

SERFF Tracking Number: CFAP-127624803 State: District of Columbia  
 Filing Company: Group Hospitalization and Medical Services, Inc. State Tracking Number:  
 Company Tracking Number: 1682  
 TOI: H101 Individual Health - Dental Sub-TOI: H101.000 Health Dental  
 Product Name: Filing #1682 GHMSI DC Individual Preferred Dental Plus  
 Project Name/Number: DC GHMSI Indiv Preferred Dental Plus eff 201201/1682

**Rate Information**

Rate data applies to filing.

**Filing Method:** Electronic  
**Rate Change Type:** Neutral  
**Overall Percentage of Last Rate Revision:** 0.000%  
**Effective Date of Last Rate Revision:**  
**Filing Method of Last Filing:**

**Company Rate Information**

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Group Hospitalization and Medical Services, Inc.	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	1682 DC GHMSI Indiv PDP Rate Filing	listed in the rate filing	New		File 1682 DC GHMSI Indiv PDP Rate Filing.pdf

**INDIVIDUAL (Over and Under 65) Market  
Preferred Dental Plus**

**Proposed Annual and Quarterly Premium Rates Effective  
1/01/12**

**Group Hospitalization and Medical Services, Inc. dba  
CareFirst BlueCross BlueShield  
Individual (Over and Under 65) Market  
Preferred Dental Plus  
Proposed Annual and Quarterly Premium Rates Effective 1/01/12**

Contract Form Nos.: DC/GHMSI/DB/ISPP IEA (10/11); DC/GHMSI/DB/ISPP/DOCS (10/11); DC/GHMSI/DB/DENT/ES (10/11)  
(pending)

<b>Product:</b>	<b><u>Preferred Dental Plus Annual Billing</u></b>	<b><u>Preferred Dental Plus Quarterly Billing</u></b>
Individual	\$441.96	\$115.47
Ind & Child(ren)	\$817.68	\$209.40
Ind & Adult	\$1,016.52	\$259.11
Family	\$1,237.56	\$314.37

\* Not Age Rated

**Benefit Summary:**

	<b><u>IN-NETWORK</u></b>	<b><u>OUT-OF-NETWORK</u></b>
Individual Annual Deductible	\$25	\$50
Family Annual Deductible	\$75	\$150
Coinsurance		
CLASS 1	100%	80%
CLASS 2	80%	60%
CLASS 3	80%	60%
CLASS 4	50%	35%
<b>\$1,000 Annual Benefit Maximum per Participant</b>		
<b>Deductible applies to Classes 2 - 4</b>		
CLASS 5	50%	35%
<b>\$800 Lifetime Benefit Maximum per Participant</b>		

Class 1:	Preventive and Diagnostic Services
Class 2:	Therapeutic and Minor Restorative Services
Class 3:	Periodontic and Endodontic Services
Class 4:	Prosthodontic and Major Restorative
Class 5:	Orthodontic Services

Quarterly Billing Admin cost* =	<b>\$4.98</b>
<b>Monthly Administrative Surcharge for Quarterly-Annual Billing</b>	<b>\$1.66</b>

\* Quarterly Billing Admin Cost is \$5 but due to systems limitations, of having to load monthly rates, this admin cost has been rounded down to make it divisible by 3.

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## Supporting Document Schedules

**Item Status:**

**Status**

**Date:**

**Satisfied - Item:** Actuarial Justification

**Comments:**

**Attachment:**

File 1682 DC GHMSI Indiv PDP Actuarial Memorandum.pdf

**Group Hospitalization & Medical Services, Inc. (GHMSI)**  
**NAIC #53007**

**Individual (Over and Under 65) Market**

**Rate Filing # 1682**

**Preferred Dental Plus**

**Effective 1/01/2012**

**Actuarial Memorandum**

**CareFirst BlueCross BlueShield  
Individual (Over and Under 65) Market  
Preferred Dental Plus  
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## ACTUARIAL CERTIFICATION

I, Dwayne Lucado, am a Pricing Actuary with Group Hospitalization and Medical Services, Inc. (GHMSI) doing business as CareFirst BlueCross BlueShield and a member of the American Academy of Actuaries. I have been involved in the development of these rates.

To the best of my knowledge and judgment, this rate filing complies with applicable laws and regulations of the District of Columbia and produces premiums that are reasonable in relation to benefits provided.

**Dwayne Lucado**

Digitally signed by Dwayne Lucado  
DN: cn=Dwayne Lucado, o=CareFirst BlueCross BlueShield,  
ou=Actuarial Pricing Department, email=dwayne.  
lucado@carefirst.com, c=US  
Date: 2011.09.16 15:08:23 -04'00'

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Dwayne Lucado, FSA, MAAA  
Associate Actuary  
CareFirst BlueCross BlueShield  
Mail Drop-Point 01-780  
Pricing Department  
10455 Mill Run Circle  
Owings Mills, MD 21117

# CareFirst BlueCross BlueShield

## Rate Filing Summary (Filing #1682)

This submission pertains to the new product offering for the Individual (Over and Under 65) market dental business of GHMSI. The proposed effective date is 1/01/2012.

CFBCBS is proposing to launch a new product - Preferred Dental Plus.

The existing Individual Select Preferred benefit is designed to cover only Class 1 (Preventive and Diagnostic) services, with members receiving network discounts for other services. The new Individual Preferred Dental Plus is a richer benefit, expanding the covered services to Class 2 (Basic Services), Class 3 (Surgical), Class 4 (Restorative) and Class 5 (Orthodontic Services).

There is a 12-month waiting period for services listed as Class 3, Class 4 and Class 5 from beginning on the subscriber's effective date. If a dependent is added to the subscriber's membership after the subscriber's effective Date, the 12-month waiting period applied to the newly enrolled dependent for services listed in Classes 3 - 5.

This product will offer 2 billing options - annual and quarterly billing option. There is an administrative surcharge for the quarterly billing option.

These plans will not be age rated.

### **Contract Form Numbers pertaining to this filing:**

DC/GHMSI/DB/ISPP IEA (10/11)  
DC/GHMSI/DB/ISPP/DOCS (10/11)  
DC/GHMSI/DB/DENT/ES (10/11)

**CareFirst BlueCross BlueShield**  
**Individual (Over and Under 65) Market**  
**Preferred Dental Plus**  
**Description of Dental Benefits**

**Benefit Summary\*:**

	<u>IN-NETWORK</u>	<u>OUT-OF-NETWORK</u>
Individual Annual Deductible	\$25	\$50
Family Annual Deductible	\$75	\$150
Coinsurance	CLASS 1	100%
	CLASS 2	80%
	CLASS 3	80%
	CLASS 4	50%
<b>\$1,000 Annual Benefit Maximum per Participant</b>		
<b>Deductible applies to Classes 2 - 4</b>		
	CLASS 5	50%
<b>\$800 Lifetime Benefit Maximum per Participant</b>		

\* Benefit is similar to MSGR Option 3.

<b>Preventive &amp; Diagnostic Services (Class 1)</b>	
<ul style="list-style-type: none"> <li>• Oral Exams (two per contract year)</li> <li>• Prophylaxis (two cleanings per contract year)</li> <li>• Bitewing X-Rays (two per contract year)</li> <li>• Full mouth X-ray or panograph and bitewing X-ray combination and one cephalometric X-ray (once per 36 months)</li> </ul>	<ul style="list-style-type: none"> <li>• Fluoride treatments (two per contract year per member, until the end of the year in which member reaches age 19)</li> <li>• Sealants on permanent molars (once per tooth per 36 months per member, until the end of the year in which member reaches age 19)</li> <li>• Space maintainers (once per 60 months)</li> <li>• Palliative emergency treatment</li> </ul>
<b>Basic Services (Class 2)</b>	
<ul style="list-style-type: none"> <li>• Direct placement fillings using approved materials (one filling per surface per 12 months)</li> </ul>	<ul style="list-style-type: none"> <li>• Periodontal scaling and root planing (once per 24 months, one full mouth treatment)</li> <li>• Simple extractions</li> </ul>
<b>Major Services – Surgical (Class 3)</b>	
<ul style="list-style-type: none"> <li>• Surgical periodontic services including osseous surgery, mucogingival surgery and occlusal adjustments (once per 60 months)</li> <li>• Endodontics (treatment as required involving the root and pulp of the tooth, such as root canal therapy)</li> </ul>	<ul style="list-style-type: none"> <li>• Oral surgery (surgical extractions, treatment for cysts, tumor and abscesses, apicoectomy and hemi-section)</li> <li>• General anesthesia rendered for a covered dental service</li> </ul>
<b>Major Services – Restorative (Class 4)</b>	
<ul style="list-style-type: none"> <li>• Full and/or partial dentures (once per 60 months)</li> <li>• Fixed bridges, crowns, inlays and onlays (once per 60 months)</li> <li>• Denture adjustments and relining (limits apply for regular and immediate dentures)</li> </ul>	<ul style="list-style-type: none"> <li>• Recementation of crowns, inlays and/or bridges (once per 12 months)</li> <li>• Repair of prosthetic appliances as required (once in any 12 month period per specific area of appliance)</li> <li>• Dental implants, subject to medical necessity review (once per 60 months)</li> </ul>
<b>Orthodontic Services (Class 5)</b>	
<ul style="list-style-type: none"> <li>• Benefits for orthodontic services are available for covered members until the end of the month in which a member reaches the age of 19.</li> </ul>	

There is a 12-month waiting period for for services listed as Class III, Class IV and Class V from beginning on the Subscriber's effective date

**CareFirst BlueCross BlueShield  
Individual Preferred Dental Plus  
DERIVATION OF Individual Rates and Components of Retention  
Effective January 1, 2012**

Current MSGR RPPO Individual Claims PMPM (Opt 3 incl \$800 LTM Ortho)*	<b>\$15.85</b>
Comp Factor	<b>0.984</b>
Incurred Claims PMPM	<b>\$16.11</b>
Trend	1.1160
Projected Claims PMPM	\$17.98
Individual Load / Voluntary Load	<b>1.22</b>
Waiting Period Offset	<b>0.934</b>
Adjusted Projected Claims PMPM	<b>\$20.49</b>
Conversion Factor	<b>1.17</b>

**Rate Derivation**

	<u>PMPM</u>	<u>Individual Rate</u>	<u>% of Gross Revenue</u>
<b>Projected Claims PMPM</b>	<b>\$20.49</b>	\$23.97	65.09%
<b>Admin Cost</b>	<b>\$5.85</b>	\$6.85	18.59%
<b>Broker Fee</b>	<b>\$3.85</b>	<b>\$4.50</b>	12.22%
Contribution to Reserve	\$0.50	\$0.59	1.60%
Invst Income Credit	\$0.00	\$0.00	-0.001%
Premium Tax / Community Health			
Investment	\$0.63	\$0.74	2.00%
Assessment Fees	\$0.03	\$0.04	0.10%
Federal Taxes	\$0.13	\$0.15	0.40%
<b>GROSS COST:</b>	<b>\$31.48</b>	<b>\$36.83</b>	<b>100.00%</b>
<b>Gross Income PMPM =</b>			<b>\$31.48</b>

**Tiered Rates**

	Tier Factor	Monthly Rate**	Quarterly Admin		
			Annual Rate	Fee***	Quarterly Rate
Ind	1.00	\$36.83	\$441.96	\$4.98	\$115.47
Ind & Child(ren)	1.85	\$68.14	\$817.68	\$4.98	\$209.40
Two Party	2.30	\$84.71	\$1,016.52	\$4.98	\$259.11
Family	2.80	\$103.13	\$1,237.56	\$4.98	\$314.37

**Assumptions:**

1. Projected Claims PMPM is derived from MSGR Option 3 with \$800 Lifetime Max Ortho (benefit is listed in previous page). The new product has the same benefit design as MSGR Option 3.
2. Incurred and Paid Claims is based on experience period 4/1/2010 Incurred through 3/31/2011, Paid through 5/31/2011.
3. Trend used is 5% with 27 trend months.
4. Individual Load / Voluntary Load is 1.22. This load factor was obtained from a 2008 consultant study of CareFirst's dental business. We do not have company experience to base this factor on.
5. Waiting Period Offset is based on an analysis using Fully Insured business (calculated in next page).
6. Conversion Factor is calculated using MD Individual Select Preferred enrollment data from 201006 - 201105.

\* MSGR is being used due to the Small Group Average Size of this segment compared to DC. We need the smallest group size to get close to the group size of Individual, which is group size of 1.

\*\* Monthly Rate is not a billing option.

\*\*\* Quarterly Billing Admin Cost is \$5 but due to systems limitations, of having to load monthly rates, this admin cost has been rounded down to make it divisible by 3.

**Model Impact of Benefit Waiting Periods**  
**Based on claims data for both Risk and Non-Risk Accounts on the Facets 4.3 claims system**  
**Claims Incurred 200910 - 201009, Paid Through 201102**

**(1) Inc Date (Multiple Items)**

Row Labels	Values			
	Sum of Frequency	Sum of Amt Pd	Sum of Allowed	Paid PMPM
LEVEL 1	1,011,289	\$ 34,706,434	\$ 35,930,068	\$ 8.13
LEVEL 2	198,043	\$ 13,670,777	\$ 18,982,091	\$ 3.20
LEVEL 3	58,011	\$ 11,807,523	\$ 15,565,738	\$ 2.77
LEVEL 4	61,697	\$ 15,917,946	\$ 26,268,532	\$ 3.73
LEVEL 5	37,232	\$ 2,773,814	\$ 7,700,880	\$ 0.65
<b>Grand Total</b>	<b>1,366,272</b>	<b>\$ 78,876,494</b>	<b>\$ 104,447,309</b>	<b>\$ 18.47</b>

**Member Months** **4,270,053**  
**Annual Trend** **5.0%**

**(2) Assume 12 Months Benefit Waiting Period on Classes 3/4/5**

	Year 1	Year 2	Year 3	Year 4	Aggregate
LEVEL 1	\$ 8.13	\$ 8.53	\$ 8.96	\$ 9.41	\$ 8.76
LEVEL 2	\$ 3.20	\$ 3.36	\$ 3.53	\$ 3.71	\$ 3.45
LEVEL 3	\$ -	\$ 3.63	\$ 3.05	\$ 3.20	\$ 2.47
LEVEL 4	\$ -	\$ 4.89	\$ 4.11	\$ 4.32	\$ 3.33
LEVEL 5	\$ -	\$ 0.85	\$ 0.72	\$ 0.75	\$ 0.58
<b>Total</b>	<b>\$ 11.33</b>	<b>\$ 21.27</b>	<b>\$ 20.37</b>	<b>\$ 21.38</b>	<b>\$ 18.59</b>

**(3) No Benefit Waiting Period on Classes 3/4/5**

	Year 1	Year 2	Year 3	Year 4	Aggregate
LEVEL 1	\$ 8.13	\$ 8.53	\$ 8.96	\$ 9.41	\$ 8.76
LEVEL 2	\$ 3.20	\$ 3.36	\$ 3.53	\$ 3.71	\$ 3.45
LEVEL 3	\$ 2.77	\$ 2.90	\$ 3.05	\$ 3.20	\$ 2.98
LEVEL 4	\$ 3.73	\$ 3.91	\$ 4.11	\$ 4.32	\$ 4.02
LEVEL 5	\$ 0.65	\$ 0.68	\$ 0.72	\$ 0.75	\$ 0.70
<b>Total</b>	<b>\$ 18.47</b>	<b>\$ 19.40</b>	<b>\$ 20.37</b>	<b>\$ 21.38</b>	<b>\$ 19.90</b>

**(4) Impact of Benefit Waiting Period**

Estimated 4Yr Aggregate Paid PMPM with Benefit Waiting Period \$ 18.59  
 Estimated 4Yr Aggregate Paid PMPM without Benefit Waiting Period \$ 19.90

**(5) Estimated Impact of Benefit Waiting Period -6.62%**

**(6) Percentage of Contracts Expected to Have Benefit Waiting Period 100%**

**(7) Estimated Final Impact of Benefit Waiting Period -6.6%**

To estimate the impact of the benefit waiting periods, claims data was pulled by CPT code and mapped to the appropriate benefit class. This data is above in Section (1). Section(2) models the projected paid PMPM for 4 years. To account for the 12 month benefit waiting period on class 3, 4, and 5 services, those classes have a PMPM of \$0 in Yr 1. The PMPMs for all classes are trended forward at 5%. The Year 2 PMPMs for classes 3, 4, and 5 also include a 25% adjustment to account for pent up demand from Year 1. Years 3 and 4 do not include this adjustment. Section (3) projects the PMPMs as if there was no benefit waiting period. We are estimating the impact of the benefit waiting period by comparing the projected 4 year PMPM of the two sections in Section (5). This is the expected impact of the benefit waiting period on individual with no prior dental coverage. The final assumed impact of the benefit waiting period is in Section (7).

**GHMSI dba CareFirst BlueCross BlueShield**  
**Individual (Over and Under 65) Market**  
**Preferred Dental Plus**

**Derivation of Conversion Factor**

	<b>Contract</b>	<b>Members</b>		
	<b>Months</b>	<b>Months</b>	<b>Member/Sub</b>	<b>Tier Factors</b>
Individual	110,480	110,480	1.00	1.00
Ind & Child(ren)	6,666	16,951	2.54	1.85
Ind & Adult	10,782	21,564	2.00	2.30
Family	26,176	110,047	4.20	2.80
	154,104	259,042	<b>1.68</b>	

	<b>Conv Factor</b>
Sub * Tier	1.43
Member/Sub	1.68
<b>Conversion Factor</b>	<b>1.1700</b>

Conversion Factor is using MD Individual Select Preferred enrollment data from 201006 - 201105.

**Group Hospitalization and Medical Services, Inc. dba  
CareFirst BlueCross BlueShield  
Individual (Over and Under 65) Market  
Preferred Dental Plus  
Effective 1/01/2012**

**Proposed Tier Factors\***

<b><u>CONTRACT TYPE</u></b>	<b><u>Factor</u></b>
Individual	1.00
Ind & Child(ren)	1.85
Ind & Adult	2.30
Family	2.80

\*same factor as the existing Individual Select Preferred