

**Responses to Objections**

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## **Objection 1**

**Comments:**

You stated in the response that the medical trend “reflect additional data after our first SERFF was submitted”. As a result of additional data after your first SERFF submission, is there any impact to the 2019 proposed rates, or the proposed 0.2% proposed rate increase? If so, please specify and provide detailed support for it.

**Response:**

There is no impact to our proposed rates in 2019. We submitted our updated SERFF in the first set of objections showing the new proposed rate increase of 0.2%. The -3.6% we originally submitted was adjusted to show the increased trend leading to the 0.2% rate increase.

## **Objection 2**

### **Comments:**

We have done a comparison of the Rx trend and Rx area factor between the prior approved filing and the current filing.

- 1) We have calculated that the pricing impact of updating the Rx trend is -2.6%. Please confirm; otherwise, please provide detailed derivation.
- 2) Please provide detailed derivation of the pricing impact due to updating the Rx area factor.
- 3) If the above two doesn't add up to the total pricing impact of -14.8% due to Rx change, please explain and provide detailed derivation.

### **Response:**

- 1) We have calculated the update in Rx trend to be an impact of -2.8%. We are unsure how you arrived at your -2.6% value however here is the derivation of our -2.8%

<b>Rx Trend</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>
2018 Filing	9.4%	9.4%	19.7%
2019 Filing	8.0%	7.9%	16.6%
Difference	-1.4%	-1.5%	-2.8%

- 2) The area factor changes that do not include trend are equal to -12.3%

<b>Rx Methodology Changes 2018 - 2019</b>	
Pharmacy Trend Changes	-2.8%
Area factor changes	-12.3%
<b>Total Rx Methodology Change</b>	<b>-14.8%</b>

- 3) The trend plus other area factor changes do equal the total Rx Methodology Change of -14.8%

### **Objection 3**

**Comments:**

Similarly, we have done a comparison of the medical trend and medical area factors between the prior approved filing and the current filing.

- 1) We have calculated that the pricing impact of updating the medical trend is -1.9%. Please confirm. If not, please provide detailed derivation.
- 2) Please provide detailed derivation of the pricing impact due to updating the medical area factors.
- 3) If the above two doesn't add up to the total pricing impact of -3.6% due to medical change, please explain and provide detailed derivation.

**Response:**

- 1) We have calculated the update in Medical trend to be an impact of -2.0%. We are unsure how you arrived at your -1.9% but do have a derivation of how we arrived at our -2.0%.

<b>Medical Trend</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>
2018 Filing	6.8%	6.8%	14.0%
2019 Filing	5.5%	6.0%	11.8%
Difference	-1.3%	-0.7%	-2.0%

- 2) The area factor changes that do not include trend are equal to -1.6%

<b>Medical Methodology Changes 2018 - 2019</b>	
Med Trend Changes	-2.0%
Med Area Factor Change	-1.6%
<b>Total Rx Methodology Change</b>	<b>-3.6%</b>

- 3) The trend plus other area factor changes do equal the total Medical Methodology Change of -3.6%