

December 22, 2020

The Green Mountain Care Board
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COVID-19 RELIEF PROGRAM: ACTUARIAL MEMORANDUM

In recognition of the impact of the COVID-19 pandemic upon claim experience, the Company intends to grant a credit to all of its guaranteed cost group health insurance policyholders in such amount as it may determine based upon calendar year 2020 claim experience for the block of business.

An experience credit will be provided to all guaranteed cost large group policyholders with effective dates from May 2019 to April 2020, for which the corresponding coverage periods include the month with the most pronounced level of deferred care (April 2020).

Due to the uncertainty surrounding the key cost drivers pertaining to COVID-19, the impact to calendar year 2020 claims cannot be properly assessed at this time. Following conclusion of the 2020 calendar year, the effect of the COVID-19 pandemic on the overall experience of the block of business will be assessed. A singular, book-level credit % will be determined based on the impact of COVID-19 on the calendar year 2020 MLR for the nationwide book of guaranteed cost large group business.

The singular credit % will be no less than 10% of each policyholder's average 2020 monthly premium.

The singular credit % will be applied to the average monthly premium for calendar year 2020 to determine the experience credit for each guaranteed cost large group policyholder. The experience credit will be applied to each existing policyholder's billed premium in April 2021.

There will be no changes to health coverage plan benefits as a result of the experience credit.

The experience credit is expected to be reflected in the MLR calculations as an experience rating credit, consistent with the treatment of other experience rating credits within the current MLR calculation rules. The experience credit will serve to increase the 2020 MLR. Illustratively, if the experience credit is 10%, the estimated impact to claims within the MLR calculation is $10\%/12 = +0.8\%$.

Subject to state regulations, communication to policyholders and their respective benefit advisor via email occurred in June 2020. The company will be available for questions, feedback and to provide additional guidance and support post the release of communications to applicable policyholders.

Please contact Paul Schaeffer at (860) 226-8017 or at Paul.Schaeffer@cigna.com with any questions or concerns regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Schaeffer', with a horizontal line underneath.

Paul Schaeffer, FSA, MAAA
Actuarial Senior Director