

SERFF Tracking Number: CFAP-125901007 State: District of Columbia
Filing Company: Group Hospitalization and Medical Services, Inc. State Tracking Number:
Company Tracking Number: 1198
TOI: H21 Health - Other Sub-TOI: H21.000 Health - Other
Product Name: Filing #1198 GHMSI DC Small Group
Project Name/Number: DC GHMSI Small Group 200904 Eff/1198

Filing at a Glance

Company: Group Hospitalization and Medical Services, Inc.

Product Name: Filing #1198 GHMSI DC Small Group SERFF Tr Num: CFAP-125901007 State: District of Columbia

TOI: H21 Health - Other

SERFF Status: Closed-APPROVED State Tr Num:

Sub-TOI: H21.000 Health - Other

Co Tr Num: 1198

State Status:

Filing Type: Rate

Reviewer(s): Laszlo Pentek

Authors: Dwayne Lucado, Todd Switzer, Katheryn Barron, Yazan Dahu

Disposition Date: 01/15/2009

Date Submitted: 11/24/2008

Disposition Status: APPROVED

Implementation Date Requested: 04/01/2009

Implementation Date:

General Information

Project Name: DC GHMSI Small Group 200904 Eff

Status of Filing in Domicile:

Project Number: 1198

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments:

Explanation for Combination/Other:

Market Type: Group

Submission Type: New Submission

Group Market Size: Small

Overall Rate Impact:

Group Market Type: Employer

Filing Status Changed: 01/15/2009

Explanation for Other Group Market Type:

State Status Changed:

Deemer Date:

Created By: Katheryn Barron

Submitted By: Katheryn Barron

Corresponding Filing Tracking Number:

Filing Description:

This filing contains the rate proposal for Group Hospitalization and Medical Services, Inc. (GHMSI) dba CareFirst BlueCross BlueShield's Small Group (2 - 50 contracts) medical and prescription drug coverages, with an effective date of April 1, 2009. Please refer to the Cover Letter (Supporting Documentation) and Actuarial Memorandum (Rate/Rule Schedule) for more details.

Company and Contact

Filing Contact Information

Dwayne Lucado, Assistant Actuary

dwayne.lucado@carefirst.com

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10455 Mill Run Circle 410-998-7519 [Phone]
Owings Mills, MD 21117 410-998-7704 [FAX]

Filing Company Information

Group Hospitalization and Medical Services, CoCode: 53007 State of Domicile: District of
Inc. Columbia
840 First Street NE Group Code: Company Type: Hospital, Medical &
Washington, DC 20065 Group Name: Dental Service or Indemnity
(410) 581-3000 ext. [Phone] FEIN Number: 53-0078070
State ID Number:

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Actuarial Justification	APPROVED	01/15/2009
Comments:		
Attachment: DC_GHMSI_Certification.pdf		

	Item Status:	Status Date:
Satisfied - Item: Cover Letter	APPROVED	01/15/2009
Comments:		
Attachment: File 1198 SERFF Cover Letter.pdf		

	Item Status:	Status Date:
Satisfied - Item: NAIC Transmittal Doc	APPROVED	01/15/2009
Comments:		
Attachment: File 1198 NAIC Transmittal Doc.pdf		

ACTUARIAL CERTIFICATION

I, Todd Switzer, am the Director of Actuarial Pricing 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.



Todd Switzer, A.S.A., M.A.A.A.
Director of Actuarial Pricing
CareFirst BlueCross BlueShield
NAIC Number 53007
Finance Division
Mail Drop Point 01-780
10455 Mill Run Circle
Owings Mills, MD 21117-4208

November 24, 2008



Mr. Laszlo Pentek
 Department of Insurance & Securities Regulation
 810 1st Street, NE
 Suite 701
 Washington, DC 20002-8023

Re: Group Hospitalization and Medical Services Inc. trading as CareFirst
 BlueCross BlueShield
 NAIC 53007
 FEIN 53-0078070
 Rate Filing for Small Group Rate Increase (Our Filing #1198)

Dear Mr. Pentek:

Enclosed for your review is the rate filing for the small group business (2 – 50 contracts) of CareFirst BlueCross BlueShield, Inc. We are requesting a rate increase of 7.2 % for our non-CDH medical products, 16.7% for our CDH medical products, and 2.0% for our drug products (CDH and non-CDH) effective April 1, 2009. In addition, we are requesting a rate increase of 2.8% for all of our Non-CDH products, and 3.4% for all our CDH products effective July 1, 2009. These rating actions are summarized in the following table:

Product	Pre-Approved 4/1/09 Rates vs. 1/1/09 Rates	Proposed 4/1/09 Rates vs. 1/01/09 Rates	Proposed 7/1/09 Rates vs. 4/1/09 Rates
PPO	2.5%	7.2 %	2.8%
PPO HSA	2.5%	16.7%	3.4%
PPO HRA	2.5%	16.7%	3.4%
Indemnity CMM	2.5%	7.2%	2.8%
Non-CDH Drug	2.5%	2.0%	2.8%
CDH Drug	2.5%	2.0%	3.4%

The complete pricing analysis for DC can be found on page 4 of the actuarial memorandum. The pricing analysis for DC & VA combined can be found on page 5.

Our renewal increase floor of 0.0% remains in effect. Our cap range is to being increased to 12.0% to 35.0% effective April 1, 2009.

Our new business discount of between 0.75 and 1.00 to be given to new groups that are medically underwritten is still in effect. There is a 3 year grade to the discount which, by the beginning of the group's fourth year, will be a factor of 1.00.

The form numbers associated with the rates are displayed throughout the filing.

As of 12/31/07, the "Risk-Based Capital" (RBC) percentage for GHMSI was 916%, for CFMI was 808% and for CFI was 869%. In 2005, an independent actuarial consultant, Milliman, recommended an optimal RBC range for GHMSI of 800%-1100% (midpoint = 950%) and for CFMI of 950%-1250% (midpoint = 1100%). We have engaged Milliman to update their report and recommended optimal RBC ranges. The Boards of Directors of CFI, CFMI and GHMSI have approved a Long Range Strategic Plan which includes targeted RBC ranges.

Over the past several years, health care costs have continued to increase at a pace significantly greater than CPI and increases in wages. In recent years CareFirst (CF) rate filings have shown an itemization of the premium dollar where 4¢ is targeted as "contribution to reserve (before Federal income taxes)" (CtR). Due to the continuing increases in health care trends, the difficult economic environment and the sound financial position of the companies, in certain cases the enclosed rate filings include less contribution to reserves than past filings. CareFirst will continue to evaluate the investment of its reserves towards rate moderation, consistent with its mission of providing affordable health insurance while maintaining a financially viable and competitive company.

We appreciate your consideration of this matter. If you have questions regarding this filing, please contact me at (410) 998-7519.

Sincerely,

Dwayne Lucado, F.S.A., M.A.A.A.
Assistant Actuary, Manager

Life, Accident & Health, Annuity, Credit Transmittal Document

1.	Prepared for the State of	
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2.	Department Use Only
	State Tracking ID

3.	Insurer Name & Address	Domicile	Insurer License Type	NAIC Group #	NAIC #	FEIN #	State #

4.	Contact Name & Address	Telephone #	Fax #	E-mail Address

5.	Requested Filing Mode	<input type="checkbox"/> Review & Approval <input type="checkbox"/> File & Use <input type="checkbox"/> Informational <input type="checkbox"/> Combination (please explain): _____ <input type="checkbox"/> Other (please explain): _____
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6.	Company Tracking Number	
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7.	<input type="checkbox"/> New Submission <input type="checkbox"/> Resubmission	Previous file # _____
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8.	Market	<input type="checkbox"/> Individual <input type="checkbox"/> Franchise	
		Group	<input type="checkbox"/> Small <input type="checkbox"/> Large <input type="checkbox"/> Small and Large <input type="checkbox"/> Employer <input type="checkbox"/> Association <input type="checkbox"/> Blanket <input type="checkbox"/> Discretionary <input type="checkbox"/> Trust <input type="checkbox"/> Other: _____

9.	Type of Insurance	
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10.	Product Coding Matrix Filing Code	
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11.	Submitted Documents	<p><input type="checkbox"/> FORMS</p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> Policy</td> <td><input type="checkbox"/> Outline of Coverage</td> <td><input type="checkbox"/> Certificate</td> </tr> <tr> <td><input type="checkbox"/> Application/Enrollment</td> <td><input type="checkbox"/> Rider/Endorsement</td> <td><input type="checkbox"/> Advertising</td> </tr> <tr> <td><input type="checkbox"/> Schedule of Benefits</td> <td><input type="checkbox"/> Other</td> <td></td> </tr> </table> <p>Rates</p> <input type="checkbox"/> New Rate <input type="checkbox"/> Revised Rate	<input type="checkbox"/> Policy	<input type="checkbox"/> Outline of Coverage	<input type="checkbox"/> Certificate	<input type="checkbox"/> Application/Enrollment	<input type="checkbox"/> Rider/Endorsement	<input type="checkbox"/> Advertising	<input type="checkbox"/> Schedule of Benefits	<input type="checkbox"/> Other		
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<input type="checkbox"/> Schedule of Benefits	<input type="checkbox"/> Other											
		<input type="checkbox"/> FILING OTHER THAN FORM OR RATE: Please explain: _____										
		<p>SUPPORTING DOCUMENTATION</p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> Articles of Incorporation</td> <td><input type="checkbox"/> Third Party Authorization</td> </tr> <tr> <td><input type="checkbox"/> Association Bylaws</td> <td><input type="checkbox"/> Trust Agreements</td> </tr> <tr> <td><input type="checkbox"/> Statement of Variability</td> <td><input type="checkbox"/> Certifications</td> </tr> <tr> <td><input type="checkbox"/> Actuarial Memorandum</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Other _____</td> <td></td> </tr> </table>	<input type="checkbox"/> Articles of Incorporation	<input type="checkbox"/> Third Party Authorization	<input type="checkbox"/> Association Bylaws	<input type="checkbox"/> Trust Agreements	<input type="checkbox"/> Statement of Variability	<input type="checkbox"/> Certifications	<input type="checkbox"/> Actuarial Memorandum		<input type="checkbox"/> Other _____	
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<input type="checkbox"/> Actuarial Memorandum												
<input type="checkbox"/> Other _____												

12.	Filing Submission Date	
13.	Filing Fee (If required)	Amount _____ Check Date _____ Retaliatory <input type="checkbox"/> Yes <input type="checkbox"/> No Check Number _____
14.	Date of Domiciliary Approval	
15.	Filing Description:	

16.	Certification (If required)	
I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and the filing complies with all applicable statutory and regulatory provisions for the state of _____.		
Print Name _____ Title _____		
Signature _____ Date: _____		

18.		Rate Filing Attachment		
This filing transmittal is part of company tracking number				
This filing corresponds to form filing company tracking number				
Overall percentage rate indication (when applicable)				
Overall percentage rate impact for this filing		%		
	Document Name	Affected Form Numbers		Previous State Filing Number
	Description			
01			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
02			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
03			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
04			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
05			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
06			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
07			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
08			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
09			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
10			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	

LH RFA-1