

State: District of Columbia **Filing Company:** CareFirst BlueChoice, Inc.
TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision
Product Name: Filing #1935 DC U50 BC BV+
Project Name/Number: DC U50 BC BV+ Eff 1/1/2014/1935

Filing at a Glance

Company: CareFirst BlueChoice, Inc.
 Product Name: Filing #1935 DC U50 BC BV+
 State: District of Columbia
 TOI: H20G Group Health - Vision
 Sub-TOI: H20G.000 Health - Vision
 Filing Type: Rate
 Date Submitted: 09/24/2013
 SERFF Tr Num: CFAP-129208407
 SERFF Status: Pending State Action
 State Tr Num:
 State Status:
 Co Tr Num: 1935
 Implementation: 01/01/2014
 Date Requested:
 Author(s): Dwayne Lucado, Anna Guloy, Todd Switzer, Brad Boban, Katheryn Barron, Patrick Getts, Britney Gladhill, Scott Cremens
 Reviewer(s): Darniece Shirley (primary), Alula Selassie, Donghan Xu
 Disposition Date:
 Disposition Status:
 Implementation Date:
 State Filing Description:

State: District of Columbia **Filing Company:** CareFirst BlueChoice, Inc.
TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision
Product Name: Filing #1935 DC U50 BC BV+
Project Name/Number: DC U50 BC BV+ Eff 1/1/2014/1935

General Information

Project Name: DC U50 BC BV+ Eff 1/1/2014
 Project Number: 1935
 Requested Filing Mode: Review & Approval
 Explanation for Combination/Other:
 Submission Type: New Submission
 Group Market Type:
 Filing Status Changed: 10/17/2013
 State Status Changed:
 Created By: Anna Guloy
 Corresponding Filing Tracking Number:

Status of Filing in Domicile:
 Date Approved in Domicile:
 Domicile Status Comments:
 Market Type: Group
 Group Market Size: Small
 Overall Rate Impact: 25%
 Deemer Date:
 Submitted By: Anna Guloy

Filing Description:

This submission pertains to the small group vision business of BlueChoice, Inc. The purpose of this filing is to propose an increase to the rates for the BlueVision Plus plans, including the "old" BlueVision Plus plans. The "old" BV+ plans were introduced in 9/1/2004 and the new BV+ were introduced in the small group market in 10/1/ 2011. The proposed effective date is 01/01/2014.

Company and Contact

Filing Contact Information

Anna Guloy, Actuarial Associate
 10455 Mill Run Circle
 Owings Mills, MD 21117

anna.guloy@carefirst.com
 410-998-5098 [Phone]
 410-998-7704 [FAX]

Filing Company Information

CareFirst BlueChoice, Inc.
 840 First Street NE
 Washington, DC 20065
 (410) 581-3000 ext. [Phone]

CoCode: 96202
 Group Code:
 Group Name:
 FEIN Number: 52-1358219

State of Domicile: District of
 Columbia
 Company Type: Health
 Maintenance Organization
 State ID Number:

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

SERFF Tracking #:

CFAP-129208407

State Tracking #:

Company Tracking #:

1935

State: District of Columbia

Filing Company: CareFirst BlueChoice, Inc.

TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision

Product Name: Filing #1935 DC U50 BC BV+

Project Name/Number: DC U50 BC BV+ Eff 1/1/2014/1935

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Darniece Shirley	10/07/2013	10/07/2013

Response Letters

Responded By	Created On	Date Submitted
Anna Guloy	10/17/2013	10/17/2013

State: District of Columbia **Filing Company:** CareFirst BlueChoice, Inc.
TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision
Product Name: Filing #1935 DC U50 BC BV+
Project Name/Number: DC U50 BC BV+ Eff 1/1/2014/1935

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	10/07/2013
Submitted Date	10/07/2013
Respond By Date	10/28/2013

Dear Anna Guloy,

Introduction:

Thank you for your recent filing. Please see below for additional information requested to continue review of the rate filing.

Objection 1

Comments: The Rate Review Data Detail page indicates a 25% overall rate impact, however all supporting documentation indicates a range between 0%-28.6%. In addition, the indicated additional premium of \$22k is only 20% of the indicated written premium of \$110k. Please review the rate review data detail for accuracy. A post-submission update will be accepted for necessary changes.

Objection 2

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)

Comments: Please provide a history of rate filings/changes for the life of this product in the District of Columbia.

Objection 3

- District of Columbia and Countrywide Loss Ratio Analysis (P&C) (Supporting Document)
- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)

Comments: Please provide a 1-year, 3-year and lifetime loss exhibit.

Conclusion:

Sincerely,
Darniece Shirley

State:	District of Columbia	Filing Company:	CareFirst BlueChoice, Inc.
TOI/Sub-TOI:	H20G Group Health - Vision/H20G.000 Health - Vision		
Product Name:	Filing #1935 DC U50 BC BV+		
Project Name/Number:	DC U50 BC BV+ Eff 1/1/2014/1935		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	10/17/2013
Submitted Date	10/17/2013

Dear Darniece Shirley,

Introduction:

Response 1

Comments:

This has been corrected. The Actuarial Memorandum shows the increases by benefit. We have revised the rate review data detail with a post-submission update to reflect this.

Related Objection 1

Comments: The Rate Review Data Detail page indicates a 25% overall rate impact, however all supporting documentation indicates a range between 0%-28.6%. In addition, the indicated additional premium of \$22k is only 20% of the indicated written premium of \$110k. Please review the rate review data detail for accuracy. A post-submission update will be accepted for necessary changes.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

This is included in the Actuarial Memorandum, page 5 (Rate History).

Related Objection 2

Applies To:

- Actuarial Memorandum (Supporting Document)*
- Actuarial Justification (Supporting Document)*

Comments: Please provide a history of rate filings/changes for the life of this product in the District of Columbia.

Changed Items:

State: District of Columbia

TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision

Product Name: Filing #1935 DC U50 BC BV+

Project Name/Number: DC U50 BC BV+ Eff 1/1/2014/1935

Filing Company:

CareFirst BlueChoice, Inc.

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments:

Attached are the 3-year Loss Ratio for DC and VAMD. This also shows the most current 1-year (201204 201303) experience period Loss Ratio. Lifetime loss ratios are not available. We do not have readily available access to the necessary data beyond 201004.

Related Objection 3

Applies To:

- District of Columbia and Countrywide Loss Ratio Analysis (P&C) (Supporting Document)
- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)

Comments: Please provide a 1-year, 3-year and lifetime loss exhibit.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	Filing 1935_BC DC BV+_1.1.14_Actuarial Memo.pdf Filing #1935 DC U50 BC BV+ 10.8.13.pdf DC & VAMD BC Small Group BV+ Experience Page.pdf
<i>Previous Version</i>	
Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	Filing 1935_BC DC BV+_1.1.14_Actuarial Memo.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

SERFF Tracking #:

CFAP-129208407

State Tracking #:

Company Tracking #:

1935

State:

District of Columbia

Filing Company:

CareFirst BlueChoice, Inc.

TOI/Sub-TOI:

H20G Group Health - Vision/H20G.000 Health - Vision

Product Name:

Filing #1935 DC U50 BC BV+

Project Name/Number:

DC U50 BC BV+ Eff 1/1/2014/1935

Sincerely,
Anna Guloy

State: District of Columbia **Filing Company:** CareFirst BlueChoice, Inc.
TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision
Product Name: Filing #1935 DC U50 BC BV+
Project Name/Number: DC U50 BC BV+ Eff 1/1/2014/1935

Post Submission Update Request Submitted On 10/17/2013

Status: Submitted
Created By: Anna Guloy

Company Rate Information:

Company Name: CareFirst BlueChoice, Inc.

Field Name	Requested Change	Prior Value
Overall % Indicated Change	17.500%	25.000%
Overall % Rate Impact	17.500%	25.000%
Written Premium Change for this Program	\$15492	\$22119
Written Premium for this Program	\$88477	\$110596
Maximum %Change (where required)	28.600%	25.000%
Minimum %Change (where required)	0.000%	25.000%

SERFF Tracking #:

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1935

State: District of Columbia

Filing Company: CareFirst BlueChoice, Inc.

TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision

Product Name: Filing #1935 DC U50 BC BV+

Project Name/Number: DC U50 BC BV+ Eff 1/1/2014/1935

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 req'd):	Minimum % Change (where req'd):
CareFirst BlueChoice, Inc.	25.000%	25.000%	\$22,119	1,409	\$110,596	25.000%	25.000%

SERFF Tracking #:

CFAP-129208407

State Tracking #:**Company Tracking #:**

1935

State:

District of Columbia

Filing Company:

CareFirst BlueChoice, Inc.

TOI/Sub-TOI:

H20G Group Health - Vision/H20G.000 Health - Vision

Product Name:

Filing #1935 DC U50 BC BV+

Project Name/Number:

DC U50 BC BV+ Eff 1/1/2014/1935

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		1935 DC U50 BC BV+ Rate Filing	DC/BC-OOP/VISION (R. 6/04), DC/BCOO/VISION (R. 1/12), and any amendments	Revised	Previous State Filing Number: Percent Rate Change Request:	Filing 1935_BC DC BV+_1.1.14_Rate Filing.pdf,

CAREFIRST BLUECROSS BLUESHIELD



DC Small Group

Vision Rates Effective 1/1/14

**GHMSI dba CareFirst BlueCross BlueShield
Form Numbers**

DC/BC-OOP/VISION (R. 6/04)
DC/BCOO/VISION (R. 1/12)
and any amendments.

BlueChoice dba CareFirst BlueCross BlueShield
"old" BlueVision Plus Options
DC Small Group
Effective 01/01/2014

DC/BC-OOP/VISION (R. 6/04)

4-TIERED

<u>PLAN DESIGN SUMMARY</u>	<u>Form Numbers</u>	<u>Proposed Individual</u>	<u>Current Individual</u>	<u>\$ Difference</u>	<u>% Difference</u>
BlueVision Plus Option 1 (\$0 exam copay 12 month benefit period)					
\$0 Exam Co-pay					
Lenses Covered in full		\$6.00	\$5.00	\$1.00	20.0%
Davis frames covered in full					
<hr/>					
BlueVision Plus Option 2 (\$10 exam copay 12 month benefit period)					
\$10 Exam Co-pay					
Lenses Covered in full		\$5.00	\$4.00	\$1.00	25.0%
Davis frames covered in full					
<hr/>					
BlueVision Plus Option 3 (\$0 exam copay 24 month benefit period)					
\$0 Exam Co-pay					
Lenses Covered in full		\$5.00	\$4.00	\$1.00	25.0%
Davis frames covered in full					
<hr/>					
BlueVision Plus Option 4 (\$10 exam copay 24 month benefit period)					
\$10 Exam Co-pay					
Lenses Covered in full		\$3.00	\$3.00	\$0.00	0.0%
Davis frames covered in full					

S:\Finance\Underwriting & Pricing\Pricing\2014 Jan Filings\VISION\[Filing 1935_BC DC BV+_1.1.14.xlsx]old BV+ Rates

BlueChoice dba CareFirst BlueCross BlueShield

DC Small Group
Effective 01/01/2014

Employer-Sponsored BlueVision Plus
Contract Form Number: DC/BCOO/VISION (R. 10/11)

<u>PLAN DESIGN SUMMARY*</u>	<u>Proposed Individual</u>	<u>Current Individual</u>	<u>\$ Difference</u>	<u>% Difference</u>
Option A: \$0 exam copay/12/12/24 benefit period				
\$0 Exam Copay				
\$20 Spectacle Lenses Copay	\$9.00	\$7.00	\$2.00	28.6%
\$20 CL Fitting Copay				
Non-Collection Frame Allowance: Up to \$130				
Davis Vision Frame: Covered in Full				
<hr/>				
Option B: \$10 exam copay/12/12/24 benefit period				
\$10 Exam Copay				
\$20 Spectacle Lenses Copay	\$7.00	\$6.00	\$1.00	16.7%
\$20 CL Fitting Copay				
Non-Collection Frame Allowance: Up to \$130				
Davis Vision Frame: Covered in Full				
<hr/>				
Option C: \$0 exam copay/12 month benefit period				
\$0 Exam Copay				
\$20 Spectacle Lenses Copay	\$10.00	\$8.00	\$2.00	25.0%
\$20 CL Fitting Copay				
Non-Collection Frame Allowance: Up to \$130				
Davis Vision Frame: Covered in Full				
<hr/>				
Option D: \$10 exam copay/12 month benefit period				
\$10 Exam Copay				
\$20 Spectacle Lenses Copay	\$9.00	\$7.00	\$2.00	28.6%
\$20 CL Fitting Copay				
Non-Collection Frame Allowance: Up to \$130				
Davis Vision Frame: Covered in Full				

* Benefit Period for Exam/Lenses/Frames

State: District of Columbia

Filing Company:

CareFirst BlueChoice, Inc.

TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision

Product Name: Filing #1935 DC U50 BC BV+

Project Name/Number: DC U50 BC BV+ Eff 1/1/2014/1935

Supporting Document Schedules

Bypassed - Item:	Cover Letter All Filings
Bypass Reason:	This is in the Actuarial Memorandum.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Certificate of Authority to File
Bypass Reason:	Not required in this filing.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	Filing 1935_BC DC BV+_1.1.14_Actuarial Memo.pdf Filing #1935 DC U50 BC BV+ 10.8.13.pdf DC & VAMD BC Small Group BV+ Experience Page.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Justification
Bypass Reason:	This is in the Actuarial Memorandum.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	Does not apply in this filing.
Attachment(s):	
Item Status:	
Status Date:	

SERFF Tracking #:

CFAP-129208407

State Tracking #:**Company Tracking #:**

1935

State:

District of Columbia

Filing Company:

CareFirst BlueChoice, Inc.

TOI/Sub-TOI:

H20G Group Health - Vision/H20G.000 Health - Vision

Product Name:

Filing #1935 DC U50 BC BV+

Project Name/Number:

DC U50 BC BV+ Eff 1/1/2014/1935

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	Does Not apply in this filing
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	This is Vision filing and URRT is not required.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	This is Vision filing and URRT is not required.
Attachment(s):	
Item Status:	
Status Date:	

CareFirst BlueChoice, Inc.
NAIC #96202

DC SMALL GROUP

BlueVision Plus Employer-Sponsored

Effective 01/01/2014

Actuarial Memorandum

CareFirst BlueCross BlueShield

Rate Filing Summary (Filing #1935)

This submission pertains to the small group vision business of BlueChoice, Inc. The purpose of this filing is to propose an increase to the rates for the BlueVision Plus plans, including the "old" BlueVision Plus plans. The "old" BV+ plans were introduced in 9/1/2004 and the new BV+ were introduced in the small group market in 10/1/2011. The proposed effective date is 01/01/2014.

Our proposal is summarized below.

BV Plus Product	Estimated Proposed Rate Increase vs. 11/01/2011 Rates
"OLD" BlueVision Plus	17.5%
Employer-Sponsored	24.7%

Since Davis Vision administers CFBCBS vision plans, they provided the capitation rates for the new plans.

	"OLD" BlueVision Plus Plans % of Gross Revenue	Employer-Sponsored BlueVision Plus Plans % of Gross Revenue
Davis Capitation (Claims Cost + Davis's Retention)	39.1%	44.3%
Admin Cost	20.6%	18.8%
Brokers/Administrators/Wholesalers	38.2%	34.8%
Contribution to Reserve	0.0%	0.0%
Invest Income Credit	0.0%	0.0%
Premium Tax / Community Health Investment	2.0%	2.0%
Assessment Fees	0.1%	0.1%
Federal Taxes	0.0%	0.0%
GROSS COST:	100.0%	100.0%

These plans will be offered as rider (i.e. with medical) or freestanding (without medical). The current freestanding load will apply.

These plans will not be age rated.

Contract Form Numbers pertaining to this filing:

DC/BC-OOP/VISION (R. 6/04)

DC/BCOO/VISION (R. 1/12)

and any amendments.

ACTUARIAL CERTIFICATION

I, Anna Guloy, am a Pricing Actuary with CareFirst BlueCross BlueShield of which CareFirst BlueChoice, Incorporated is a subsidiary. I am a member of the American Academy of Actuaries. I have been involved in the development of these rates.

To the best of my knowledge, these rating methodologies comply with applicable laws and regulations of the District of Columbia, and produce premiums that are reasonable in relation to benefits, and are based on sound and commonly accepted actuarial principles.

Anna Guloy
Digitally signed by Anna Guloy
DN: cn=Anna Guloy, o=CareFirst
BlueCross BlueShield, ou=Actuarial
Pricing Department,
email=anna.guloy@carefirst.com, c=US
Date: 2013.09.24 14:47:45 -04'00'

Anna Guloy, ASA, MAAA
Actuarial Associate
CareFirst BlueChoice, Incorporated
Mail Drop-Point 01-780
10455 Mill Run Circle
Owings Mills, Md. 21117

**CareFirst BlueCross BlueShield
Small Group Business
Employer-Sponsored Blue Vision Plus Product
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10	Tier and Freestanding Factors
11	Geo Factors
12	Calculation of Monthly Premiums

**CareFirst BlueCross BlueShield
Small Group Business**

**BLUEVISION PLUS PRODUCT
Estimated Blended Rate Change History**

Effective Date	"old" BV+	BV+ Employer Sponsored
	Percentage Increase	Percentage Increase
09/01/04	Inception	
10/01/11		Inception
Proposed 01/01/2014	17.5%	24.7%

**DERIVATION OF CONVERSION FACTOR
PER MEMBER TO PER CONTRACT
GROUP BUSINESS**

EQUATION

Individual Per Contract Rate = X
Per Member Per Month Cost = Y

$(IND \% \times 1.0X) + (I\&C \% \times 1.85X) + (I\&A \% \times 2.3X) + (FAM\ 4T \% \times 2.8X) =$
 $(IND \% \times 1.0Y) + (I\&C \% \times 2.62Y) + (I\&A \% \times 2Y) + (FAM\ 4T \% \times 4.10Y)$

4-Tier	<u>% Distribution</u>	<u>Rating Relationship</u>	<u>Average Members</u>	<u>Rating Eq 1/2</u>	<u>Cost Eq 1/2</u>
IND	59.6%	1.00	1.00	0.5957	0.5957
Ind + Child(ren)	6.1%	1.85	2.62	0.1131	0.1599
Ind + Adult	11.3%	2.30	2.00	0.2604	0.2265
<u>FAM</u>	23.0%	<u>2.80</u>	<u>4.10</u>	<u>0.6439</u>	<u>0.9430</u>
Sum	100.0%			1.6131	1.9250

1.6131 * X = 1.9250 * Y

X = 1.1934 Conversion Factor to Go From Per Member Cost to Per Contract Cost

Weighted conversion factor used in calculating rates: **1.1934**

Fully Insured Small Group vision business for all legal entities enrollment data from 12 months from 201204 - 201303.

CareFirst BlueCross BlueShield
VISION PRODUCT OFFERING
DC
DERIVATION OF Individual Rates and Components of Retention
Effective 01/01/2014

"OLD" BlueVision Plus Plans

	PMPM	Individual Rate	% of Gross Revenue
Davis Capitation (Claims Cost + Davis's Retention)	\$2.98	\$3.55	39.1%
Admin Cost	\$1.57	\$1.87	20.6%
Brokers/Administrators/Wholesalers	\$2.90	\$3.47	38.2%
Contribution to Reserve	\$0.00	\$0.00	0.0%
Invst Income Credit	\$0.00	\$0.00	-0.001%
Premium Tax / Community Health Investment	\$0.15	\$0.18	2.0%
Assessment Fees	\$0.01	\$0.01	0.1%
Federal Taxes	\$0.00	\$0.00	0.0%
GROSS COST:	\$7.61	\$9.08	100.0%
Gross Income PMPM =			\$7.61

Individual Monthly Rate Derivation

BlueVision Plus Options:	Capitation PMPM	Step UP Factor	DICR	Calculated Ind Rate	Rounded	Proposed Ind Rates	Current Ind Rates	\$ Δ	% Δ
Option 1: \$0 exam copay 12 month benefit period	\$3.35	1.1934	39.1%	\$ 10.22	\$ 5.75	\$ 6.00	\$5.00	\$1.00	20.0%
Option 2: \$10 exam copay 12 month benefit period	\$2.79	1.1934	39.1%	\$ 8.51	\$ 4.60	\$ 5.00	\$4.00	\$1.00	25.0%
Option 3: \$0 exam copay 24 month benefit period	\$3.14	1.1934	39.1%	\$ 9.57	\$ 4.60	\$ 5.00	\$4.00	\$1.00	25.0%
Option 4: \$10 exam copay 24 month benefit period	\$2.63	1.1934	39.1%	\$ 8.02	\$ 3.45	\$ 3.00	\$3.00	\$0.00	0.0%
Blended Average	\$2.98			\$9.08	\$4.60	\$4.75	\$4.00	\$0.75	17.5%
Differential to Calculated Rates									

The derivation of the individual monthly rates is included above. Due to the relatively small size of these rates, and quoting system requirements that base rates be rounded to whole dollars, we have made subjective adjustments to the calculated rates as seen in the column labeled Proposed Ind Rates.

CareFirst BlueCross BlueShield
VISION PRODUCT OFFERING
DC Small Group
DERIVATION OF Individual Rates and Components of Retention
Effective 01/01/2014

Employer-Sponsored BlueVision Plus Plans

	PMPM	Individual Rate	% of Gross Revenue
Davis Capitation (Claims Cost + Davis's Retention)	\$3.70	\$4.41	44.3%
Admin Cost	\$1.57	\$1.87	18.8%
Brokers/Administrators/Wholesalers	\$2.90	\$3.47	34.8%
Contribution to Reserve	\$0.00	\$0.00	0.0%
Invst Income Credit	\$0.00	\$0.00	-0.001%
Premium Tax / Community Health Investment	\$0.17	\$0.20	2.0%
Assessment Fees	\$0.01	\$0.01	0.1%
Federal Taxes	\$0.00	\$0.00	0.0%
GROSS COST:	\$8.34	\$9.95	100.0%

Gross Income PMPM = \$8.34

Individual Monthly Rate Derivation

Employer Sponsored BlueVision Plus Options:	Capitation PMPM	Step UP Factor	DICR	Calculated Ind Rate	Proposal	Proposed Ind Rates	Current Ind Rates	\$ Δ	% Δ
Option A: \$0 exam copay/12/12/24 benefit period	\$3.73	1.1934	44.3%	\$ 10.05	\$ 8.61	\$ 9.00	\$7.00	\$2.00	28.6%
Option B: \$10 exam copay/12/12/24 benefit period	\$3.54	1.1934	44.3%	\$ 9.54	\$ 7.38	\$ 7.00	\$6.00	\$1.00	16.7%
Option C: \$0 exam copay/12 month benefit period	\$3.85	1.1934	44.3%	\$ 10.37	\$ 9.84	\$ 10.00	\$8.00	\$2.00	25.0%
Option D: \$10 exam copay/12 month benefit period	\$3.66	1.1934	44.3%	\$ 9.86	\$ 8.61	\$ 9.00	\$7.00	\$2.00	28.6%
Blended Average	\$3.70			\$9.95	\$8.61	\$8.75	\$7.00	\$1.75	24.7%
Differential to Calculated Rates									

The derivation of the individual monthly rates is included above. Due to the relatively small size of these rates, and quoting system requirements that base rates be rounded to whole dollars, we have made subjective adjustments to the calculated rates as seen in the column labeled Proposed Ind Rates. In order to create a logical price differential, based on the relative value of the benefit designs, we propose to lower Option B \$1 from its calculated rate and raise Option C \$1 from its calculated rate. Assuming an equal distribution among the plans this has the impact of producing the same average premium as the rounded base rates, and is 1.7% below the calculated unrounded base rates.

**CareFirst BlueCross BlueShield
DC Small Group Business
BlueVision Plus Capitation PMPM Rates**

PMPM Capitation Rates Effective 1/1/2014	
"Old" BlueVision Plus Options	Employer-Sponsored
Option 1: \$0 exam copay 12 month benefit period	\$3.35
Option 2: \$10 exam copay 12 month benefit period	\$2.79
Option 3: \$0 exam copay 24 month benefit period	\$3.14
Option 4: \$10 exam copay 24 month benefit period	\$2.63

PMPM Capitation Rates Effective 1/1/2014	
New BlueVision Plus Options:	Employer-Sponsored
Option A: \$0 exam copay/12/12/24 benefit period	\$3.73
Option B: \$10 exam copay/12/12/24 benefit period	\$3.54
Option C: \$0 exam copay/12 month benefit period	\$3.85
Option D: \$10 exam copay/12 month benefit period	\$3.66

The PMPM capitations based on our arrangement with Davis are shown above and compose the claims component of our rate derivation.

CareFirst BlueCross BlueShield (BlueChoice & GHMSI)
DC Small Group
TIER AND FREESTANDING FACTORS

TIER STRUCTURE	CONTRACT TYPE	Currently Effective Tier Factors*
TWO TIER	INDIVIDUAL	1.00
	FAMILY	2.80
FOUR TIER	INDIVIDUAL	1.00
	INDIVIDUAL & CHILD(REN)	1.85
	INDIVIDUAL & ADULT	2.30
	FAMILY	2.80
	Complementary to Medicare Vision	1.00

* Note: Small Group Vision tier factors must follow those of Small Group Medical business approved at the time of rating.

FREESTANDING FACTOR: 1.69

CAREFIRST BLUECROSS BLUESHIELD
DISTRICT OF COLUMBIA SMALL GROUP

Calculation of Monthly Premiums for Employer-Sponsored Vision Plans

- Step One:* Start with the base (Individual) rate for the corresponding BlueVision Plus Option
Step Two: Multiply rate by tier factors to develop tiered rates
Step Three: Round the rates to the nearest whole dollar

Example 1:
Employer-sponsored **Option A: \$0 exam copay/12/12/24 benefit period**

<i>Step One:</i>	Vision Base Rate	\$9.00
<i>Step Two:</i>	Individual Vision Rate =	\$9.00
	Ind + Child(ren) Vision Rate =	\$16.65
	Ind + Adult Vision Rate =	\$20.70
	Family Vision Rate =	\$25.20
	CtM Vision Rate =	\$9.00
<i>Step Three:</i>	Individual Vision Rate =	\$9.00
	Ind + Child(ren) Vision Rate =	\$17.00
	Ind + Adult Vision Rate =	\$21.00
	Family Vision Rate =	\$25.00
	CtM Vision Rate =	\$9.00

* Note: Small Group Vision tier factors must follow those of Small Group Medical business.

Objection 1 Comments:

The Rate Review Data Detail page indicates a 25% overall rate impact, however all supporting documentation indicates a range between 0%-28.6%. In addition, the indicated additional premium of \$22k is only 20% of the indicated written premium of \$110k. Please review the rate review data detail for accuracy. A post-submission update will be accepted for necessary changes.

[This has been corrected. The Actuarial Memorandum shows the increases by benefit. We have revised the rate review data detail with a post-submission update to reflect this.](#)

Objection 2

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)

Comments:Please provide a history of rate filings/changes for the life of this product in the District of Columbia.

[This is included in the Actuarial Memorandum, page 5 \(Rate History\).](#)

Objection 3

- District of Columbia and Countrywide Loss Ratio Analysis (P&C) (Supporting Document)
- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)

Comments:Please provide a 1-year, 3-year and lifetime loss exhibit.

[Attached are the 3-year Loss Ratio for DC and VAMD. This also shows the most current 1-year \(201204 – 201303\) experience period Loss Ratio. Lifetime loss ratios are not available. We do not have readily available access to the necessary data beyond 201004.](#)

Further, below are our responses to questions emailed on October 8th 2013:

In the development of the 'Rating Tiers Structure', I noticed that the 'weighted Conversion Factor' of 1.1934 used some assumptions (eg, ave. members #s ; rating relationship factors) that are far different than the 'industry-wide' statistics (eg, versus M&R / Tillinghast Towers Perrin studies)--- bear in mind that I am not saying that the assumptions used are incorrect, it is just because of the fact that they deviate from the industry-wide stats so much that I raised this issue. Having said that, could you please present some empirical supporting data (ie, based on historical experience stats) to justify those factors/ assumptions used ?

Assumptions were not used to derive the Conversion Factor. Fully insured small group vision enrollment data for all jurisdictions for 12 months from 201204 – 201303 were used. Rating Relationships are not assumptions but the actual existing tier factors, as seen in the tier factor page.

Below is the pivot table of the data used in the exhibit.

Contract-Type	Total Contract Count	Total Member Count	%	Ave Members
IND	365,044	365,166	59.6%	1.00
Ind + Child(ren)	37,467	98,005	6.1%	2.62
Ind + Adult	69,390	138,462	11.3%	2.00
FAM	140,936	577,888	23.0%	4.10
Total	612,837	1,179,521		

Secondly, I also noticed that the `capitation amounts` % (to pay Davis Co.) are significantly different from one year to the next--- could you please re-check & confirm this ? And if they're correct, could you also present/ demonstrate the reason `why`. (The fact that I mentioned this is because I also noticed that as a result of these changes in the capitation amount %s that the other components of the Total Retention Expenses (ie, all the admin. / taxes/ commissions/ claims etc %s are `adjusted` from one year to the next to `accommodate` the increase (to pay Davis Co. for the big changes in `capitation` amount %') ---eg, the admin fee %s are lowered from previous year to this current year?---- is this a coincidence or is this `working-backward` actuarial methodology ?--- just my thought & observation.)

Previous filing shows the capitations were adjusted for Core Vision because medical had core. ACA medical has no Core Vision so we now make no adjustment to the capitation for Core that's why there is a significant increase from the previous filing.

Lastly, I am wondering why the `Rounded` finalized Premium rates (to be sold in the market) are significantly different than the actual `calculated/ derived Individual Rates`? Is there any justification/ basis for doing this?

We are concerned with the impact to our members of a significant proposal so we capped the proposal to 25%. Given the magnitude of the derived increase, we have limited the initial impact and plan to reach the needed levels over time.

CareFirst BlueCross BlueShield

BLUECHOICE

3-Year Loss Ratio History

DC OLD BV+

Date	Contracts	Members	Revenue	Capitation Paid to Davis Vision	Monthly Loss Ratio	Rolling 12 Loss Ratio
201004	1,026	1,591	1,808	\$4,463	246.9%	
201005	1,009	1,570	2,048	\$4,404	215.1%	
201006	947	1,454	2,077	\$4,078	196.4%	
201007	964	1,502	2,083	\$4,213	202.3%	383.7%
201008	998	1,534	2,148	\$4,303	200.3%	332.3%
201009	977	1,495	2,123	\$4,193	197.5%	295.0%
201010	938	1,442	2,099	\$4,045	192.7%	265.8%
201011	912	1,377	2,112	\$3,862	182.9%	239.9%
201012	896	1,360	2,136	\$3,815	178.6%	221.1%
201101	873	1,326	5,268	\$3,719	70.6%	185.4%
201102	910	1,389	5,403	\$3,896	72.1%	158.8%
201103	908	1,391	5,401	\$3,902	72.2%	140.9%
201104	907	1,395	5,467	\$3,913	71.6%	126.0%
201105	928	1,440	5,398	\$4,039	74.8%	115.0%
201106	925	1,455	5,604	\$4,081	72.8%	106.1%
201107	949	1,499	5,749	\$4,205	73.1%	98.1%
201108	989	1,548	5,963	\$4,342	72.8%	91.1%
201109	1,078	1,695	6,326	\$4,754	75.2%	85.3%
201110	1,052	1,640	6,347	\$4,600	72.5%	80.3%
201111	1,074	1,672	6,440	\$4,690	72.8%	76.3%
201112	1,090	1,695	6,692	\$4,754	71.0%	72.6%
201201	1,088	1,700	6,632	\$4,820	72.7%	72.8%
201202	1,129	1,755	6,837	\$4,975	72.8%	72.9%
201203	1,145	1,791	6,936	\$5,077	73.2%	72.9%
201204	1,116	1,733	6,748	\$4,913	72.8%	73.0%
201205	1,077	1,646	6,646	\$4,666	70.2%	72.6%
201206	1,098	1,692	6,804	\$4,797	70.5%	72.4%
201207	1,113	1,723	6,820	\$4,885	71.6%	72.3%
201208	1,104	1,707	6,747	\$4,839	71.7%	72.2%
201209	1,054	1,665	6,765	\$4,720	69.8%	71.8%
201210	1,044	1,672	6,691	\$4,740	70.8%	71.7%
201211	1,200	1,922	7,055	\$5,449	77.2%	72.1%
201212	1,289	2,083	8,041	\$5,905	73.4%	72.3%
201301	1,324	2,148	8,369	\$6,090	72.8%	72.3%
201302	1,383	2,231	8,746	\$6,325	72.3%	72.3%
201303	1,404	2,278	8,929	\$6,458	72.3%	72.2%

Experience

Period	14,206	22,500	\$88,360	\$63,788
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Note that Claims are calculated as Capitations PMPM times Member months.

CareFirst BlueCross BlueShield
BLUECHOICE
 3-Year Loss Ratio History

DC BV+

Date	Contracts	Members	Revenue	Capitation Paid to Davis Vision	Monthly Loss Ratio	Rolling 12 Loss Ratio
201004						
201005						
201006						
201007						
201008						
201009						
201010						
201011						
201012						
201101						
201102						
201103						
201104						
201105						
201106						
201107						
201108						
201109						
201110						
201111						
201112						
201201						
201202						
201203						
201204						
201205						
201206						
201207						
201208	1	3		\$11		
201209	1	3	15	\$11	70.4%	140.8%
201210						140.8%
201211						140.8%
201212						140.8%
201301						140.8%
201302	9	9	54	\$32	58.7%	76.5%
201303	8	8	48	\$28	58.7%	69.2%
Experience Period	19	23	\$117	\$81		

Note that Claims are calculated as Capitations PMPM times Member months.

CareFirst BlueCross BlueShield

BLUECHOICE

3-Year Loss Ratio History

Total DC BC

Date	Contracts	Members	Revenue	Capitation Paid to Davis Vision	Monthly Loss Ratio	Rolling 12 Loss Ratio
201004	1,026	1,591	\$1,808	\$4,463	246.9%	
201005	1,009	1,570	\$2,048	\$4,404	215.1%	
201006	947	1,454	\$2,077	\$4,078	196.4%	
201007	964	1,502	\$2,083	\$4,213	202.3%	383.7%
201008	998	1,534	\$2,148	\$4,303	200.3%	332.3%
201009	977	1,495	\$2,123	\$4,193	197.5%	295.0%
201010	938	1,442	\$2,099	\$4,045	192.7%	265.8%
201011	912	1,377	\$2,112	\$3,862	182.9%	239.9%
201012	896	1,360	\$2,136	\$3,815	178.6%	221.1%
201101	873	1,326	\$5,268	\$3,719	70.6%	185.4%
201102	910	1,389	\$5,403	\$3,896	72.1%	158.8%
201103	908	1,391	\$5,401	\$3,902	72.2%	140.9%
201104	907	1,395	\$5,467	\$3,913	71.6%	126.0%
201105	928	1,440	\$5,398	\$4,039	74.8%	115.0%
201106	925	1,455	\$5,604	\$4,081	72.8%	106.1%
201107	949	1,499	\$5,749	\$4,205	73.1%	98.1%
201108	989	1,548	\$5,963	\$4,342	72.8%	91.1%
201109	1,078	1,695	\$6,326	\$4,754	75.2%	85.3%
201110	1,052	1,640	\$6,347	\$4,600	72.5%	80.3%
201111	1,074	1,672	\$6,440	\$4,690	72.8%	76.3%
201112	1,090	1,695	\$6,692	\$4,754	71.0%	72.6%
201201	1,088	1,700	\$6,632	\$4,820	72.7%	72.8%
201202	1,129	1,755	\$6,837	\$4,975	72.8%	72.9%
201203	1,145	1,791	\$6,936	\$5,077	73.2%	72.9%
201204	1,116	1,733	\$6,748	\$4,913	72.8%	73.0%
201205	1,077	1,646	\$6,646	\$4,666	70.2%	72.6%
201206	1,098	1,692	\$6,804	\$4,797	70.5%	72.4%
201207	1,113	1,723	\$6,820	\$4,885	71.6%	72.3%
201208	1,105	1,710	\$6,747	\$4,850	71.9%	72.3%
201209	1,055	1,668	\$6,780	\$4,731	69.8%	71.8%
201210	1,044	1,672	\$6,691	\$4,740	70.8%	71.7%
201211	1,200	1,922	\$7,055	\$5,449	77.2%	72.1%
201212	1,289	2,083	\$8,041	\$5,905	73.4%	72.3%
201301	1,324	2,148	\$8,369	\$6,090	72.8%	72.3%
201302	1,392	2,240	\$8,800	\$6,357	72.2%	72.3%
201303	1,412	2,286	\$8,977	\$6,486	72.3%	72.2%
Experience Period	14,225	22,523	\$88,477	\$63,868		

Total DC BC

CareFirst BlueCross BlueShield

BLUECHOICE

3-Year Loss Ratio History

VAMD OLD BV+

Date	Contracts	Members	Revenue	Capitation Paid to Davis Vision	Monthly Loss Ratio	Rolling 12 Loss Ratio
201004	619	1,093	1,008	\$3,066	304.2%	
201005	613	1,089	1,114	\$3,055	274.2%	
201006	619	1,113	1,112	\$3,122	280.8%	
201007	629	1,164	1,165	\$3,265	280.3%	
201008	598	1,115	1,240	\$3,128	252.3%	
201009	602	1,138	1,304	\$3,192	244.7%	346.2%
201010	602	1,139	1,336	\$3,195	239.1%	315.7%
201011	551	1,024	990	\$2,872	290.1%	301.6%
201012	576	1,074	1,112	\$3,013	271.0%	286.9%
201101	557	1,018	3,323	\$2,855	85.9%	238.2%
201102	530	950	3,213	\$2,665	82.9%	204.6%
201103	504	907	3,112	\$2,544	81.8%	179.6%
201104	521	953	3,244	\$2,673	82.4%	159.8%
201105	529	993	3,371	\$2,785	82.6%	144.0%
201106	533	1,003	3,478	\$2,813	80.9%	130.2%
201107	564	1,064	3,587	\$2,985	83.2%	118.5%
201108	562	1,059	3,575	\$2,970	83.1%	109.2%
201109	560	1,050	3,579	\$2,945	82.3%	101.2%
201110	564	1,061	3,658	\$2,976	81.4%	94.1%
201111	571	1,071	3,754	\$3,004	80.0%	87.8%
201112	594	1,125	4,051	\$3,156	77.9%	81.9%
201201	595	1,100	4,197	\$3,119	74.3%	80.9%
201202	657	1,213	3,895	\$3,439	88.3%	81.4%
201203	680	1,273	4,254	\$3,609	84.8%	81.7%
201204	724	1,364	4,586	\$3,867	84.3%	81.9%
201205	780	1,459	4,826	\$4,136	85.7%	82.3%
201206	828	1,517	5,199	\$4,301	82.7%	82.4%
201207	829	1,518	5,311	\$4,304	81.0%	82.2%
201208	838	1,536	5,315	\$4,355	81.9%	82.1%
201209	840	1,548	5,454	\$4,389	80.5%	81.9%
201210	863	1,585	5,549	\$4,493	81.0%	81.9%
201211	893	1,620	5,762	\$4,593	79.7%	81.8%
201212	946	1,734	6,132	\$4,916	80.2%	81.9%
201301	952	1,778	6,224	\$5,041	81.0%	82.3%
201302	981	1,866	6,525	\$5,290	81.1%	81.8%
201303	979	1,846	6,629	\$5,233	78.9%	81.3%

Experience

Period 10,453 19,371 \$67,513 \$54,917

Note that Claims are calculated as Capitations PMPM times Member months.

CareFirst BlueCross BlueShield
BLUECHOICE
 3-Year Loss Ratio History

VAMD BV+

Date	Contracts	Members	Revenue	Capitation Paid to Davis Vision	Monthly Loss Ratio	Rolling 12 Loss Ratio
201004						
201005						
201006						
201007						
201008						
201009						
201010						
201011						
201012						
201101						
201102						
201103						
201104						
201105						
201106						
201107						
201108						
201109						
201110						
201111						
201112						
201201						
201202						
201203						
201204						
201205						
201206						
201207						
201208						
201209						
201210						
201211						
201212						
201301	2	5	17	\$18	103.5%	103.5%
201302	4	7	31	\$25	79.5%	88.0%
201303	2	2	31	\$7	22.7%	62.4%
Experience Period	8	14	\$79	\$49		

Note that Claims are calculated as Capitations PMPM times Member months.

CareFirst BlueCross BlueShield

BLUECHOICE

3-Year Loss Ratio History

Total VAMD BC

Date	Contracts	Members	Revenue	Capitation Paid to Davis Vision	Monthly Loss Ratio	Rolling 12 Loss Ratio
201004	619	1,093	\$1,008	\$3,066	304.2%	
201005	613	1,089	\$1,114	\$3,055	274.2%	
201006	619	1,113	\$1,112	\$3,122	280.8%	
201007	629	1,164	\$1,165	\$3,265	280.3%	
201008	598	1,115	\$1,240	\$3,128	252.3%	
201009	602	1,138	\$1,304	\$3,192	244.7%	346.2%
201010	602	1,139	\$1,336	\$3,195	239.1%	315.7%
201011	551	1,024	\$990	\$2,872	290.1%	301.6%
201012	576	1,074	\$1,112	\$3,013	271.0%	286.9%
201101	557	1,018	\$3,323	\$2,855	85.9%	238.2%
201102	530	950	\$3,213	\$2,665	82.9%	204.6%
201103	504	907	\$3,112	\$2,544	81.8%	179.6%
201104	521	953	\$3,244	\$2,673	82.4%	159.8%
201105	529	993	\$3,371	\$2,785	82.6%	144.0%
201106	533	1,003	\$3,478	\$2,813	80.9%	130.2%
201107	564	1,064	\$3,587	\$2,985	83.2%	118.5%
201108	562	1,059	\$3,575	\$2,970	83.1%	109.2%
201109	560	1,050	\$3,579	\$2,945	82.3%	101.2%
201110	564	1,061	\$3,658	\$2,976	81.4%	94.1%
201111	571	1,071	\$3,754	\$3,004	80.0%	87.8%
201112	594	1,125	\$4,051	\$3,156	77.9%	81.9%
201201	595	1,100	\$4,197	\$3,119	74.3%	80.9%
201202	657	1,213	\$3,895	\$3,439	88.3%	81.4%
201203	680	1,273	\$4,254	\$3,609	84.8%	81.7%
201204	724	1,364	\$4,586	\$3,867	84.3%	81.9%
201205	780	1,459	\$4,826	\$4,136	85.7%	82.3%
201206	828	1,517	\$5,199	\$4,301	82.7%	82.4%
201207	829	1,518	\$5,311	\$4,304	81.0%	82.2%
201208	838	1,536	\$5,315	\$4,355	81.9%	82.1%
201209	840	1,548	\$5,454	\$4,389	80.5%	81.9%
201210	863	1,585	\$5,549	\$4,493	81.0%	81.9%
201211	893	1,620	\$5,762	\$4,593	79.7%	81.8%
201212	946	1,734	\$6,132	\$4,916	80.2%	81.9%
201301	954	1,783	\$6,241	\$5,058	81.0%	82.3%
201302	985	1,873	\$6,556	\$5,315	81.1%	81.8%
201303	981	1,848	\$6,660	\$5,240	78.7%	81.3%
Experience Period	10,461	19,385	\$67,592	\$54,966		

SERFF Tracking #:

CFAP-129208407

State Tracking #:**Company Tracking #:**

1935

State:

District of Columbia

Filing Company:

CareFirst BlueChoice, Inc.

TOI/Sub-TOI:

H20G Group Health - Vision/H20G.000 Health - Vision

Product Name:

Filing #1935 DC U50 BC BV+

Project Name/Number:

DC U50 BC BV+ Eff 1/1/2014/1935

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
09/17/2013		Supporting Document	Actuarial Memorandum	10/17/2013	Filing 1935_BC DC BV+_1.1.14_Actuarial Memo.pdf