

July 13, 2023

Kevin Ruggeberg, FSA, MAAA  
Vice President & Senior Consulting Actuary  
Lewis & Ellis, Inc.

**Subject: Your 7/12/2023 Questions re: 2024 AHP Rating Program Filing (SERFF Tracking #: BCVT-133676244)**

Dear Mr. Ruggeberg:

In response to your request dated July 12, 2023, here is *your question* and our answer:

- 1) *Please provide the rating impact of assuming each of the following scenarios:*
- a) *Hospital budgets are approved as recently submitted.*
  - b) *Hospital budgets are approved at zero rate change for FY2024.*
  - c) *Hospital budgets are approved at a uniform 10% unit cost increase for FY2024 for all facilities.*

The table below provides the rating impact for each scenario.

Rating Impact by Scenario				
Scenario		A	B	C
Filed Medical Manual Rate	A	\$586.98	\$586.98	\$586.98
Filed Medical Paid Trend Factor	B	1.2401	1.2401	1.2401
Scenario Medical Paid Trend Factor	C	1.2793	1.2061	1.2761
Scenario Medical Manual Rate	$D = A \times (C/B)$	\$605.58	\$570.88	\$604.02
Filed Pharmacy Manual Rate	E	\$168.28	\$168.28	\$168.28
Scenario Total Manual Rate	$F = D + E$	\$773.85	\$739.16	\$772.30
Change in Manual Rate		+2.5%	-2.1%	+2.3%
Change in Full Manual Premium		+2.4%	-2.1%	+2.2%

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

Sincerely,



Matthew J. Goodrich, F.S.A., M.A.A.A.  
Associate Actuary