local	1.113
4151	School Buses	1.113
4231	Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportatior	1.123
5812	Eating and Drinking Places	1.132
5813	Drinking Places (Alcoholic Beverages)	1.132
5921	Liquor Stores	1.172
5963	Direct Selling Establishments	1.123

4 Digit SIC Code	Industry Description	Normalized Factor
6011	Federal Reserve Banks	0.897
6012	Federal Reserve Banks	0.897
6013	Federal Reserve Banks	0.897
6014	Federal Reserve Banks	0.897
6015	Federal Reserve Banks	0.897
6016	Federal Reserve Banks	0.897
6017	Federal Reserve Banks	0.897
6018	Federal Reserve Banks	0.897
6019	Central Reserve Depository Institutions, NEC	0.897
6020	Central Reserve Depository Institutions, NEC	0.897
6021	National Commercial Banks	0.897
6022	State Commercial Banks	0.897
6023	State Commercial Banks	0.897
6024	State Commercial Banks	0.897
6025	State Commercial Banks	0.897
6026	State Commercial Banks	0.897
6027	State Commercial Banks	0.897
6028	State Commercial Banks	0.897
6029	Commercial Banks, NEC	0.897
6030	Commercial Banks, NEC	0.897
6031	Commercial Banks, NEC	0.897
6032	Commercial Banks, NEC	0.897
6033	Commercial Banks, NEC	0.897
6034	Commercial Banks, NEC	0.897
6035	Savings Institutions, Federally Chartered	0.897
6036	Savings institutions, Not Federally Chartered	0.897
6037	Savings institutions, Not Federally Chartered	0.897
6038	Savings institutions, Not Federally Chartered	0.897
6039	Savings institutions, Not Federally Chartered	0.897
6040	Savings institutions, Not Federally Chartered	0.897
6041	Savings institutions, Not Federally Chartered	0.897
6042	Savings institutions, Not Federally Chartered	0.897
6043	Savings institutions, Not Federally Chartered	0.897
6044	Savings institutions, Not Federally Chartered	0.897
6045	Savings institutions, Not Federally Chartered	0.897
6046	Savings institutions, Not Federally Chartered	0.897
6047	Savings institutions, Not Federally Chartered	0.897
6048	Savings institutions, Not Federally Chartered	0.897
6049	Savings institutions, Not Federally Chartered	0.897
6050	Savings institutions, Not Federally Chartered	0.897
6051	Savings institutions, Not Federally Chartered	0.897
6052	Savings institutions, Not Federally Chartered	0.897
6053	Savings institutions, Not Federally Chartered	0.897
6054	Savings institutions, Not Federally Chartered	0.897
6055	Savings institutions, Not Federally Chartered	0.897
6056	Savings institutions, Not Federally Chartered	0.897
6057	Savings institutions, Not Federally Chartered	0.897
6058	Savings institutions, Not Federally Chartered	0.897
6059	Savings institutions, Not Federally Chartered	0.897
6060	Savings institutions, Not Federally Chartered	0.897
6061	Credit Unions, Federally Chartered	0.897
6062	Credit Unions, Not Federally Chartered	0.897
6063	Credit Unions, Not Federally Chartered	0.897
6064	Credit Unions, Not Federally Chartered	0.897
6065	Credit Unions, Not Federally Chartered	0.897
6066	Credit Unions, Not Federally Chartered	0.897
6067	Credit Unions, Not Federally Chartered	0.897
6068	Credit Unions, Not Federally Chartered	0.897
6069	Credit Unions, Not Federally Chartered	0.897
6070	Credit Unions, Not Federally Chartered	0.897
6071	Credit Unions, Not Federally Chartered	0.897
6072	Credit Unions, Not Federally Chartered	0.897
6073	Credit Unions, Not Federally Chartered	0.897
6074	Credit Unions, Not Federally Chartered	0.897
6075	Credit Unions, Not Federally Chartered	0.897

4 Digit SIC Code	Industry Description	Normalized Factor
6076	Credit Unions, Not Federally Chartered	0.897
6077	Credit Unions, Not Federally Chartered	0.897
6078	Credit Unions, Not Federally Chartered	0.897
6079	Credit Unions, Not Federally Chartered	0.897
6080	Credit Unions, Not Federally Chartered	0.897
6081	Branches and Agencies of Foreign Banks	0.897
6082	Foreign Trade and International Banking Institutions	0.897
6083	Foreign Trade and International Banking Institutions	0.897
6084	Foreign Trade and International Banking Institutions	0.897
6085	Foreign Trade and International Banking Institutions	0.897
6086	Foreign Trade and International Banking Institutions	0.897
6087	Foreign Trade and International Banking Institutions	0.897
6088	Foreign Trade and International Banking Institutions	0.897
6089	Foreign Trade and International Banking Institutions	0.897
6090	Foreign Trade and International Banking Institutions	0.897
6091	Nondeposit Trust Facilities	0.897
6092	Nondeposit Trust Facilities	0.897
6093	Nondeposit Trust Facilities	0.897
6094	Nondeposit Trust Facilities	0.897
6095	Nondeposit Trust Facilities	0.897
6096	Nondeposit Trust Facilities	0.897
6097	Nondeposit Trust Facilities	0.897
6098	Nondeposit Trust Facilities	0.897
6099	Functions Related to Deposit Banking, NEC	0.897
6100	Functions Related to Deposit Banking, NEC	0.906
6101	Functions Related to Deposit Banking, NEC	0.906
6102	Functions Related to Deposit Banking, NEC	0.906
6103	Functions Related to Deposit Banking, NEC	0.906
6104	Functions Related to Deposit Banking, NEC	0.906
6105	Functions Related to Deposit Banking, NEC	0.906
6106	Functions Related to Deposit Banking, NEC	0.906
6107	Functions Related to Deposit Banking, NEC	0.906
6108	Functions Related to Deposit Banking, NEC	0.906
6109	Functions Related to Deposit Banking, NEC	0.906
6110	Functions Related to Deposit Banking, NEC	0.906
6111	Federal and Federally-Sponsored Credit Agencies	0.906
6112	Federal and Federally-Sponsored Credit Agencies	0.906
6113	Federal and Federally-Sponsored Credit Agencies	0.906
6114	Federal and Federally-Sponsored Credit Agencies	0.906
6115	Federal and Federally-Sponsored Credit Agencies	0.906
6116	Federal and Federally-Sponsored Credit Agencies	0.906
6117	Federal and Federally-Sponsored Credit Agencies	0.906
6118	Federal and Federally-Sponsored Credit Agencies	0.906
6119	Federal and Federally-Sponsored Credit Agencies	0.906
6120	Federal and Federally-Sponsored Credit Agencies	0.906
6121	Federal and Federally-Sponsored Credit Agencies	0.906
6122	Federal and Federally-Sponsored Credit Agencies	0.906
6123	Federal and Federally-Sponsored Credit Agencies	0.906
6124	Federal and Federally-Sponsored Credit Agencies	0.906
6125	Federal and Federally-Sponsored Credit Agencies	0.906
6126	Federal and Federally-Sponsored Credit Agencies	0.906
6127	Federal and Federally-Sponsored Credit Agencies	0.906
6128	Federal and Federally-Sponsored Credit Agencies	0.906
6129	Federal and Federally-Sponsored Credit Agencies	0.906
6130	Federal and Federally-Sponsored Credit Agencies	0.906
6131	Federal and Federally-Sponsored Credit Agencies	0.906
6132	Federal and Federally-Sponsored Credit Agencies	0.906
6133	Federal and Federally-Sponsored Credit Agencies	0.906
6134	Federal and Federally-Sponsored Credit Agencies	0.906
6135	Federal and Federally-Sponsored Credit Agencies	0.906
6136	Federal and Federally-Sponsored Credit Agencies	0.906
6137	Federal and Federally-Sponsored Credit Agencies	0.906
6138	Federal and Federally-Sponsored Credit Agencies	0.906
6139	Federal and Federally-Sponsored Credit Agencies	0.906
6140	Federal and Federally-Sponsored Credit Agencies	0.906

4 Digit SIC Code	Industry Description	Normalized Factor
6141	Personal Credit Institutions	0.906
6142	Personal Credit Institutions	0.906
6143	Personal Credit Institutions	0.906
6144	Personal Credit Institutions	0.906
6145	Personal Credit Institutions	0.906
6146	Personal Credit Institutions	0.906
6147	Personal Credit Institutions	0.906
6148	Personal Credit Institutions	0.906
6149	Personal Credit Institutions	0.906
6150	Personal Credit Institutions	0.906
6151	Personal Credit Institutions	0.906
6152	Personal Credit Institutions	0.906
6153	Short-Term Business Credit Institutions, Except Agricultura	0.897
6154	Short-Term Business Credit Institutions, Except Agricultura	0.906
6155	Short-Term Business Credit Institutions, Except Agricultura	0.906
6156	Short-Term Business Credit Institutions, Except Agricultura	0.906
6157	Short-Term Business Credit Institutions, Except Agricultura	0.906
6158	Short-Term Business Credit Institutions, Except Agricultura	0.906
6159	Miscellaneous Business Credit Institutions	0.906
6160	Miscellaneous Business Credit Institutions	0.906
6161	Miscellaneous Business Credit Institutions	0.906
6162	Mortgage Bankers and Loan Correspondents	0.906
6163	Loan Brokers	0.906
7911	Dance Studios, Schools, and Halls	1.172
8051	Skilled Nursing Care Facilities	1.162
8059	Nursing and Personal Care Facilities, Not Elsewhere Classified	1.162
8062	General Medical and Surgical Hospitals	1.162
8063	Psychiatric Hospitals	1.162
8064	Psychiatric Hospitals	1.162
8065	Psychiatric Hospitals	1.162
8066	Psychiatric Hospitals	1.162
8067	Psychiatric Hospitals	1.162
8068	Psychiatric Hospitals	1.162
8082	Home Health Care Services	1.162
8092	Kidney Dialysis Centers	1.162
8093	Specialty Outpatient Facilities, Not Elsewhere Classified	1.162
8069	Specialty Hospitals, Except Psychiatric	1.162
8322	Individual and Family Social Services	1.123
	Municipalities	1.123
9221	Police Protection	1.123
9223	Correctional Institutions	1.123
9224	Fire Protection	1.123
9711	National Security	1.103
Var.	All Other	0.985

BlueCross BlueShield of Vermont
An Independent Licensee of the Blue Cross and Blue Shield Association

February 3, 2014

Mr. Josh Hammerquist, A.S.A., M.A.A.A.
Assistant Vice President & Consulting Actuary
Lewis & Ellis, Inc.

Subject: Your 01/30/2014 Questions re: Blue Cross and Blue Shield of Vermont 2Q 2014 BCBSVT Benefit Relativity Factor Filing (SERFF Tracking #: BCVT-129370654)

Dear Mr. Hammerquist:

In response to your request dated January 30, 2014, here are *your questions* and our answers:

1. *We note that the claims for Large Groups with special benefits are excluded from the medical and pharmacy models. What is considered "special benefits?" Please include examples of special benefits that excluded Large Group claims for both the medical benefit model and the pharmacy benefit model.*

   This predominantly refers to groups that have specific reimbursement with local providers outside of BCBSVT's contracts and/or claims processing function. We also exclude groups with a geographical distribution (e.g. a predominantly non-Vermont population) that would skew the average. This represents about 8% of the Large Group business.

2. *Please provide the following, if applicable, for all benefit designs:*
   a. *medical paid-to-allowed ratio;*
   b. *medical induced utilization factor;*
   c. *pharmacy paid-to-allowed ratio; and*
   d. *pharmacy induced utilization factor.*

   See attached *Response to BCBS LG Benefit Relativity Factors Actuarial Review Inquiries-01.30.2014.xlsx.(yellow tabs).*

3. *Please provide the trend, by service category, that was used to trend the medical and pharmacy claims to July 1, 2015.*

   The cost trends applied to the experience period were:
   - Inpatient : 6.66%
   - Outpatient : 4.97%
   - Professional and Other : 0.95%
   - Generic drugs : -3.7%
   - Brand drugs : 10.0%
   - Specialty drugs : 6.8%

   Note that, for modeling simplicity, we have ignored utilization trend in our analysis. Utilization trends in our most recently-approved filing were 0.4% for medical and 0.6% for

pharmacy. The impact of excluding utilization trend will be a slightly reduced manual rate and a very subtle broadening of the benefit relativity factors, relative to the rate and factors that would be produced with an explicit recognition of utilization trend. We intend to work toward explicitly incorporating utilization trend into our modeling in future filings.

4. *Please provide at least the last 36 months of data with sufficient run-out to support the trends used to project the claims costs. To the extent that the historical data does not support the trends used, please provide an explanation for the differences.*

   The Pharmacy cost trends were calculated with the same experience and method as in the BCBSVT Q1-Q2 2014 Trend Filing (SERFF # BCVT- 129197073). Exhibit II from that filing is attached for your convenience.

   Medical Cost trends were not based on historical trends but on known and estimated contracting changes for the projected period. Using the experience period as weights for the different hospitals, we applied the known cost increase, approved by the GMCB, to the allowed charges. For reimbursement schedules not under GMCB's review, our Provider Contracting department provided us with their best estimate at the time. To trend to July 2015, we assumed that the next contracting season would results in identical increases.

5. *Please provide the manual rate from the prior filing. What changes have impacted the manual rate since the prior filing?*

   The manual rate in the Q2 2014 BCBSVT Benefit Relativity filing was $415.97. In the past, we would select a plan and use it as the manual rate, or 1.000. This year, the average paid PMPM was used as the manual rate. Mandated benefits, such as additional preventive services and requirements that copayment accumulate toward the medical out-of-pocket, also impacts the value of the modeled plans. Finally, we significantly enhanced our modeling this year by moving from a continuance table approach to a full repricing model.

6. *Please provide a sample comparison for a group that is 100% manually rated and has the plans listed below for the current filing and prior filing. For both filings, the comparison should take the manual rate and multiply by the benefit relativities for each plan.*
   Current Filing:
   a. *VFP: Index 1*
   b. *CDHP: Index 1*
   c. *JPLAN: Index 50*

   Prior Filing:
   d. *VFP: Index 14*
   e. *CDHP: Index 1*
   f. *JPLAN: Index 12*

   Neither BCBSVT nor TVHP sells insured medical plans separately from pharmacy riders – plans are always packaged under a single benefit. Because of our methodology related to the split between medical and pharmacy benefits as well as our change in manual rate basis from prior to current filing, we must include a pharmacy benefit in order to create a valid longitudinal comparison. We added pharmacy plan index 24 for the current filing and plan index 71 for the prior filing.

	Prior Filing			Current Filing		
	Relativity	PMPM		Relativity	PMPM	Increase
Manual Rate	1.0000	$415.97	Manual Rate	1.0000	$408.35	
VFP+RX	1.1757	$489.06	VFP+RX	1.2128	$495.25	1.27%
CDHP	1.0046	$417.88	CDHP	1.0235	$417.95	0.02%
JPLAN+RX	1.2245	$509.36	JPLAN+RX	1.2605	$514.68	1.05%

7. *What is the premium or member weighted percentage of groups that renew on January 1st?*

   Approximately 70% of our Large Group customers (50% of membership) renews in January.

8. *Why is the medical induced utilization based on frequency rather than total allowed costs? This appears to overweight the impact of professional utilization and underweight the impact of inpatient utilization.*

   Allowed charges are a function of 3 components; 1) cost per service, 2) mixture of services (%inpatient, %outpatient, %professional/other) and 3) frequency of services. Our model simulates benefits from our average population's allowed charges which have implicit cost/service, mixture and frequency components built in. When we model a particular benefit we make the assumption that the cost/service and mixture of services are constant regardless of plan design and the only remaining variable is the frequency of services. The richness or leanness of the plan correlates to the frequency in which medical services are consumed.

   Our methodology uses total AV rather than examining component pieces of the benefit. Total allowed cost is therefore directly proportional to the increase in total utilization.

9. *Why is the pharmacy induced utilization based on the number of scripts rather than total allowed claims?*

   The simulation model starts with the average 2015 allowed charges. Implicit in these allowed charges are an inherent generic dispensing rate, script frequency per member, and average cost per generic, formulary brand and non-formulary brand script. When a specific benefit is modeled we make adjustments to the generic dispensing rate and script frequency per member, assuming that the average cost per type of script is constant for all benefits. We are effectively adjusting the allowed charges per benefit by making adjustments to the underlying components of the average allowed charges.

10. *Based on our review of the "Benefit Induced Utilization: Pharmacy", we are concerned that there may be a potential double counting of the impact of induced utilization on generics by making adjustments based on:*
    a. the difference in the Generic and Brand copays; and
    b. the paid-to-allowed ratio.
    Please discuss if this was considered and provide support that demonstrates that there is no double counting. A simplified example of both adjustments may provide clarity.

A) The adjustment for difference in Generic/Brand copays changes the mixture of scripts (e.g. generic dispensing rate) without adjusting the overall frequency of scripts.
B) The richness or leanness of the plan which is measured by the paid to allowed ratio adjusts the overall frequency of scripts

Please see the attached spreadsheet for illustrative example

11. *Please provide more details regarding the decrease in the pharmacy weight from 17.9% in the prior filing to 14.7% in the current filing.*

The Q2 2013 BCBSVT Benefit relativity filing pharmacy trend was, in retrospect, too aggressive. At the time of the Q2 2013 filing, we were anticipating pharmacy cost trend of around 10%, which did not materialize. Looking back at previous filing, the Q2 2013 filing is the outlier and this filing is more in line with the current, and projected, split between medical and pharmacy.

Filing	Pharmacy Portion
Q2 2014	14.7%
Q2 2013	17.9%
Q2 2012	13.6%
Q2 2011	14.1%
Q2 2010	13.0%

12. *Was the 2012 Milliman Health Cost Guidelines data trended forward before being used to calculate the slope of the Medicare carve-out ratios?*

The 2012 Milliman Health Cost Guidelines were not trended forward before being used to calculate the slope of the Medicare carve-out ratios.

13. *Please provide a brief description of the drugs that are considered Wellness Rx?*

Wellness Drugs (Safe Harbor Drugs) are prescriptions that can have cost-sharing before the deductible without compromising the HSA compatibility of a CDHP plan.
Please visit our website, http://www.bcbsvt.com/pharmacy/drug-lists/wellness-drug-list, for a detailed list of the Wellness drugs.

14. *Please provide a more detailed explanation and a sample calculation of how "the allowed charges associated with out-of-network benefits were adjusted by applying a factor equal to the ratio of out-of-network charges PMPM for each plan in the base data to the analogous PMPM in the aggregate base data, in order to account for the 'freedom' associated with the plan."*

In this context, out-of-network means out of area, or outside of the preferred (BlueCard) network. For PPO and VHP plans, separate and independent benefit structures are applied to the preferred and non-preferred network. For CDHP, COMP and JPLAN, the same overall benefits are applied to the preferred and non preferred networks. The underlying benefits in the experience have different splits between preferred and non-preferred

networks as part of the "freedom" of the benefit. In order to adjust the starting point for each benefit design, we ratioed the experienced PMPM by type of benefit to the average.

Benefit Type	Experience PMPM	Factor
Indemnity	$6.50	1.5687
VHP	$3.95	0.9534
TVHP	$1.35	0.3255
Total	$4.14	1.000

The "non-preferred" allowed charges were multiplied by the above factor before simulating each benefit.

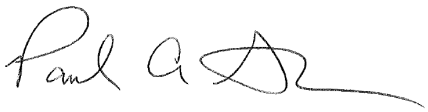
15. Why are the plan relativities different for the CDHP plan designs between the BCBSVT and TVHP filings?

The starting allowed charges between BCBSVT and TVHP CDHP plans are different and therefore the same plan design applied to each company will return a different benefit relativity value (BRV). The allowed charges are different for two reasons;

1) Different provider reimbursements. In general, TVHP discounts are greater than or equal to BCBSVT for any given provider.
2) Different networks. TVHP does not include an out-of-network benefit (other than emergency exceptions), while BCBSVT members can access the national Blue Card network.

Please let us know if you have any further questions, or if we can provide additional clarity on any of the items above.

Sincerely,



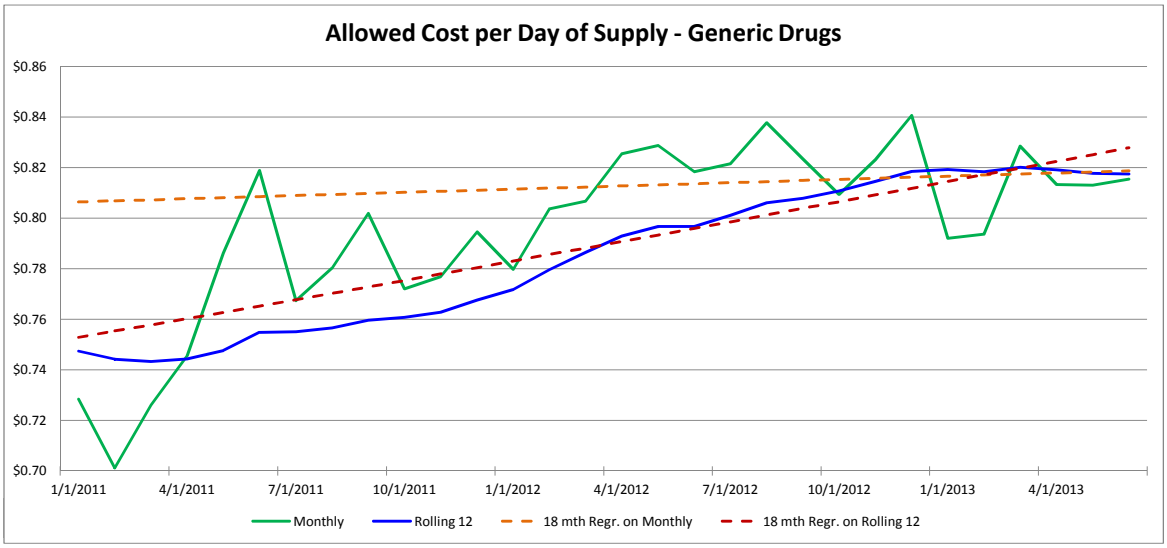
Paul Schultz, F.S.A., M.A.A.A.

Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

GENERIC DRUGS

	MONTHLY DATA				ROLLING 12				EXPONENTIAL FIT	
Incurred Date	Supply	Adjusted Allowed Charge	Cost/ Supply	Monthly Cost Trend	Supply	Adjusted Allowed Charge	Cost/ Supply	Rolling 12 Cost Trend	Monthly Data	Rolling 12 Data
Jan-10	1,661,072	$1,180,260	$0.71							
Feb-10	1,566,473	$1,157,498	$0.74							
Mar-10	1,816,131	$1,336,369	$0.74							
Apr-10	1,741,221	$1,276,454	$0.73							
May-10	1,714,668	$1,285,371	$0.75							
Jun-10	1,850,148	$1,364,000	$0.74							
Jul-10	1,760,921	$1,348,220	$0.77							
Aug-10	1,808,463	$1,379,775	$0.76							
Sep-10	1,770,934	$1,359,481	$0.77							
Oct-10	1,833,702	$1,390,536	$0.76							
Nov-10	1,830,941	$1,378,904	$0.75							
Dec-10	1,977,938	$1,462,883	$0.74							
Jan-11	1,929,700	$1,405,801	$0.73	2.5%	21,601,240	$16,145,293	$0.75		$0.81	$0.75
Feb-11	1,783,450	$1,250,664	$0.70	-5.1%	21,818,217	$16,238,458	$0.74		$0.81	$0.76
Mar-11	2,032,701	$1,476,027	$0.73	-1.3%	22,034,787	$16,378,116	$0.74		$0.81	$0.76
Apr-11	1,922,132	$1,433,180	$0.75	1.7%	22,215,699	$16,534,842	$0.74		$0.81	$0.76
May-11	2,009,912	$1,580,167	$0.79	4.9%	22,510,943	$16,829,638	$0.75		$0.81	$0.76
Jun-11	2,025,686	$1,658,838	$0.82	11.1%	22,686,480	$17,124,476	$0.75		$0.81	$0.77
Jul-11	1,921,903	$1,474,852	$0.77	0.2%	22,847,462	$17,251,108	$0.76		$0.81	$0.77
Aug-11	2,059,132	$1,606,685	$0.78	2.3%	23,098,131	$17,478,018	$0.76		$0.81	$0.77
Sep-11	1,948,787	$1,562,856	$0.80	4.5%	23,275,984	$17,681,393	$0.76		$0.81	$0.77
Oct-11	2,011,231	$1,552,918	$0.77	1.8%	23,453,513	$17,843,775	$0.76		$0.81	$0.78
Nov-11	2,030,149	$1,577,249	$0.78	3.2%	23,652,721	$18,042,120	$0.76		$0.81	$0.78
Dec-11	2,149,281	$1,707,886	$0.79	7.4%	23,824,064	$18,287,122	$0.77		$0.81	$0.78
Jan-12	2,098,854	$1,636,604	$0.78	7.0%	23,993,218	$18,517,926	$0.77	3.3%	$0.81	$0.78
Feb-12	2,001,956	$1,608,977	$0.80	14.6%	24,211,723	$18,876,239	$0.78	4.8%	$0.81	$0.79
Mar-12	2,093,591	$1,689,122	$0.81	11.1%	24,272,613	$19,089,335	$0.79	5.8%	$0.81	$0.79
Apr-12	2,098,370	$1,732,161	$0.83	10.7%	24,448,851	$19,388,316	$0.79	6.5%	$0.81	$0.79
May-12	2,169,223	$1,797,711	$0.83	5.4%	24,608,161	$19,605,860	$0.80	6.6%	$0.81	$0.79
Jun-12	2,178,114	$1,782,539	$0.82	-0.1%	24,760,590	$19,729,561	$0.80	5.6%	$0.81	$0.80
Jul-12	2,144,497	$1,761,711	$0.82	7.1%	24,983,184	$20,016,420	$0.80	6.1%	$0.81	$0.80
Aug-12	2,246,093	$1,881,579	$0.84	7.4%	25,170,145	$20,291,314	$0.81	6.5%	$0.81	$0.80
Sep-12	2,048,802	$1,687,188	$0.82	2.7%	25,270,161	$20,415,645	$0.81	6.4%	$0.81	$0.80
Oct-12	2,337,312	$1,891,784	$0.81	4.8%	25,596,241	$20,754,512	$0.81	6.6%	$0.82	$0.81
Nov-12	2,237,438	$1,841,879	$0.82	6.0%	25,803,530	$21,019,142	$0.81	6.8%	$0.82	$0.81
Dec-12	2,268,190	$1,906,813	$0.84	5.8%	25,922,439	$21,218,069	$0.82	6.6%	$0.82	$0.81
Jan-13	2,335,843	$1,850,134	$0.79	1.6%	26,159,428	$21,431,599	$0.82	6.2%	$0.82	$0.81
Feb-13	2,164,536	$1,718,161	$0.79	-1.2%	26,322,009	$21,540,782	$0.82	5.0%	$0.82	$0.82
Mar-13	2,259,256	$1,871,965	$0.83	2.7%	26,487,674	$21,723,625	$0.82	4.3%	$0.82	$0.82
Apr-13	2,348,009	$1,909,591	$0.81	-1.5%	26,737,313	$21,901,055	$0.82	3.3%	$0.82	$0.82
May-13	2,389,678	$1,943,093	$0.81	-1.9%	26,957,768	$22,046,436	$0.82	2.6%	$0.82	$0.83
Jun-13	2,265,986	$1,847,827	$0.82	-0.4%	27,045,640	$22,111,725	$0.82	2.6%	$0.82	$0.83

Exponential Trend:	0.6%	4.0%
Adjustment for Future ESI Contract Terms:	0.9568	0.9568
Adjusted Trend:	-3.7%	-0.5%

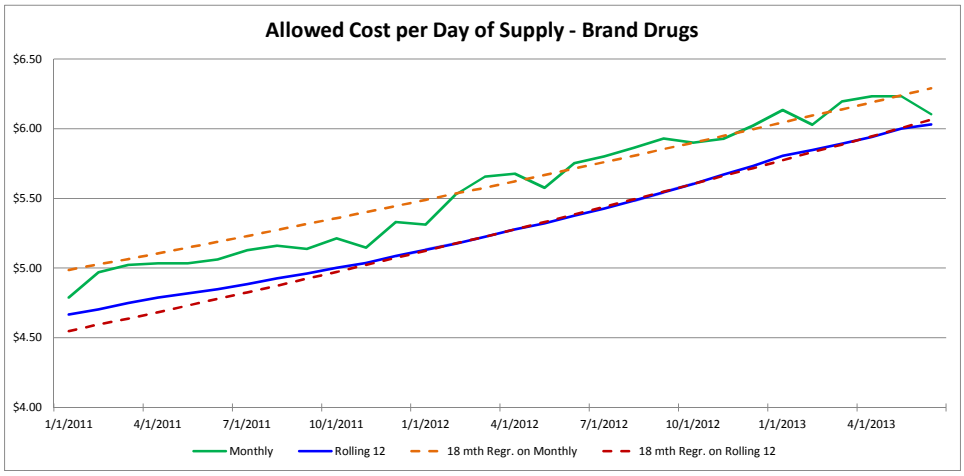


Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

BRAND DRUGS

	MONTHLY DATA				ROLLING 12				EXPONENTIAL FIT	
Incurred Date	Supply	Adjusted Allowed Charge	Cost/ Supply	Monthly Cost Trend	Supply	Adjusted Allowed Charge	Cost/ Supply	Rolling 12 Cost Trend	Monthly Data	Rolling 12 Data
Jan-10	629,038	$2,736,708	$4.35							
Feb-10	596,673	$2,678,970	$4.49							
Mar-10	679,677	$3,070,834	$4.52							
Apr-10	617,417	$2,807,916	$4.55							
May-10	593,366	$2,776,836	$4.68							
Jun-10	621,664	$2,937,245	$4.72							
Jul-10	566,139	$2,633,963	$4.65							
Aug-10	578,221	$2,709,267	$4.69							
Sep-10	565,506	$2,666,315	$4.71							
Oct-10	590,001	$2,797,224	$4.74							
Nov-10	578,456	$2,739,416	$4.74							
Dec-10	622,937	$2,960,926	$4.75							
Jan-11	557,355	$2,669,196	$4.79	10.1%	7,167,412	$33,448,109	$4.67		$4.99	$4.55
Feb-11	518,803	$2,578,958	$4.97	10.7%	7,089,542	$33,348,096	$4.70		$5.03	$4.60
Mar-11	593,963	$2,983,461	$5.02	11.2%	7,003,828	$33,260,723	$4.75		$5.06	$4.64
Apr-11	557,894	$2,808,305	$5.03	10.7%	6,944,305	$33,261,112	$4.79		$5.11	$4.68
May-11	568,274	$2,860,776	$5.03	7.6%	6,919,213	$33,345,052	$4.82		$5.15	$4.73
Jun-11	575,505	$2,913,271	$5.06	7.1%	6,873,053	$33,321,079	$4.85		$5.19	$4.78
Jul-11	534,161	$2,739,315	$5.13	10.2%	6,841,076	$33,426,430	$4.89		$5.23	$4.83
Aug-11	569,634	$2,940,207	$5.16	10.2%	6,832,489	$33,657,370	$4.93		$5.27	$4.87
Sep-11	552,875	$2,840,076	$5.14	9.0%	6,819,858	$33,831,132	$4.96		$5.32	$4.92
Oct-11	580,888	$3,027,950	$5.21	9.9%	6,810,745	$34,061,858	$5.00		$5.36	$4.97
Nov-11	574,905	$2,958,650	$5.15	8.7%	6,807,195	$34,281,091	$5.04		$5.40	$5.02
Dec-11	601,728	$3,207,133	$5.33	12.1%	6,785,986	$34,527,299	$5.09		$5.44	$5.07
Jan-12	555,009	$2,947,829	$5.31	10.9%	6,783,640	$34,805,932	$5.13	9.9%	$5.49	$5.12
Feb-12	546,042	$3,017,293	$5.53	11.2%	6,810,878	$35,244,267	$5.17	10.0%	$5.53	$5.18
Mar-12	530,120	$2,997,929	$5.66	12.6%	6,747,035	$35,258,735	$5.23	10.0%	$5.58	$5.23
Apr-12	523,888	$2,974,021	$5.68	12.8%	6,713,029	$35,424,451	$5.28	10.2%	$5.62	$5.28
May-12	536,425	$2,991,524	$5.58	10.8%	6,681,180	$35,555,200	$5.32	10.4%	$5.67	$5.33
Jun-12	483,937	$2,784,185	$5.75	13.7%	6,589,612	$35,426,113	$5.38	10.9%	$5.71	$5.38
Jul-12	477,732	$2,771,195	$5.80	13.1%	6,533,183	$35,457,994	$5.43	11.1%	$5.76	$5.44
Aug-12	482,948	$2,831,863	$5.86	13.6%	6,446,497	$35,349,650	$5.48	11.3%	$5.81	$5.49
Sep-12	430,002	$2,549,707	$5.93	15.4%	6,323,624	$35,059,281	$5.54	11.8%	$5.85	$5.55
Oct-12	485,132	$2,861,749	$5.90	13.2%	6,227,868	$34,893,079	$5.60	12.0%	$5.90	$5.60
Nov-12	455,378	$2,699,491	$5.93	15.2%	6,108,340	$34,633,920	$5.67	12.6%	$5.95	$5.66
Dec-12	493,296	$2,970,536	$6.02	13.0%	5,999,907	$34,397,323	$5.73	12.7%	$6.00	$5.72
Jan-13	481,142	$2,950,677	$6.13	15.5%	5,926,041	$34,400,171	$5.80	13.1%	$6.04	$5.77
Feb-13	432,116	$2,604,898	$6.03	9.1%	5,812,115	$33,987,776	$5.85	13.0%	$6.09	$5.83
Mar-13	447,704	$2,773,629	$6.20	9.5%	5,729,699	$33,763,476	$5.89	12.8%	$6.14	$5.89
Apr-13	469,741	$2,927,355	$6.23	9.8%	5,675,552	$33,716,810	$5.94	12.6%	$6.19	$5.95
May-13	481,056	$2,998,204	$6.23	11.8%	5,620,184	$33,723,489	$6.00	12.8%	$6.24	$6.00
Jun-13	463,243	$2,827,843	$6.10	6.1%	5,599,490	$33,767,147	$6.03	12.2%	$6.29	$6.07

Exponential Trend:	10.1%	12.6%
Adjustment for Future ESI Contract Terms:	0.9995	0.9995
Adjusted Trend:	**10.0%**	12.6%

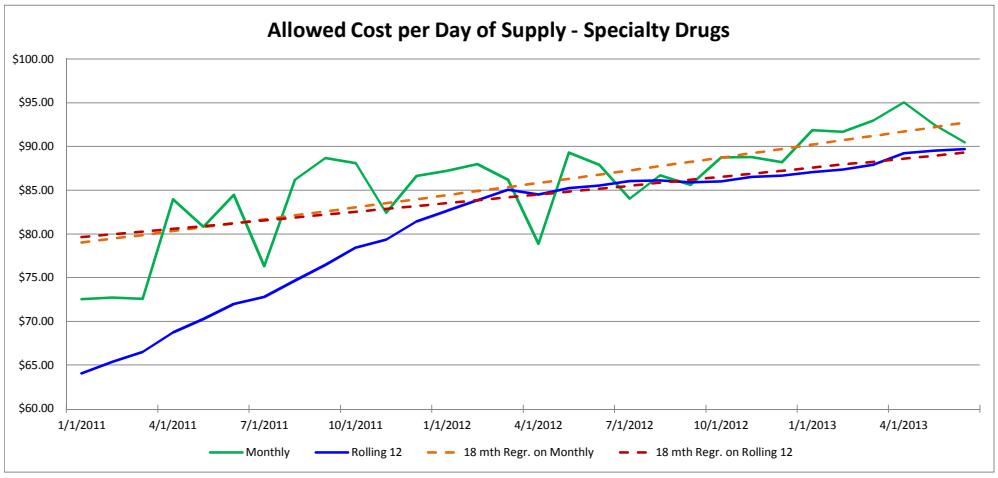


Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

SPECIALTY DRUGS

	MONTHLY DATA				ROLLING 12				EXPONENTIAL FIT	
Incurred Date	Supply	Adjusted Allowed Charge	Cost/ Supply	Monthly Cost Trend	Supply	Adjusted Allowed Charge	Cost/ Supply	Rolling 12 Cost Trend	Monthly Data	Rolling 12 Data
Jan-10	12,376	$644,040	$52.04							
Feb-10	12,089	$675,766	$55.90							
Mar-10	14,146	$845,851	$59.79							
Apr-10	13,952	$790,323	$56.65							
May-10	12,564	$776,827	$61.83							
Jun-10	13,537	$873,278	$64.51							
Jul-10	12,614	$840,946	$66.67							
Aug-10	12,982	$854,416	$65.82							
Sep-10	12,164	$814,077	$66.93							
Oct-10	12,502	$814,095	$65.12							
Nov-10	11,950	$850,089	$71.14							
Dec-10	13,984	$899,575	$64.33							
Jan-11	11,164	$809,774	$72.53	39.4%	153,649	$9,845,018	$64.07		$79.03	$79.65
Feb-11	11,358	$826,060	$72.73	30.1%	152,918	$9,995,311	$65.36		$79.47	$79.97
Mar-11	13,259	$962,485	$72.59	21.4%	152,031	$10,111,945	$66.51		$79.88	$80.26
Apr-11	11,057	$928,266	$83.95	48.2%	149,136	$10,249,888	$68.73		$80.33	$80.58
May-11	11,878	$959,857	$80.81	30.7%	148,450	$10,432,918	$70.28		$80.77	$80.90
Jun-11	12,178	$1,028,449	$84.45	30.9%	147,091	$10,588,089	$71.98		$81.22	$81.22
Jul-11	11,988	$914,863	$76.31	14.5%	146,466	$10,662,007	$72.80		$81.66	$81.54
Aug-11	13,870	$1,195,323	$86.18	30.9%	147,354	$11,002,913	$74.67		$82.12	$81.87
Sep-11	11,968	$1,061,164	$88.67	32.5%	147,158	$11,250,000	$76.45		$82.58	$82.20
Oct-11	12,998	$1,144,997	$88.09	35.3%	147,655	$11,580,902	$78.43		$83.03	$82.52
Nov-11	12,890	$1,062,183	$82.40	15.8%	148,595	$11,792,996	$79.36		$83.50	$82.85
Dec-11	13,479	$1,167,791	$86.64	34.7%	148,089	$12,061,213	$81.45		$83.96	$83.18
Jan-12	13,855	$1,208,439	$87.22	20.2%	150,780	$12,459,878	$82.64	29.0%	$84.43	$83.51
Feb-12	14,088	$1,239,384	$87.97	21.0%	153,511	$12,873,202	$83.86	28.3%	$84.90	$83.85
Mar-12	15,206	$1,310,252	$86.17	18.7%	155,457	$13,220,969	$85.05	27.9%	$85.35	$84.16
Apr-12	15,654	$1,234,595	$78.87	-6.1%	160,053	$13,527,298	$84.52	23.0%	$85.83	$84.50
May-12	15,586	$1,392,041	$89.31	10.5%	163,761	$13,959,482	$85.24	21.3%	$86.30	$84.83
Jun-12	15,315	$1,346,046	$87.89	4.1%	166,898	$14,277,080	$85.54	18.8%	$86.79	$85.17
Jul-12	16,614	$1,396,133	$84.04	10.1%	171,524	$14,758,349	$86.04	18.2%	$87.26	$85.51
Aug-12	17,455	$1,513,369	$86.70	0.6%	175,108	$15,076,395	$86.10	15.3%	$87.75	$85.85
Sep-12	16,023	$1,371,758	$85.61	-3.4%	179,163	$15,386,990	$85.88	12.3%	$88.24	$86.20
Oct-12	17,838	$1,582,977	$88.74	0.7%	184,003	$15,824,970	$86.00	9.7%	$88.72	$86.53
Nov-12	**17,854**	**$1,584,863**	**$88.77**	**7.7%**	**188,967**	**$16,347,651**	**$86.51**	**9.0%**	**$89.22**	**$86.88**
Dec-12	17,867	$1,576,084	$88.21	1.8%	193,355	$16,755,943	$86.66	6.4%	$89.71	$87.22
Jan-13	17,030	$1,564,634	$91.87	5.3%	196,530	$17,112,139	$87.07	5.4%	$90.21	$87.57
Feb-13	15,638	$1,433,766	$91.69	4.2%	198,079	$17,306,521	$87.37	4.2%	$90.72	$87.92
Mar-13	16,142	$1,500,254	$92.94	7.9%	199,016	$17,496,523	$87.92	3.4%	$91.18	$88.24
Apr-13	17,196	$1,634,048	$95.02	20.5%	200,558	$17,895,975	$89.23	5.6%	$91.70	$88.60
May-13	17,599	$1,627,203	$92.46	3.5%	202,571	$18,131,137	$89.51	5.0%	$92.20	$88.95
Jun-13	17,138	$1,550,307	$90.46	2.9%	204,394	$18,335,398	$89.71	4.9%	$92.72	$89.30

Exponential Trend:	6.8%	4.8%
Adjustment for Future ESI Contract Terms:	1.0000	1.0000
Adjusted Trend:	**6.8%**	4.8%

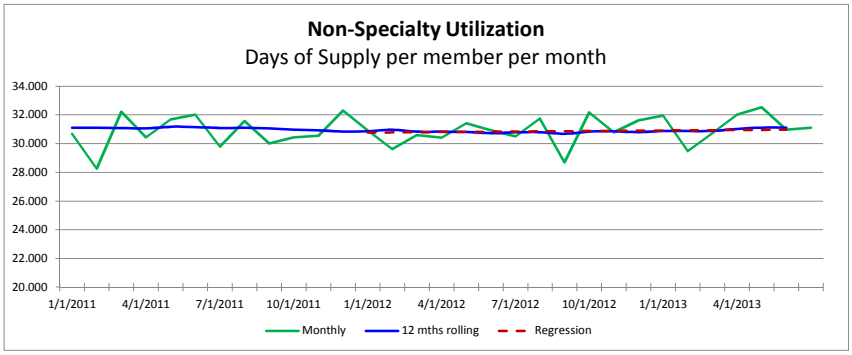


Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

NON-SPECIALTY DRUGS

	MONTHLY DATA				ROLLING 12				EXPONENTIAL FIT
Incurred Date	Membership	Supply	Supply per Member	Monthly Utilization Trend	Membership	Supply	Supply per Member	Rolling 12 Utilization Trend	Rolling 12 Data
Jan-10	76,869	2,290,110	29.792						
Feb-10	76,980	2,163,146	28.100						
Mar-10	76,618	2,495,808	32.575						
Apr-10	76,530	2,358,638	30.820						
May-10	76,458	2,308,034	30.187						
Jun-10	76,387	2,471,812	32.359						
Jul-10	76,111	2,327,060	30.575						
Aug-10	76,084	2,386,684	31.369						
Sep-10	76,596	2,336,440	30.503						
Oct-10	77,207	2,423,703	31.392						
Nov-10	77,377	2,409,397	31.138						
Dec-10	77,440	2,600,875	33.586						
Jan-11	81,069	2,487,055	30.678	3.0%	924,857	28,768,652	31.106		
Feb-11	81,471	2,302,253	28.259	0.6%	929,348	28,907,759	31.105		
Mar-11	81,510	2,626,665	32.225	-1.1%	934,240	29,038,616	31.083		
Apr-11	81,497	2,480,026	30.431	-1.3%	939,207	29,160,004	31.047		
May-11	81,387	2,578,186	31.678	4.9%	944,136	29,430,156	31.172		
Jun-11	81,228	2,601,190	32.023	-1.0%	948,977	29,559,534	31.149		
Jul-11	82,446	2,456,065	29.790	-2.6%	955,312	29,688,538	31.077		
Aug-11	83,264	2,628,766	31.571	0.6%	962,492	29,930,620	31.097		
Sep-11	83,335	2,501,662	30.019	-1.6%	969,231	30,095,842	31.051		
Oct-11	85,147	2,592,119	30.443	-3.0%	977,171	30,264,258	30.971		
Nov-11	85,272	2,605,055	30.550	-1.9%	985,066	30,459,916	30.922		
Dec-11	85,130	2,751,009	32.315	-3.8%	992,756	30,610,050	30.833		
Jan-12	85,784	2,653,862	30.937	0.8%	997,471	30,776,858	30.855	-0.8%	30.76
Feb-12	86,020	2,547,997	29.621	4.8%	1,002,020	31,022,602	30.960	-0.5%	30.78
Mar-12	85,785	2,623,711	30.585	-5.1%	1,006,295	31,019,648	30.826	-0.8%	30.79
Apr-12	86,198	2,622,258	30.421	0.0%	1,010,996	31,161,880	30.823	-0.7%	30.80
May-12	86,098	2,705,647	31.425	-0.8%	1,015,707	31,289,342	30.805	-1.2%	30.81
Jun-12	86,053	2,662,051	30.935	-3.4%	1,020,532	31,350,202	30.719	-1.4%	30.82
Jul-12	85,961	2,622,229	30.505	2.4%	1,024,047	31,516,367	30.776	-1.0%	30.83
Aug-12	85,944	2,729,042	31.754	0.6%	1,026,727	31,616,642	30.794	-1.0%	30.85
Sep-12	86,359	2,478,804	28.703	-4.4%	1,029,751	31,593,784	30.681	-1.2%	30.86
Oct-12	87,717	2,822,444	32.177	5.7%	1,032,321	31,824,109	30.828	-0.5%	30.87
Nov-12	87,431	2,692,815	30.799	0.8%	1,034,480	31,911,870	30.848	-0.2%	30.88
Dec-12	87,315	2,761,486	31.627	-2.1%	1,036,665	31,922,347	30.793	-0.1%	30.89
Jan-13	88,153	2,816,984	31.956	3.3%	1,039,034	32,085,468	30.880	0.1%	30.91
Feb-13	88,053	2,596,653	29.490	-0.4%	1,041,067	32,134,124	30.867	-0.3%	30.92
Mar-13	88,117	2,706,961	30.720	0.4%	1,043,399	32,217,373	30.877	0.2%	30.93
Apr-13	87,993	2,817,750	32.022	5.3%	1,045,194	32,412,865	31.011	0.6%	30.94
May-13	88,214	2,870,734	32.543	3.6%	1,047,310	32,577,952	31.106	1.0%	30.95
Jun-13	88,141	2,729,229	30.964	0.1%	1,049,398	32,645,130	31.108	1.3%	30.97

Exponential Trend: 0.5%

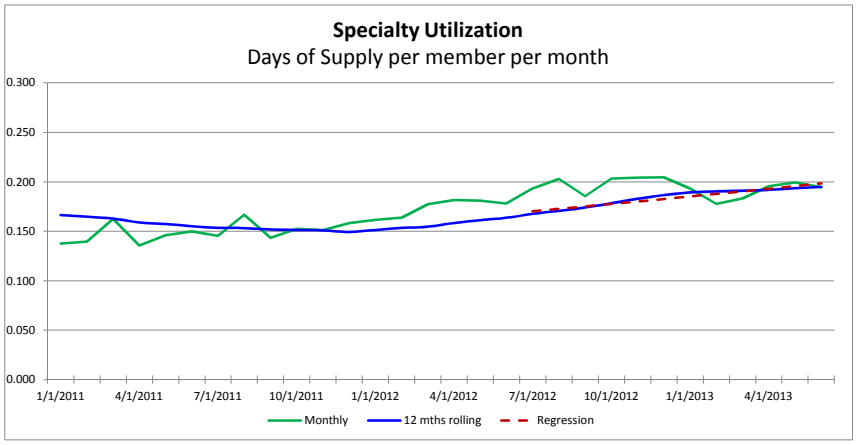


Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

SPECIALTY DRUGS

	MONTHLY DATA				ROLLING 12				EXPONENTIAL FIT
Incurred Date	Membership	Supply	Supply per Member	Monthly Utilization Trend	Membership	Supply	Supply per Member	Rolling 12 Utilization Trend	Rolling 12 Data
Jan-10	76,869	12,376	0.161						
Feb-10	76,980	12,089	0.157						
Mar-10	76,618	14,146	0.185						
Apr-10	76,530	13,952	0.182						
May-10	76,458	12,564	0.164						
Jun-10	76,387	13,537	0.177						
Jul-10	76,111	12,614	0.166						
Aug-10	76,084	12,982	0.171						
Sep-10	76,596	12,164	0.159						
Oct-10	77,207	12,502	0.162						
Nov-10	77,377	11,950	0.154						
Dec-10	77,440	13,984	0.181		920,657	154,860	0.168		
Jan-11	81,069	11,164	0.138	-14.5%	924,857	153,649	0.166		
Feb-11	81,471	11,358	0.139	-11.2%	929,348	152,918	0.165		
Mar-11	81,510	13,259	0.163	-11.9%	934,240	152,031	0.163		
Apr-11	81,497	11,057	0.136	-25.6%	939,207	149,136	0.159		
May-11	81,387	11,878	0.146	-11.2%	944,136	148,450	0.157		
Jun-11	81,228	12,178	0.150	-15.4%	948,977	147,091	0.155		
Jul-11	82,446	11,988	0.145	-12.3%	955,312	146,466	0.153		
Aug-11	83,264	13,870	0.167	-2.4%	962,492	147,354	0.153		
Sep-11	83,335	11,968	0.144	-9.6%	969,231	147,158	0.152		
Oct-11	85,147	12,998	0.153	-5.7%	977,171	147,655	0.151		
Nov-11	85,272	12,890	0.151	-2.1%	985,066	148,595	0.151		
Dec-11	85,130	13,479	0.158	-12.3%	992,756	148,089	0.149	-11.3%	
Jan-12	85,784	13,855	0.162	17.3%	997,471	150,780	0.151	-9.0%	
Feb-12	86,020	14,088	0.164	17.5%	1,002,020	153,511	0.153	-6.9%	
Mar-12	85,785	15,206	0.177	9.0%	1,006,295	155,457	0.154	-5.1%	
Apr-12	86,198	15,654	0.182	33.9%	1,010,996	160,053	0.158	-0.3%	
May-12	86,098	15,586	0.181	24.0%	1,015,707	163,761	0.161	2.5%	
Jun-12	86,053	15,315	0.178	18.7%	1,020,532	166,898	0.164	5.5%	
Jul-12	85,961	16,614	0.193	32.9%	1,024,047	171,524	0.167	9.2%	0.17
Aug-12	85,944	17,455	0.203	21.9%	1,026,727	175,108	0.171	11.4%	0.17
Sep-12	86,359	16,023	0.186	29.2%	1,029,751	179,163	0.174	14.6%	0.18
Oct-12	87,717	17,838	0.203	33.2%	1,032,321	184,003	0.178	18.0%	0.18
Nov-12	87,431	17,854	0.204	35.1%	1,034,480	188,967	0.183	21.1%	0.18
Dec-12	87,315	17,867	0.205	29.2%	1,036,665	193,355	0.187	25.0%	0.18
Jan-13	88,153	17,030	0.193	19.6%	1,039,034	196,530	0.189	25.1%	0.19
Feb-13	88,053	15,638	0.178	8.4%	1,041,067	198,079	0.190	24.2%	0.19
Mar-13	88,117	16,142	0.183	3.3%	1,043,399	199,016	0.191	23.5%	0.19
Apr-13	87,993	17,196	0.195	7.6%	1,045,194	200,558	0.192	21.2%	0.19
May-13	88,214	17,599	0.200	10.2%	1,047,310	202,571	0.193	20.0%	0.20
Jun-13	88,141	17,138	0.194	9.3%	1,049,398	204,394	0.195	19.1%	0.20

Exponential Trend: 18.1%



Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

ACTUAL AND PROJECTED DISPENSING RATES
GENERIC AND SPECIALTY DRUGS

Brands losing Patent→	ATACAND	NIASPAN	CYMBALTA	CELEBREX	NEXIUM	SYMBICORT	NOVOLOG	NAMENDA	LANTUS	GLEEVEC	LIDODERM	Other Brand	Generic	Specialty	Total	Generic Dispensing Rate		Specialty Dispensing Rate	
Patent Exp Date→	201305	201309	201312	201405	201405	201410	201412	201501	201502	201507	201510								
Incurred Date	# DAYS SUPPLY BY INCURRED DATE															Monthly	Rolling 12	Monthly	Rolling 12
Jan-11	630	3,915	10,397	7,914	18,351	3,271	6,280	570	13,280	150	787	491,959	1,929,700	11,014	2,498,219	77.2%		0.4%	
Feb-11	870	4,355	9,128	6,014	17,349	3,012	5,999	836	12,414	120	714	458,112	1,783,450	11,238	2,313,611	77.1%		0.5%	
Mar-11	900	4,885	11,761	7,770	18,494	4,627	6,005	810	12,790	120	499	525,422	2,032,701	13,139	2,639,924	77.0%		0.5%	
Apr-11	480	4,960	10,267	7,088	20,299	4,204	6,303	570	11,988	30	638	491,096	1,922,132	11,027	2,491,083	77.2%		0.4%	
May-11	690	5,014	10,511	7,085	10,567	4,721	6,725	735	13,592	120	943	507,691	2,009,912	11,758	2,590,064	77.6%		0.5%	
Jun-11	1,290	5,251	10,609	7,741	10,715	4,835	5,889	960	14,334	60	968	512,912	2,025,686	12,118	2,613,368	77.5%		0.5%	
Jul-11	450	4,410	10,831	7,228	10,102	4,329	6,288	660	12,513	120	853	476,497	1,921,903	11,868	2,468,053	77.9%		0.5%	
Aug-11	990	3,630	12,234	7,609	9,447	4,170	7,906	715	13,313	90	1,211	508,408	2,059,132	13,780	2,642,636	77.9%		0.5%	
Sep-11	570	4,410	12,059	6,646	8,729	4,495	6,136	852	12,301	210	901	495,776	1,948,787	11,758	2,513,630	77.5%		0.5%	
Oct-11	690	4,168	11,554	7,733	7,959	4,700	7,527	944	13,035	90	837	521,740	2,011,231	12,908	2,605,118	77.2%		0.5%	
Nov-11	900	3,960	11,624	6,983	8,729	5,464	7,057	720	14,173	202	1,276	514,019	2,030,149	12,688	2,617,945	77.5%		0.5%	
Dec-11	570	4,402	11,544	6,783	9,857	6,841	6,741	709	14,577	156	1,235	538,468	2,149,281	13,323	2,764,488	77.7%	77.5%	0.5%	0.5%
Jan-12	630	3,466	10,782	7,102	8,613	5,317	6,298	780	12,161	90	1,027	498,833	2,098,854	13,765	2,667,718	78.7%	77.6%	0.5%	0.5%
Feb-12	960	3,369	10,472	6,222	8,348	6,868	7,767	660	13,926	142	1,410	486,039	2,001,956	13,946	2,562,086	78.1%	77.7%	0.5%	0.5%
Mar-12	510	4,374	11,584	6,236	7,874	7,265	6,701	750	12,125	172	952	471,748	2,093,591	15,034	2,638,917	79.3%	77.9%	0.6%	0.5%
Apr-12	540	3,188	11,490	7,026	9,021	6,432	7,033	580	13,669	82	1,293	463,615	2,098,370	15,572	2,637,911	79.5%	78.1%	0.6%	0.5%
May-12	570	3,322	11,239	7,217	8,274	6,327	7,450	660	15,391	142	1,371	474,603	2,169,223	15,444	2,721,233	79.7%	78.2%	0.6%	0.5%
Jun-12	810	4,555	12,021	5,434	8,426	6,772	7,541	853	14,735	164	1,156	421,633	2,178,114	15,151	2,677,366	81.4%	78.6%	0.6%	0.5%
Jul-12	464	3,511	12,327	7,292	9,202	7,595	7,374	570	14,139	112	1,155	414,103	2,144,497	16,502	2,638,843	81.3%	78.8%	0.6%	0.5%
Aug-12	990	2,641	11,303	7,374	8,087	7,179	8,102	570	14,833	164	1,202	420,666	2,246,093	17,291	2,746,497	81.8%	79.2%	0.6%	0.5%
Sep-12	450	3,002	10,866	5,289	8,539	7,995	6,397	850	15,012	112	1,092	370,510	2,048,802	15,911	2,494,827	82.1%	79.5%	0.6%	0.6%
Oct-12	508	4,007	12,175	7,880	7,651	8,986	7,706	660	14,624	82	1,222	419,713	2,337,312	17,756	2,840,282	82.3%	80.0%	0.6%	0.6%
Nov-12	840	2,401	11,013	6,552	8,343	9,397	6,944	400	14,426	82	1,106	393,955	2,237,438	17,772	2,710,669	82.5%	80.4%	0.7%	0.6%
Dec-12	510	3,347	13,269	6,808	9,499	9,113	8,436	640	16,696	134	1,287	423,691	2,268,190	17,733	2,779,353	81.6%	80.7%	0.6%	0.6%
Jan-13	540	3,032	12,318	7,620	7,128	10,778	6,564	808	15,836	142	1,147	415,370	2,335,843	16,888	2,834,014	82.4%	81.0%	0.6%	0.6%
Feb-13	690	2,627	11,494	6,199	8,043	9,990	7,584	376	14,594	120	813	369,706	2,164,536	15,518	2,612,291	82.9%	81.4%	0.6%	0.6%
Mar-13	270	2,642	11,750	6,292	8,105	9,116	7,624	936	15,405	210	913	384,650	2,259,256	15,932	2,723,102	83.0%	81.7%	0.6%	0.6%
Apr-13	420	3,544	12,256	7,446	7,852	10,445	7,127	1,094	16,035	120	1,287	402,233	2,348,009	17,076	2,834,946	82.8%	82.0%	0.6%	0.6%
May-13	631	2,880	12,974	8,225	7,846	9,897	7,036	809	17,102	210	1,453	412,204	2,389,678	17,389	2,888,333	82.7%	82.2%	0.6%	0.6%
Jun-13	30	2,473	13,895	6,608	7,990	11,263	7,969	569	16,595	150	1,407	394,442	2,265,986	16,988	2,746,367	82.5%	82.3%	0.6%	0.6%
Jul-13	***30***	***2,866***	***12,448***	***7,065***	***7,827***	***10,248***	***7,318***	***765***	***15,928***	***159***	***1,170***	***396,434***	***2,293,885***	***16,632***	***2,772,775***	82.7%	82.5%	0.6%	0.6%
Aug-13	30	2,866	12,448	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,293,885	16,632	2,772,775	82.7%	82.5%	0.6%	0.6%
Sep-13	30	2,866	12,448	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,293,885	16,632	2,772,775	82.7%	82.6%	0.6%	0.6%
Oct-13	30	2,866	12,448	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,293,885	16,632	2,772,775	82.7%	82.6%	0.6%	0.6%
Nov-13	30	2,866	12,448	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,293,885	16,632	2,772,775	82.7%	82.6%	0.6%	0.6%
Dec-13	0	2,866	12,448	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,293,915	16,632	2,772,775	82.7%	82.7%	0.6%	0.6%
Jan-14	0	2,866	12,448	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,293,915	16,632	2,772,775	82.7%	82.7%	0.6%	0.6%
Feb-14	0	2,866	12,448	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,293,915	16,632	2,772,775	82.7%	82.7%	0.6%	0.6%
Mar-14	0	0	12,448	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,296,781	16,632	2,772,775	82.8%	82.7%	0.6%	0.6%
Apr-14	0	0	12,448	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,296,781	16,632	2,772,775	82.8%	82.7%	0.6%	0.6%
May-14	0	0	12,448	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,296,781	16,632	2,772,775	82.8%	82.7%	0.6%	0.6%
Jun-14	0	0	0	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,309,229	16,632	2,772,775	83.3%	82.8%	0.6%	0.6%
Jul-14	0	0	0	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,309,229	16,632	2,772,775	83.3%	82.8%	0.6%	0.6%
Aug-14	0	0	0	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,309,229	16,632	2,772,775	83.3%	82.9%	0.6%	0.6%
Sep-14	0	0	0	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,309,229	16,632	2,772,775	83.3%	82.9%	0.6%	0.6%
Oct-14	0	0	0	7,065	7,827	10,248	7,318	765	15,928	159	1,170	396,434	2,309,229	16,632	2,772,775	83.3%	83.0%	0.6%	0.6%
Nov-14	0	0	0	0	0	10,248	7,318	765	15,928	159	1,170	396,434	2,324,122	16,632	2,772,775	83.8%	83.1%	0.6%	0.6%
Dec-14	0	0	0	0	0	10,248	7,318	765	15,928	159	1,170	396,434	2,324,122	16,632	2,772,775	83.8%	83.2%	0.6%	0.6%
Jan-15	0	0	0	0	0	10,248	7,318	765	15,928	159	1,170	396,434	2,324,122	16,632	2,772,775	83.8%	83.3%	0.6%	0.6%
Feb-15	0	0	0	0	0	10,248	7,318	765	15,928	159	1,170	396,434	2,324,122	16,632	2,772,775	83.8%	83.3%	0.6%	0.6%
Mar-15	0	0	0	0	0	10,248	7,318	765	15,928	159	1,170	396,434	2,324,122	16,632	2,772,775	83.8%	83.4%	0.6%	0.6%
Apr-15	0	0	0	0	0	0	7,318	765	15,928	159	1,170	396,434	2,334,370	16,632	2,772,775	84.2%	83.5%	0.6%	0.6%
May-15	0	0	0	0	0	0	7,318	765	15,928	159	1,170	396,434	2,334,370	16,632	2,772,775	84.2%	83.7%	0.6%	0.6%
Jun-15	0	0	0	0	0	0	0	765	15,928	159	1,170	396,434	2,341,687	16,632	2,772,775	84.5%	83.8%	0.6%	0.6%
Jul-15	0	0	0	0	0	0	0	0	15,928	159	1,170	396,434	2,342,453	16,632	2,772,775	84.5%	83.9%	0.6%	0.6%

* The # Days Supply for July 2013 is set equal to the average for the 6 month period of January 2013 to June 2013 (except for Atacand, which is set equal to the June 2013 amount)
For the listed Brand drugs that are losing patent, the # Days Supply for months after July 2013 are assumed to be level for the 6 month single source period, then 0 thereafter.

Blue Cross and Blue Shield of Vermont
First and Second Quarter 2014 Trend Filing
Pharmacy Trend Development

Pharmacy Trend Calculation

		Generic	Brand	Non-Specialty= Generic+Brand	Specialty		Total
For the 12 months ending May 2013:							
# Days Supply	a	26,957,768	5,620,184	32,577,952	202,571	a=Σ	32,780,523
Allowed Charge per Supply	b	$0.82	$6.00		$89.51	b=c/a	$2.25
Total Allowed Charges	c=a*b	$22,046,436	$33,723,489	$55,769,925	$18,131,137	c=Σ	$73,901,063
Utilization Trends	d			**0.5%**	**18.1%**	d=e/a-1	**0.6%**
Projected # Days Supply (1 yr)	e=a*(1+d)			32,729,053	239,212	e=Σ	32,968,265
Projected Rolling-12 dispensing rate (Generic and Brand split)	f	**83.9%**	**16.1%**				
Non-Specialty Projected # Days Supply: Generic and Brand	g=e*f	27,471,019	5,258,033				
Utilization Trends: Generic and Brand	h=g/a-1	**1.9%**	**-6.4%**				
Cost Trends	i	**-3.7%**	**10.0%**		**6.8%**	i=j/b	**6.6%**
Projected Allowed Charge per Supply	j=b*(1+h)	$0.79	$6.60		$95.62	j=k/e	$2.40
Projected Total Allowed Charges	k=g*j OR e*j	$21,630,607	$34,713,898	$56,344,505	$22,873,681	k=Σ	$79,218,186
Total Trends	l=k/c-1	**-1.9%**	**2.9%**	**1.0%**	**26.2%**	l=k/c-1	**7.2%**
PMPM Calculation							
Member Months for the 12 months ending May 2013	m						1,047,310
PMPM by category	n=c/m	$21.05	$32.20	$53.25	$17.31		$70.56