

## **Objection 1**

### **Comment 1:**

Will a target loss ratio determine the level of the final credit percentage? If so, what is the target loss ratio?

### **Response 1:**

We have committed to crediting at least 10% of a policyholder's average 2020 monthly premium. Given the surge in COVID-19 infection rate in the fourth quarter of 2020, 2020 claims experience is trending towards the 10% guaranteed credit. We are still evaluating 2020 claims run out.

### **Comment 2:**

The Actuarial Memorandum states, "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." Considering we are past the conclusion of the 2020 calendar year, when does the Company expect to be able to assess the 2020 experience well enough to determine a final credit percentage?

### **Response 2:**

The assessment of 2020 experience is currently ongoing, as we finalize our 2020 financial statements over the next month. We expect to determine the final experience credit percentage by the end of February 2021. Given the surge in COVID-19 infection rate in the fourth quarter of 2020, we estimate that the credit will be close to the 10% credit that was guaranteed.

### **Comment 3:**

As we assess the reasonableness of this filing, we are struggling to approve this filing as filed due to the lack of having a final credit percentage and/or a defined formula and timeline for determining the final credit percentage. Can the Company provide a final credit percentage at this time? If not, please provide further information regarding the process that will be followed to determine the final credit percentage?

### **Response 3:**

We do not have the final experience rate credit percentage at this time. We have committed to crediting at least 10% of a policyholder's average 2020 monthly premium. 2020 experience assessment is currently ongoing. Given the surge in infection rate in the fourth quarter of 2020, we estimate that the credit will be close to the 10% credit that was guaranteed. Once we have a more complete view of 2020 national claim experience, we will finalize the experience credit percentage and provide that information to you. Note: Cigna is not obligated to provide a credit, but would like to do so given the unprecedented nature of the pandemic.

**Comment 4:**

Response 6 states, "A large group's own experience will not directly impact the amount of the credit received. A large group's own experience will be part of the national book of business experience that determines the experience rate credit percentage." Please address the following regarding this statement:

- a. Since national experience will be used to determine the credit percentage, will the credit be given nationwide?
- b. If so, will the nationwide credit be given as a uniform credit percentage, or will the credit vary by state?
- c. Did the company consider using only Vermont experience to determine the Vermont policyholder credit percentage?

**Response 4:**

- a. Yes, the experience credit will be given nationwide to all guaranteed cost, large group business that was active during April 2020.
- b. Yes, there is a uniform percentage. The singular credit percentage will be applied to the average monthly premium for calendar year 2020 to determine the experience credit for each guaranteed cost large group policyholder.
- c. Yes, using state-specific experience was considered but would result in significant volatility by state. A nationwide percentage was chosen to provide credibility to the percentage and uniformity across our policyholders.

**Comment 5:**

Given the most recent data available, what is the estimated ultimate 2020 MLR, prior to applying the experience rate credit, for VT? And Nationwide?

**Response 5:**

We do not have any updates to our 2020 MLR estimates at this time. The Supplemental Health Care Exhibit (SHCE) will be provided around April 1, 2021.