

**State:** District of Columbia **Filing Company:** Group Hospitalization and Medical Services, Inc.  
**TOI/Sub-TOI:** H20G Group Health - Vision/H20G.000 Health - Vision  
**Product Name:** Filing #1934 DC U50 GHMSI BV+  
**Project Name/Number:** DC U50 GHMSI BV+ Eff 1/1/2014/1934

### Filing at a Glance

Company: Group Hospitalization and Medical Services, Inc.  
 Product Name: Filing #1934 DC U50 GHMSI 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-129208409  
 SERFF Status: Pending State Action  
 State Tr Num:  
 State Status:  
 Co Tr Num: 1934  
 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:** Group Hospitalization and Medical Services, Inc.  
**TOI/Sub-TOI:** H20G Group Health - Vision/H20G.000 Health - Vision  
**Product Name:** Filing #1934 DC U50 GHMSI BV+  
**Project Name/Number:** DC U50 GHMSI BV+ Eff 1/1/2014/1934

## General Information

Project Name: DC U50 GHMSI BV+ Eff 1/1/2014  
 Project Number: 1934  
 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 GHMSI, including both employer-sponsored and voluntary dental plans. 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+ (including Voluntary) 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      anna.guloy@carefirst.com  
 10455 Mill Run Circle                410-998-5098 [Phone]  
 Owings Mills, MD 21117              410-998-7704 [FAX]

### Filing Company Information

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

## Filing Fees

Fee Required?                                No  
 Retaliatory?                                    No  
 Fee Explanation:

**State:** District of Columbia  
**TOI/Sub-TOI:** H20G Group Health - Vision/H20G.000 Health - Vision  
**Product Name:** Filing #1934 DC U50 GHMSI BV+  
**Project Name/Number:** DC U50 GHMSI BV+ Eff 1/1/2014/1934

**Filing Company:** Group Hospitalization and Medical Services, Inc.

## 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
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
Anna Guloy	10/17/2013	10/17/2013

**State:** District of Columbia **Filing Company:** Group Hospitalization and Medical Services, Inc.  
**TOI/Sub-TOI:** H20G Group Health - Vision/H20G.000 Health - Vision  
**Product Name:** Filing #1934 DC U50 GHMSI BV+  
**Project Name/Number:** DC U50 GHMSI BV+ Eff 1/1/2014/1934

## 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:**

Please see additional objection...

**Objection 1**

- 1934 DC U50 GHMSI BV+ Rate Filing, [DC/CF/GC (R. 1/13), DC/CF/EOC/D-V (1/12), DC/GHMSI/DOL APPEAL (R. 11/11), DC/CF/DOCS-V (R. 1/12), DC/CF/SOB-V (R. 1/12), DC/CF/ELIG (9/04), and any amendments] (Rate)

Comments: Page 12... Calculation of Monthly Premiums is a Virginia rate sheet... Please explain

**Conclusion:**

Sincerely,  
Darniece Shirley

**State:** District of Columbia **Filing Company:** Group Hospitalization and Medical Services, Inc.  
**TOI/Sub-TOI:** H20G Group Health - Vision/H20G.000 Health - Vision  
**Product Name:** Filing #1934 DC U50 GHMSI BV+  
**Project Name/Number:** DC U50 GHMSI BV+ Eff 1/1/2014/1934

## 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 \$144k is only 20% of the indicated written premium of \$720k. 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 changes.

### 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 current, 3-year and life of product loss exhibits

### Conclusion:

Sincerely,  
Darniece Shirley

**State:** District of Columbia **Filing Company:** Group Hospitalization and Medical Services, Inc.  
**TOI/Sub-TOI:** H20G Group Health - Vision/H20G.000 Health - Vision  
**Product Name:** Filing #1934 DC U50 GHMSI BV+  
**Project Name/Number:** DC U50 GHMSI BV+ Eff 1/1/2014/1934

## 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:**

Response to this question just submitted in the previous SERFF response a few minutes ago.

### **Related Objection 1**

Applies To:

- 1934 DC U50 GHMSI BV+ Rate Filing, [DC/CF/GC (R. 1/13), DC/CF/EOC/D-V (1/12), DC/GHMSI/DOL APPEAL (R. 11/11), DC/CF/DOCS-V (R. 1/12), DC/CF/SOB-V (R. 1/12), DC/CF/ELIG (9/04), and any amendments] (Rate)

Comments: Page 12... Calculation of Monthly Premiums is a Virginia rate sheet... Please explain

### **Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### **Conclusion:**

Sincerely,  
Anna Guloy

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**State:** District of Columbia  
**TOI/Sub-TOI:** H20G Group Health - Vision/H20G.000 Health - Vision  
**Product Name:** Filing #1934 DC U50 GHMSI BV+  
**Project Name/Number:** DC U50 GHMSI BV+ Eff 1/1/2014/1934

**Filing Company:** Group Hospitalization and Medical Services, Inc.

## Response Letter

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

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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 \$144k is only 20% of the indicated written premium of \$720k. 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 changes.*

### **Changed Items:**

**State:** District of Columbia**Filing Company:**

Group Hospitalization and Medical Services, Inc.

**TOI/Sub-TOI:** H20G Group Health - Vision/H20G.000 Health - Vision**Product Name:** Filing #1934 DC U50 GHMSI BV+**Project Name/Number:** DC U50 GHMSI BV+ Eff 1/1/2014/1934**Supporting Document Schedule Item Changes**

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	Filing #1934 DC U50 GHMSI BV+_10.8.13.pdf Filing 1934_GHMSI DC BV+_1.1.14_10.8.13_Actuarial Memo.pdf DC & VAMD GHMSI Small Group BV+ Experience Page.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	Filing 1934_GHMSI DC BV+_1.1.14_Actuarial Memo.pdf

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 current, 3-year and life of product loss exhibits

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Conclusion:**



**SERFF Tracking #:**

CFAP-129208409

**State Tracking #:**

**Company Tracking #:**

1934

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**State:**

District of Columbia

**Filing Company:**

Group Hospitalization and Medical Services, Inc.

**TOI/Sub-TOI:**

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

**Product Name:**

Filing #1934 DC U50 GHMSI BV+

**Project Name/Number:**

DC U50 GHMSI BV+ Eff 1/1/2014/1934

Sincerely,  
Anna Guloy

**State:** District of Columbia **Filing Company:** Group Hospitalization and Medical Services, Inc.  
**TOI/Sub-TOI:** H20G Group Health - Vision/H20G.000 Health - Vision  
**Product Name:** Filing #1934 DC U50 GHMSI BV+  
**Project Name/Number:** DC U50 GHMSI BV+ Eff 1/1/2014/1934

## Post Submission Update Request Submitted On 10/17/2013

**Status:** Submitted  
**Created By:** Anna Guloy

### Company Rate Information:

Company Name: Group Hospitalization and Medical Services, Inc.

Field Name	Requested Change	Prior Value
Overall % Indicated Change	17.600%	25.000%
Overall % Rate Impact	17.600%	25.000%
Written Premium Change for this Program	\$101253	\$144069
Written Premium for this Program	\$576274	\$720343
Maximum %Change (where required)	28.600%	25.000%
Minimum %Change (where required)	0.000%	25.000%

SERFF Tracking #:

CFAP-129208409

State Tracking #:

Company Tracking #:

1934

State:

District of Columbia

Filing Company:

Group Hospitalization and Medical Services, Inc.

TOI/Sub-TOI:

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

Product Name:

Filing #1934 DC U50 GHMSI BV+

Project Name/Number:

DC U50 GHMSI BV+ Eff 1/1/2014/1934

### 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):
Group Hospitalization and Medical Services, Inc.	25.000%	25.000%	\$144,069	7,530	\$720,343	25.000%	25.000%

State: District of Columbia

Filing Company:

Group Hospitalization and Medical Services, Inc.

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

Product Name: Filing #1934 DC U50 GHMSI BV+

Project Name/Number: DC U50 GHMSI BV+ Eff 1/1/2014/1934

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		1934 DC U50 GHMSI BV+ Rate Filing	DC/CF/GC (R. 1/13), DC/CF/EOC/D-V (1/12), DC/GHMSI/DOL APPEAL (R. 11/11), DC/CF/DOCS-V (R. 1/12), DC/CF/SOB-V (R. 1/12), DC/CF/ELIG (9/04), and any amendments	Revised	Previous State Filing Number:  Percent Rate Change Request:	Filing 1934_GHMSI 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/CF/GC (R. 1/13)  
DC/CF/EOC/D-V (1/12)  
DC/GHMSI/DOL APPEAL (R. 11/11)  
DC/CF/DOCS-V (R. 1/12)  
DC/CF/SOB-V (R. 1/12)  
DC/CF/ELIG (9/04)  
and any amendments.

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

**4-TIERED**

**PLAN DESIGN SUMMARY**

	Proposed <u>Individual</u>	Current <u>Individual</u>	\$ <u>Difference</u>	% <u>Difference</u>
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**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				

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**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				

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**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				

---

**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				

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**GHMSI dba CareFirst BlueCross BlueShield**

**DC Small Group  
Effective 01/01/2014  
Employer-Sponsored BlueVision Plus**

<b><u>PLAN DESIGN SUMMARY*</u></b>	<b><u>Proposed Individual</u></b>	<b><u>Current Individual</u></b>	<b><u>\$ Difference</u></b>	<b><u>% Difference</u></b>
<b>Option A: \$0 exam copay/12/12/24 benefit period</b>				
\$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/>				
<b>Option B: \$10 exam copay/12/12/24 benefit period</b>				
\$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/>				
<b>Option C: \$0 exam copay/12 month benefit period</b>				
\$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/>				
<b>Option D: \$10 exam copay/12 month benefit period</b>				
\$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



# GHMSI dba CareFirst BlueCross BlueShield

DC Small Group  
Effective 01/01/2014  
Voluntary BlueVision Plus

**PLAN DESIGN SUMMARY\***

	<u>Proposed</u>	<u>Current</u>	<u>\$</u>	<u>%</u>
	<u>Individual</u>	<u>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	\$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				

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**Option B: \$10 exam copay/12/12/24 benefit period**

\$10 Exam Copay				
\$20 Spectacle Lenses Copay	\$8.00	\$7.00	\$1.00	14.3%
\$20 CL Fitting Copay				
Non-Collection Frame Allowance: Up to \$130				
Davis Vision Frame: Covered in Full				

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**Option C: \$0 exam copay/12 month benefit period**

\$0 Exam Copay				
\$20 Spectacle Lenses Copay	\$11.00	\$9.00	\$2.00	22.2%
\$20 CL Fitting Copay				
Non-Collection Frame Allowance: Up to \$130				
Davis Vision Frame: Covered in Full				

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**Option D: \$10 exam copay/12 month benefit period**

\$10 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				

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\* Benefit Period for Exam/Lenses/Frames

State: District of Columbia

Filing Company:

Group Hospitalization and Medical Services, Inc.

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

Product Name: Filing #1934 DC U50 GHMSI BV+

Project Name/Number: DC U50 GHMSI BV+ Eff 1/1/2014/1934

## Supporting Document Schedules

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

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

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	Filing #1934 DC U50 GHMSI BV+_10.8.13.pdf Filing 1934_GHMSI DC BV+_1.1.14_10.8.13_Actuarial Memo.pdf DC & VAMD GHMSI Small Group BV+ Experience Page.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

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

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	Not Required.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

**SERFF Tracking #:**

CFAP-129208409

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

1934

**State:**

District of Columbia

**Filing Company:**

Group Hospitalization and Medical Services, Inc.

**TOI/Sub-TOI:**

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

**Product Name:**

Filing #1934 DC U50 GHMSI BV+

**Project Name/Number:**

DC U50 GHMSI BV+ Eff 1/1/2014/1934

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	Not required.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Memorandum and Certifications
<b>Bypass Reason:</b>	This is vision filing and URRT is not required.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

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

### 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 \$144k is only 20% of the indicated written premium of \$720k. 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 changes.

[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 current, 3-year and life of product loss exhibits

[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.](#)

### Objection 1

- 1934 DC U50 GHMSI BV+ Rate Filing (Rate)

Comments: Page 12... Calculation of Monthly Premiums is a Virginia rate sheet... Please explain

[This was a typo in the heading of this page. This has been corrected to DC.](#)

### **Further, below are our responses to questions emailed on October 8<sup>th</sup> 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.

<b>Contract-Type</b>	<b>Total Contract Count</b>	<b>Total Member Count</b>	<b>%</b>	<b>Ave Members</b>
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.

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

**FILING # 1934**  
**DC SMALL GROUP**

**BlueVision Plus Employer-Sponsored and Voluntary Vision**

**Effective 01/01/2014**

**Actuarial Memorandum**

# CareFirst BlueCross BlueShield

## Rate Filing Summary (Filing #1934)

This submission pertains to the small group vision business of GHMSI, including both employer-sponsored and voluntary dental plans. 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+ (including Voluntary) were introduced in the small group market in 10/1/2011. The proposed effective date is 01/01/2014.

Our proposal is summarized below:

	Estimated Proposed Rate Increase 01/01/2014 vs. 11/01/2011 Rates
BV Plus Product	
"OLD" BlueVision Plus	17.5%
Employer Sponsored	24.7%
Voluntary	21.6%

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

There are no participation or contribution limits for the voluntary plans. For the new BV Plus Employer-Sponsored, if the employer contribution is less than 50% of the cost of the Individual Coverage for enrolled employees, then it will be voluntary.

Following are the Desired Incurred Claims Ratio (DICR) of the previous rate filing and of this filing, showing the breakdown of retention.

	"OLD" BlueVision Plus Plans % of Gross Revenue	Employer-Sponsored BlueVision Plus Plans % of Gross Revenue	Voluntary BlueVision Plus Plans % of Gross Revenue
Davis Capitation (Claims Cost + Davis's Retention)	37.0%	43.3%	50.5%
Admin Cost	19.5%	18.4%	15.8%
Brokers/Administrators/Wholesalers	36.1%	34.0%	29.3%
Contribution to Reserve	4.0%	1.6%	1.6%
Invest Income Credit	0.0%	0.0%	0.0%
Premium Tax / Community Health Investment	2.3%	2.3%	2.3%
Assessment Fees	0.1%	0.1%	0.1%
Federal Taxes	1.0%	0.4%	0.4%
<b>GROSS COST:</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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/CF/GC (R. 1/13)  
 DC/CF/EOC/D-V (1/12)  
 DC/GHMSI/DOL APPEAL (R. 11/11)  
 DC/CF/DOCS-V (R. 1/12)  
 DC/CF/SOB-V (R. 1/12)  
 DC/CF/ELIG (9/04)  
 and any amendments.

## ACTUARIAL CERTIFICATION

I, Anna Guloy, 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.

**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: 2013.10.17 14:26:07 -04'00'

---

Anna Guloy, ASA, MAAA  
Actuarial Associate  
CareFirst BlueCross BlueShield  
Mail Drop-Point 01-780  
Pricing Department  
10455 Mill Run Circle  
Owings Mills, MD 21117



**CareFirst BlueCross BlueShield**  
**Small Group Business**  
**Employer-Sponsored and Voluntary Blue Vision Plus Product**  
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**CareFirst BlueCross BlueShield  
Small Group Business**

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

Effective Date	"old" BV+ Percentage Increase	BV+ Employer-Sponsored Percentage Increase	BV+ Voluntary Percentage Increase
09/01/04	Inception		
10/01/11		Inception	Inception
<b>Proposed 01/01/2014</b>	<b>17.5%</b>	<b>24.7%</b>	<b>21.6%</b>

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

EQUATION

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

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

<b>4-Tier</b>	<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>	<u>23.0%</u>	<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 Small Group**  
**DERIVATION OF Individual Rates and Components of Retention**  
**Effective 01/01/2014**

**"OLD" BlueVision Plus Plans**

	PMPM	Individual Rate	% of Gross Revenue
<b>Davis Capitation (Claims Cost + Davis's Retention)</b>	<b>\$2.98</b>	\$3.55	37.0%
<b>Admin Cost</b>	<b>\$1.57</b>	\$1.87	19.5%
<b>Brokers/Administrators/Wholesalers</b>	\$2.90	<b>\$3.47</b>	36.1%
Contribution to Reserve	\$0.32	\$0.38	4.0%
Invst Income Credit	\$0.00	\$0.00	-0.001%
Premium Tax / Community Health Investment	\$0.18	\$0.22	2.25%
Assessment Fees	\$0.01	\$0.01	0.1%
Federal Taxes	\$0.08	\$0.10	1.0%
<b>GROSS COST:</b>	<b>\$8.04</b>	<b>\$9.59</b>	<b>100.0%</b>

Gross Income PMPM = \$8.04

**Individual Monthly Rate Derivation**

<b>BlueVision Plus Options:</b>	Capitation PMPM	Step UP Factor	DICR	Calculated Ind Rate	Proposal	Proposed Ind Rates	Current Ind Rates	\$ Λ	% Λ
Option 1: \$0 exam copay 12 month benefit period	\$3.35	<b>1.1934</b>	37.0%	\$ 10.79	\$ 5.75	<b>\$ 6.00</b>	<b>\$5.00</b>	<b>\$1.00</b>	20.0%
Option 2: \$10 exam copay 12 month benefit period	\$2.79	1.1934	37.0%	\$ 8.99	\$ 4.60	<b>\$ 5.00</b>	<b>\$4.00</b>	<b>\$1.00</b>	25.0%
Option 3: \$0 exam copay 24 month benefit period	\$3.14	1.1934	37.0%	\$ 10.12	\$ 4.60	<b>\$ 5.00</b>	<b>\$4.00</b>	<b>\$1.00</b>	25.0%
Option 4: \$10 exam copay 24 month benefit period	\$2.63	1.1934	37.0%	\$ 8.47	\$ 3.45	<b>\$ 3.00</b>	<b>\$3.00</b>	<b>\$0.00</b>	0.0%
<b>Blended Average</b>	<b>\$2.98</b>			<b>\$9.59</b>	<b>\$4.60</b>	<b>\$4.75</b>	<b>\$4.00</b>	<b>\$0.75</b>	17.5%

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
<b>Davis Capitation (Claims Cost + Davis's Retention)</b>	<b>\$3.70</b>	\$4.41	43.3%
<b>Admin Cost</b>	<b>\$1.57</b>	\$1.87	18.4%
<b>Brokers/Administrators/Wholesalers</b>	\$2.90	<b>\$3.47</b>	34.0%
Contribution to Reserve	\$0.14	\$0.16	1.6%
Invst Income Credit	\$0.00	\$0.00	-0.001%
Premium Tax / Community Health Investment	\$0.19	\$0.23	2.25%
Assessment Fees	\$0.01	\$0.01	0.1%
Federal Taxes	\$0.03	\$0.04	0.4%
<b>GROSS COST:</b>	<b>\$8.54</b>	<b>\$10.19</b>	<b>100.0%</b>

Gross Income PMPM = \$8.54

**Individual Monthly Rate Derivation**

<b>Employer Sponsored BlueVision Plus Options:</b>	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	<b>1.1934</b>	43.3%	\$ 10.28	\$ 8.61	<b>\$ 9.00</b>	<b>\$7.00</b>	<b>\$2.00</b>	28.6%
Option B: \$10 exam copay/12/12/24 benefit period	\$3.54	1.1934	43.3%	\$ 9.76	\$ 7.38	<b>\$ 7.00</b>	<b>\$6.00</b>	<b>\$1.00</b>	16.7%
Option C: \$0 exam copay/12 month benefit period	\$3.85	1.1934	43.3%	\$ 10.62	\$ 9.84	<b>\$ 10.00</b>	<b>\$8.00</b>	<b>\$2.00</b>	25.0%
Option D: \$10 exam copay/12 month benefit period	\$3.66	1.1934	43.3%	\$ 10.09	\$ 8.61	<b>\$ 9.00</b>	<b>\$7.00</b>	<b>\$2.00</b>	28.6%
<b>Blended Average</b>	<b>\$3.70</b>			<b>\$10.19</b>	<b>\$8.61</b>	<b>\$8.75</b>	<b>\$7.00</b>	<b>\$1.75</b>	24.7%

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 it's calculated rate and raise Option C \$1 from it's 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**  
**VISION PRODUCT OFFERING**  
**DC Small Group**  
**DERIVATION OF Individual Rates and Components of Retention**  
**Effective 01/01/2014**

**Voluntary BlueVision Plus Plans**

	PMPM	Individual Rate	% of Gross Revenue
<b>Davis Capitation (Claims Cost + Davis's Retention)</b>	<b>\$5.01</b>	\$5.98	50.5%
<b>Admin Cost</b>	<b>\$1.57</b>	\$1.87	15.8%
<b>Brokers/Administrators/Wholesalers</b>	\$2.90	<b>\$3.47</b>	29.3%
Contribution to Reserve	\$0.16	\$0.19	1.6%
Invst Income Credit	\$0.00	\$0.00	-0.001%
Premium Tax / Community Health Investment	\$0.22	\$0.27	2.25%
Assessment Fees	\$0.01	\$0.01	0.1%
Federal Taxes	\$0.04	\$0.05	0.4%
<b>GROSS COST:</b>	<b>\$9.91</b>	<b>\$11.83</b>	<b>100.0%</b>
<b>Gross Income PMPM =</b>	<b>\$9.91</b>		

**Individual Monthly Rate Derivation**

<b>Voluntary BlueVision Plus Options:</b>	Capitation PMPM	Step UP Factor	DICR	Calculated Ind Rate	Rounded	Proposed Ind Rates	Current Ind Rates	\$ Λ	% Λ
Option A: \$0 exam copay/12/12/24 benefit period	\$4.67	<b>1.1934</b>	50.5%	\$ 11.03	\$ 9.68	<b>\$ 10.00</b>	<b>\$8.00</b>	<b>\$2.00</b>	25.0%
Option B: \$10 exam copay/12/12/24 benefit period	\$4.44	1.1934	50.5%	\$ 10.49	\$ 8.47	<b>\$ 8.00</b>	<b>\$7.00</b>	<b>\$1.00</b>	14.3%
Option C: \$0 exam copay/12 month benefit period	\$5.60	1.1934	50.5%	\$ 13.22	\$ 10.89	<b>\$ 11.00</b>	<b>\$9.00</b>	<b>\$2.00</b>	22.2%
Option D: \$10 exam copay/12 month benefit period	\$5.32	1.1934	50.5%	\$ 12.56	\$ 9.68	<b>\$ 10.00</b>	<b>\$8.00</b>	<b>\$2.00</b>	25.0%
<b>Blended Average</b>	<b>\$5.01</b>			<b>\$11.83</b>	<b>\$9.68</b>	<b>\$9.75</b>	<b>\$8.00</b>	<b>\$1.75</b>	21.6%

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 Options B,C and D \$1 from their calculated rates. Assuming an equal distribution among the plans this has the impact of producing an average premium that is -7.3% below the calculated unrounded base rates.

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

<b>PMPM Capitation Rates Effective 1/1/2014</b>	
<b>"Old" BlueVision Plus Options</b>	<b>Employer-Sponsored</b>
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

<b>PMPM Capitation Rates Effective 1/1/2014</b>		
<b>New BlueVision Plus Options:</b>	<b>Employer-Sponsored</b>	<b>Voluntary</b>
Option A: \$0 exam copay/12/12/24 benefit period	\$3.73	\$4.67
Option B: \$10 exam copay/12/12/24 benefit period	\$3.54	\$4.44
Option C: \$0 exam copay/12 month benefit period	\$3.85	\$5.60
Option D: \$10 exam copay/12 month benefit period	\$3.66	\$5.32

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*
<b>TWO TIER</b>	INDIVIDUAL	1.00
	FAMILY	2.80
<b>FOUR TIER</b>	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 and Voluntary Vision Plans**

- Step One:* Start with the base (Individual) rate for the corresponding BlueVision Plus Option
- Step Two:* For freestanding products, add a 1.69 load to the rate from step one
- Step Three:* Round the rate to the nearest whole dollar
- Step Four:* Multiply rate from step three by tier factors to develop tiered rates\*
- Step Five:* 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>	Vision Rate	\$9.00
<i>Step Three:</i>	Rounded Rate	\$9.00
<i>Step Four:</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 Five:</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

**Example 2:  
Voluntary Freestanding**

**Option A: \$0 exam copay/12/12/24 benefit period**

<i>Step One:</i>	Vision Base Rate	\$10.00
<i>Step Two:</i>	FS Vision Rate	\$16.90
<i>Step Three:</i>	Rounded Rate	\$17.00
<i>Step Four:</i>	Individual Vision Rate =	\$17.00
	Ind + Child(ren) Vision Rate =	\$31.45
	Ind + Adult Vision Rate =	\$39.10
	Family Vision Rate =	\$47.60
	CtM Vision Rate =	\$17.00
<i>Step Five:</i>	Individual Vision Rate =	\$17.00
	Ind + Child(ren) Vision Rate =	\$31.00
	Ind + Adult Vision Rate =	\$39.00
	Family Vision Rate =	\$48.00
	CtM Vision Rate =	\$17.00

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

CareFirst BlueCross BlueShield

GHMSI

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	4,374	7,519	10,750	\$21,091	196.2%	
201005	4,351	7,498	11,298	\$21,032	186.2%	
201006	4,352	7,511	12,161	\$21,068	173.2%	
201007	4,441	7,669	13,440	\$21,512	160.1%	306.3%
201008	4,461	7,755	14,275	\$21,753	152.4%	263.9%
201009	4,508	7,878	14,645	\$22,098	150.9%	232.3%
201010	4,571	7,951	15,452	\$22,303	144.3%	208.2%
201011	4,712	8,234	16,747	\$23,096	137.9%	187.7%
201012	4,762	8,267	17,234	\$23,189	134.6%	171.5%
201101	5,010	8,754	32,588	\$24,555	75.3%	149.4%
201102	5,094	8,884	32,883	\$24,920	75.8%	133.1%
201103	5,152	8,960	33,138	\$25,133	75.8%	121.0%
201104	5,255	9,176	33,916	\$25,739	75.9%	111.6%
201105	5,290	9,238	34,351	\$25,913	75.4%	103.9%
201106	5,314	9,277	34,321	\$26,022	75.8%	97.7%
201107	5,487	9,624	35,559	\$26,995	75.9%	92.6%
201108	5,580	9,789	36,791	\$27,458	74.6%	88.1%
201109	5,767	10,199	38,097	\$28,608	75.1%	84.2%
201110	5,881	10,419	39,189	\$29,225	74.6%	80.8%
201111	6,099	10,739	40,357	\$30,123	74.6%	77.8%
201112	6,194	10,916	41,438	\$30,619	73.9%	75.2%
201201	6,301	11,037	41,669	\$31,290	75.1%	75.2%
201202	6,502	11,389	42,750	\$32,288	75.5%	75.2%
201203	6,608	11,627	43,587	\$32,963	75.6%	75.2%
201204	6,673	11,719	43,767	\$33,223	75.9%	75.2%
201205	6,793	11,932	44,895	\$33,827	75.3%	75.2%
201206	7,122	12,541	46,854	\$35,554	75.9%	75.2%
201207	7,099	12,555	47,042	\$35,593	75.7%	75.2%
201208	7,155	12,634	46,897	\$35,817	76.4%	75.3%
201209	7,229	12,764	47,700	\$36,186	75.9%	75.4%
201210	7,292	12,946	48,371	\$36,702	75.9%	75.5%
201211	7,338	12,965	48,595	\$36,756	75.6%	75.6%
201212	7,447	13,162	48,988	\$37,314	76.2%	75.8%
201301	7,532	13,296	49,395	\$37,694	76.3%	75.9%
201302	7,393	13,100	48,375	\$37,139	76.8%	76.0%
201303	7,479	13,205	48,735	\$37,436	76.8%	76.1%

Experience  
Period

86,552

152,819

\$569,613

\$433,242

CareFirst BlueCross BlueShield

GHMSI

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	9	13	84	\$46	54.5%	54.5%
201208	31	45	240	\$158	66.0%	63.0%
201209	28	41	290	\$144	49.8%	56.8%
201210	40	54	391	\$190	48.6%	53.6%
201211	40	56	397	\$197	49.7%	52.5%
201212	50	68	447	\$239	53.5%	52.7%
201301	51	69	478	\$243	50.9%	52.3%
201302	72	103	697	\$363	52.0%	52.3%
201303	73	104	694	\$366	52.7%	52.4%

Experience  
 Period                      394                      553                      \$3,718                      \$1,947

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

CareFirst BlueCross BlueShield

GHMSI

3-Year Loss Ratio History

**DC BV+ VOLUNTARY**

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	4	8	53	\$38	72.0%	72.0%
201207	6	10	61	\$48	78.6%	75.5%
201208	6	10	67	\$48	71.2%	73.9%
201209	6	10	67	\$48	71.2%	73.2%
201210	18	25	178	\$119	67.0%	70.6%
201211	24	37	252	\$176	70.0%	70.4%
201212	52	71	482	\$339	70.2%	70.3%
201301	60	88	592	\$420	70.9%	70.5%
201302	61	89	594	\$425	71.5%	70.8%
201303	93	141	973	\$673	69.1%	70.3%

Experience  
 Period                      330                      489                      \$3,319                      \$2,333

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

CareFirst BlueCross BlueShield

GHMSI

3-Year Loss Ratio History

**Total DC GHMSI**

Date	Contracts	Members	Revenue	Capitation Paid to Davis Vision	Monthly Loss Ratio	Rolling 12 Loss Ratio
201004	4,374	7,519	\$10,750	\$21,091	196.2%	
201005	4,351	7,498	\$11,298	\$21,032	186.2%	
201006	4,352	7,511	\$12,161	\$21,068	173.2%	
201007	4,441	7,669	\$13,440	\$21,512	160.1%	306.3%
201008	4,461	7,755	\$14,275	\$21,753	152.4%	263.9%
201009	4,508	7,878	\$14,645	\$22,098	150.9%	232.3%
201010	4,571	7,951	\$15,452	\$22,303	144.3%	208.2%
201011	4,712	8,234	\$16,747	\$23,096	137.9%	187.7%
201012	4,762	8,267	\$17,234	\$23,189	134.6%	171.5%
201101	5,010	8,754	\$32,588	\$24,555	75.3%	149.4%
201102	5,094	8,884	\$32,883	\$24,920	75.8%	133.1%
201103	5,152	8,960	\$33,138	\$25,133	75.8%	121.0%
201104	5,255	9,176	\$33,916	\$25,739	75.9%	111.6%
201105	5,290	9,238	\$34,351	\$25,913	75.4%	103.9%
201106	5,314	9,277	\$34,321	\$26,022	75.8%	97.7%
201107	5,487	9,624	\$35,559	\$26,995	75.9%	92.6%
201108	5,580	9,789	\$36,791	\$27,458	74.6%	88.1%
201109	5,767	10,199	\$38,097	\$28,608	75.1%	84.2%
201110	5,881	10,419	\$39,189	\$29,225	74.6%	80.8%
201111	6,099	10,739	\$40,357	\$30,123	74.6%	77.8%
201112	6,194	10,916	\$41,438	\$30,619	73.9%	75.2%
201201	6,301	11,037	\$41,669	\$31,290	75.1%	75.2%
201202	6,502	11,389	\$42,750	\$32,288	75.5%	75.2%
201203	6,608	11,627	\$43,587	\$32,963	75.6%	75.2%
201204	6,673	11,719	\$43,767	\$33,223	75.9%	75.2%
201205	6,793	11,932	\$44,895	\$33,827	75.3%	75.2%
201206	7,126	12,549	\$46,907	\$35,592	75.9%	75.2%
201207	7,114	12,578	\$47,186	\$35,687	75.6%	75.2%
201208	7,192	12,689	\$47,204	\$36,023	76.3%	75.3%
201209	7,263	12,815	\$48,057	\$36,378	75.7%	75.4%
201210	7,350	13,025	\$48,940	\$37,011	75.6%	75.5%
201211	7,402	13,058	\$49,244	\$37,129	75.4%	75.5%
201212	7,549	13,301	\$49,918	\$37,892	75.9%	75.7%
201301	7,643	13,453	\$50,464	\$38,357	76.0%	75.7%
201302	7,526	13,292	\$49,666	\$37,926	76.4%	75.8%
201303	7,645	13,450	\$50,402	\$38,475	76.3%	75.9%
Experience Period	87,276	153,861	\$576,650	\$437,521		

CareFirst BlueCross BlueShield

GHMSI

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	3,157	6,470	9,528	\$18,148	190.5%	
201005	3,355	6,898	11,624	\$19,349	166.5%	
201006	3,378	6,993	12,326	\$19,615	159.1%	
201007	3,447	7,118	13,100	\$19,966	152.4%	277.9%
201008	3,367	6,898	13,726	\$19,349	141.0%	240.1%
201009	3,461	7,077	14,959	\$19,851	132.7%	210.6%
201010	3,514	7,210	15,866	\$20,224	127.5%	188.2%
201011	3,667	7,568	17,118	\$21,228	124.0%	170.4%
201012	3,717	7,688	17,684	\$21,565	121.9%	156.4%
201101	3,810	7,895	27,523	\$22,145	80.5%	140.0%
201102	3,841	7,953	27,755	\$22,308	80.4%	127.5%
201103	3,882	8,078	28,122	\$22,659	80.6%	117.7%
201104	3,978	8,301	28,424	\$23,284	81.9%	110.2%
201105	4,002	8,343	28,882	\$23,402	81.0%	104.1%
201106	4,205	8,799	30,404	\$24,681	81.2%	98.9%
201107	4,214	8,847	30,740	\$24,816	80.7%	94.4%
201108	4,334	9,067	31,000	\$25,433	82.0%	91.0%
201109	4,399	9,198	31,931	\$25,800	80.8%	88.0%
201110	4,430	9,232	32,026	\$25,896	80.9%	85.4%
201111	4,630	9,595	33,080	\$26,914	81.4%	83.1%
201112	4,777	9,956	34,228	\$27,927	81.6%	81.1%
201201	4,926	10,219	35,145	\$28,971	82.4%	81.3%
201202	4,987	10,357	36,086	\$29,362	81.4%	81.3%
201203	4,974	10,367	36,208	\$29,390	81.2%	81.4%
201204	5,093	10,613	36,817	\$30,088	81.7%	81.4%
201205	5,142	10,712	37,514	\$30,369	81.0%	81.4%
201206	5,244	10,912	37,858	\$30,936	81.7%	81.4%
201207	5,378	11,202	38,960	\$31,758	81.5%	81.5%
201208	5,478	11,445	39,593	\$32,447	81.9%	81.5%
201209	5,517	11,481	39,947	\$32,549	81.5%	81.5%
201210	5,605	11,649	40,622	\$33,025	81.3%	81.5%
201211	5,611	11,621	40,550	\$32,946	81.2%	81.5%
201212	5,595	11,536	40,576	\$32,705	80.6%	81.4%
201301	5,597	11,650	41,146	\$33,028	80.3%	81.3%
201302	5,693	11,834	42,055	\$33,549	79.8%	81.1%
201303	5,734	11,954	42,105	\$33,890	80.5%	81.1%

Experience  
Period

65,687

136,609

\$477,742

\$387,287

CareFirst BlueCross BlueShield

GHMSI

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	12	22	147	\$77	52.8%	52.8%
201208	12	22	152	\$77	50.9%	51.9%
201209	12	19	145	\$67	46.1%	50.0%
201210	12	21	145	\$74	51.0%	50.2%
201211	12	21	145	\$74	51.0%	50.4%
201212	12	21	145	\$74	51.0%	50.5%
201301	11	20	137	\$70	51.4%	50.6%
201302	28	40	290	\$141	48.6%	50.1%
201303	35	50	298	\$176	59.1%	51.8%

Experience  
 Period                      146                      236                      \$1,604                      \$831

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

CareFirst BlueCross BlueShield

GHMSI

3-Year Loss Ratio History

**VAMD BV+ VOLUNTARY**

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	6	10	14	\$48	340.7%	340.7%
201207	8	12	14	\$57	408.9%	374.8%
201208	27	57	331	\$272	82.1%	105.0%
201209	33	69	331	\$329	99.4%	102.3%
201210	47	86	391	\$410	104.9%	103.3%
201211	51	96	382	\$458	119.9%	107.6%
201212	78	128	368	\$611	165.8%	119.3%
201301	98	165	387	\$787	203.5%	134.0%
201302	106	177	460	\$844	183.5%	142.5%
201303	139	234	657	\$1,116	169.9%	147.9%

Experience  
 Period                      593                      1,034                      \$3,335                      \$4,932

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



CareFirst BlueCross BlueShield

**GHMSI**

3-Year Loss Ratio History

**Total VAMD GHMSI**

Date	Contracts	Members	Revenue	Capitation Paid to Davis Vision	Monthly Loss Ratio	Rolling 12 Loss Ratio
201004	3,157	6,470	\$9,528	\$18,148	190.5%	
201005	3,355	6,898	\$11,624	\$19,349	166.5%	
201006	3,378	6,993	\$12,326	\$19,615	159.1%	
201007	3,447	7,118	\$13,100	\$19,966	152.4%	277.9%
201008	3,367	6,898	\$13,726	\$19,349	141.0%	240.1%
201009	3,461	7,077	\$14,959	\$19,851	132.7%	210.6%
201010	3,514	7,210	\$15,866	\$20,224	127.5%	188.2%
201011	3,667	7,568	\$17,118	\$21,228	124.0%	170.4%
201012	3,717	7,688	\$17,684	\$21,565	121.9%	156.4%
201101	3,810	7,895	\$27,523	\$22,145	80.5%	140.0%
201102	3,841	7,953	\$27,755	\$22,308	80.4%	127.5%
201103	3,882	8,078	\$28,122	\$22,659	80.6%	117.7%
201104	3,978	8,301	\$28,424	\$23,284	81.9%	110.2%
201105	4,002	8,343	\$28,882	\$23,402	81.0%	104.1%
201106	4,205	8,799	\$30,404	\$24,681	81.2%	98.9%
201107	4,214	8,847	\$30,740	\$24,816	80.7%	94.4%
201108	4,334	9,067	\$31,000	\$25,433	82.0%	91.0%
201109	4,399	9,198	\$31,931	\$25,800	80.8%	88.0%
201110	4,430	9,232	\$32,026	\$25,896	80.9%	85.4%
201111	4,630	9,595	\$33,080	\$26,914	81.4%	83.1%
201112	4,777	9,956	\$34,228	\$27,927	81.6%	81.1%
201201	4,926	10,219	\$35,145	\$28,971	82.4%	81.3%
201202	4,987	10,357	\$36,086	\$29,362	81.4%	81.3%
201203	4,974	10,367	\$36,208	\$29,390	81.2%	81.4%
201204	5,093	10,613	\$36,817	\$30,088	81.7%	81.4%
201205	5,142	10,712	\$37,514	\$30,369	81.0%	81.4%
201206	5,250	10,922	\$37,872	\$30,983	81.8%	81.4%
201207	5,398	11,236	\$39,120	\$31,892	81.5%	81.5%
201208	5,517	11,524	\$40,076	\$32,796	81.8%	81.5%
201209	5,562	11,569	\$40,423	\$32,945	81.5%	81.5%
201210	5,664	11,756	\$41,158	\$33,509	81.4%	81.6%
201211	5,674	11,738	\$41,077	\$33,477	81.5%	81.6%
201212	5,685	11,685	\$41,089	\$33,389	81.3%	81.5%
201301	5,706	11,835	\$41,670	\$33,885	81.3%	81.4%
201302	5,827	12,051	\$42,805	\$34,534	80.7%	81.4%
201303	5,908	12,238	\$43,060	\$35,182	81.7%	81.4%
Experience Period	66,426	137,879	\$482,680	\$393,049		

**State:** District of Columbia**Filing Company:**

Group Hospitalization and Medical Services, Inc.

**TOI/Sub-TOI:** H20G Group Health - Vision/H20G.000 Health - Vision**Product Name:** Filing #1934 DC U50 GHMSI BV+**Project Name/Number:** DC U50 GHMSI BV+ Eff 1/1/2014/1934

## 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 1934_GHMSI DC BV+_1.1.14_Actuarial Memo.pdf (Superseded)

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

**FILING # 1934**  
**DC SMALL GROUP**

**BlueVision Plus Employer-Sponsored and Voluntary Vision**

**Effective 01/01/2014**

**Actuarial Memorandum**

# CareFirst BlueCross BlueShield

## Rate Filing Summary (Filing #1934)

This submission pertains to the small group vision business of GHMSI, including both employer-sponsored and voluntary dental plans. 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+ (including Voluntary) 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 01/01/2014 vs. 11/01/2011 Rates
"OLD" BlueVision Plus	17.5%
Employer Sponsored	24.7%
Voluntary	21.6%

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

There are no participation or contribution limits for the voluntary plans. For the new BV Plus Employer-Sponsored, if the employer contribution is less than 50% of the cost of the Individual Coverage for enrolled employees, then it will be voluntary.

Following are the Desired Incurred Claims Ratio (DICR) of the previous rate filing and of this filing, showing the breakdown of retention.

	"OLD" BlueVision Plus Plans % of Gross Revenue	Employer-Sponsored BlueVision Plus Plans % of Gross Revenue	Voluntary BlueVision Plus Plans % of Gross Revenue
Davis Capitation (Claims Cost + Davis's Retention)	37.0%	43.3%	50.5%
Admin Cost	19.5%	18.4%	15.8%
Brokers/Administrators/Wholesalers	36.1%	34.0%	29.3%
Contribution to Reserve	4.0%	1.6%	1.6%
Invest Income Credit	0.0%	0.0%	0.0%
Premium Tax / Community Health Investment	2.3%	2.3%	2.3%
Assessment Fees	0.1%	0.1%	0.1%
Federal Taxes	1.0%	0.4%	0.4%
<b>GROSS COST:</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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/CF/GC (R. 1/13)  
 DC/CF/EOC/D-V (1/12)  
 DC/GHMSI/DOL APPEAL (R. 11/11)  
 DC/CF/DOCS-V (R. 1/12)  
 DC/CF/SOB-V (R. 1/12)  
 DC/CF/ELIG (9/04)  
 and any amendments.

## ACTUARIAL CERTIFICATION

I, Anna Guloy, 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.

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 14:49:24 -0400

---

Anna Guloy, ASA, MAAA  
Actuarial Associate  
CareFirst BlueCross BlueShield  
Mail Drop-Point 01-780  
Pricing Department  
10455 Mill Run Circle  
Owings Mills, MD 21117

**CareFirst BlueCross BlueShield**  
**Small Group Business**  
**Employer-Sponsored and Voluntary Blue Vision Plus Product**  
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**CareFirst BlueCross BlueShield  
Small Group Business**

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

Effective Date	"old" BV+ Percentage Increase	BV+ Employer-Sponsored Percentage Increase	BV+ Voluntary Percentage Increase
09/01/04	Inception		
10/01/11		Inception	Inception
<b>Proposed 01/01/2014</b>	<b>17.5%</b>	<b>24.7%</b>	<b>21.6%</b>

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

EQUATION

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

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

<b>4-Tier</b>	<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 Small Group**  
**DERIVATION OF Individual Rates and Components of Retention**  
**Effective 01/01/2014**

"OLD" BlueVision Plus Plans

	PMPM	Individual Rate	% of Gross Revenue
<b>Davis Capitation (Claims Cost + Davis's Retention)</b>	<b>\$2.98</b>	\$3.55	37.0%
<b>Admin Cost</b>	<b>\$1.57</b>	\$1.87	19.5%
<b>Brokers/Administrators/Wholesalers</b>	\$2.90	<b>\$3.47</b>	36.1%
Contribution to Reserve	\$0.32	\$0.38	4.0%
Invst Income Credit	\$0.00	\$0.00	-0.001%
Premium Tax / Community Health Investment	\$0.18	\$0.22	2.25%
Assessment Fees	\$0.01	\$0.01	0.1%
Federal Taxes	\$0.08	\$0.10	1.0%
<b>GROSS COST:</b>	<b>\$8.04</b>	<b>\$9.59</b>	<b>100.0%</b>
<b>Gross Income PMPM =</b>			<b>\$8.04</b>

**Individual Monthly Rate Derivation**

<b>BlueVision Plus Options:</b>	Capitation PMPM	Step UP Factor	DICR	Calculated Ind Rate	Proposal	Proposed Ind Rates	Current Ind Rates	\$ Δ	% Δ
Option 1: \$0 exam copay 12 month benefit period	\$3.35	<b>1.1934</b>	37.0%	\$ 10.79	\$ 5.75	<b>\$ 6.00</b>	<b>\$5.00</b>	<b>\$1.00</b>	20.0%
Option 2: \$10 exam copay 12 month benefit period	\$2.79	1.1934	37.0%	\$ 8.99	\$ 4.60	<b>\$ 5.00</b>	<b>\$4.00</b>	<b>\$1.00</b>	25.0%
Option 3: \$0 exam copay 24 month benefit period	\$3.14	1.1934	37.0%	\$ 10.12	\$ 4.60	<b>\$ 5.00</b>	<b>\$4.00</b>	<b>\$1.00</b>	25.0%
Option 4: \$10 exam copay 24 month benefit period	\$2.63	1.1934	37.0%	\$ 8.47	\$ 3.45	<b>\$ 3.00</b>	<b>\$3.00</b>	<b>\$0.00</b>	0.0%
<b>Blended Average</b>	<b>\$2.98</b>			<b>\$9.59</b>	<b>\$4.60</b>	<b>\$4.75</b>	<b>\$4.00</b>	<b>\$0.75</b>	17.5%

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
<b>Davis Capitation (Claims Cost + Davis's Retention)</b>	<b>\$3.70</b>	\$4.41	43.3%
<b>Admin Cost</b>	<b>\$1.57</b>	\$1.87	18.4%
<b>Brokers/Administrators/Wholesalers</b>	\$2.90	<b>\$3.47</b>	34.0%
Contribution to Reserve	\$0.14	\$0.16	1.6%
Invst Income Credit	\$0.00	\$0.00	-0.001%
Premium Tax / Community Health Investment	\$0.19	\$0.23	2.25%
Assessment Fees	\$0.01	\$0.01	0.1%
Federal Taxes	\$0.03	\$0.04	0.4%
<b>GROSS COST:</b>	<b>\$8.54</b>	<b>\$10.19</b>	<b>100.0%</b>

Gross Income PMPM = **\$8.54**

**Individual Monthly Rate Derivation**

<b>Employer Sponsored BlueVision Plus Options:</b>	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	<b>1.1934</b>	43.3%	\$ 10.28	\$ 8.61	<b>\$ 9.00</b>	<b>\$7.00</b>	<b>\$2.00</b>	28.6%
Option B: \$10 exam copay/12/12/24 benefit period	\$3.54	1.1934	43.3%	\$ 9.76	\$ 7.38	<b>\$ 7.00</b>	<b>\$6.00</b>	<b>\$1.00</b>	16.7%
Option C: \$0 exam copay/12 month benefit period	\$3.85	1.1934	43.3%	\$ 10.62	\$ 9.84	<b>\$ 10.00</b>	<b>\$8.00</b>	<b>\$2.00</b>	25.0%
Option D: \$10 exam copay/12 month benefit period	\$3.66	1.1934	43.3%	\$ 10.09	\$ 8.61	<b>\$ 9.00</b>	<b>\$7.00</b>	<b>\$2.00</b>	28.6%
<b>Blended Average</b>	<b>\$3.70</b>			<b>\$10.19</b>	<b>\$8.61</b>	<b>\$8.75</b>	<b>\$7.00</b>	<b>\$1.75</b>	24.7%

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 it's calculated rate and raise Option C \$1 from it's 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**  
**VISION PRODUCT OFFERING**  
**DC Small Group**  
**DERIVATION OF Individual Rates and Components of Retention**  
**Effective 01/01/2014**

**Voluntary BlueVision Plus Plans**

	<u>PMPM</u>	<u>Individual Rate</u>	<u>% of Gross Revenue</u>
<b>Davis Capitation (Claims Cost + Davis's Retention)</b>	<b>\$5.01</b>	\$5.98	50.5%
<b>Admin Cost</b>	<b>\$1.57</b>	\$1.87	15.8%
<b>Brokers/Administrators/Wholesalers</b>	\$2.90	<b>\$3.47</b>	29.3%
Contribution to Reserve	\$0.16	\$0.19	1.6%
Invst Income Credit	\$0.00	\$0.00	-0.001%
Premium Tax / Community Health Investment	\$0.22	\$0.27	2.25%
Assessment Fees	\$0.01	\$0.01	0.1%
Federal Taxes	\$0.04	\$0.05	0.4%
<b>GROSS COST:</b>	<b>\$9.91</b>	<b>\$11.83</b>	<b>100.0%</b>

**Gross Income PMPM =** **\$9.91**

**Individual Monthly Rate Derivation**

<b>Voluntary BlueVision Plus Options:</b>	<b>Capitation PMPM</b>	<b>Step UP Factor</b>	<b>DICR</b>	<b>Calculated Ind Rate</b>	<b>Rounded</b>	<b>Proposed Ind Rates</b>	<b>Current Ind Rates</b>	<b>\$ Δ</b>	<b>% Δ</b>
Option A: \$0 exam copay/12/12/24 benefit period	\$4.67	<b>1.1934</b>	50.5%	\$ 11.03	\$ 9.68	<b>\$ 10.00</b>	<b>\$8.00</b>	<b>\$2.00</b>	25.0%
Option B: \$10 exam copay/12/12/24 benefit period	\$4.44	1.1934	50.5%	\$ 10.49	\$ 8.47	<b>\$ 8.00</b>	<b>\$7.00</b>	<b>\$1.00</b>	14.3%
Option C: \$0 exam copay/12 month benefit period	\$5.60	1.1934	50.5%	\$ 13.22	\$ 10.89	<b>\$ 11.00</b>	<b>\$9.00</b>	<b>\$2.00</b>	22.2%
Option D: \$10 exam copay/12 month benefit period	\$5.32	1.1934	50.5%	\$ 12.56	\$ 9.68	<b>\$ 10.00</b>	<b>\$8.00</b>	<b>\$2.00</b>	25.0%
<b>Blended Average</b>	<b>\$5.01</b>			<b>\$11.83</b>	<b>\$9.68</b>	<b>\$9.75</b>	<b>\$8.00</b>	<b>\$1.75</b>	21.6%

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 Options B,C and D \$1 from their calculated rates. Assuming an equal distribution among the plans this has the impact of producing an average premium that is -7.3% below the calculated unrounded base rates.

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

<b>PMPM Capitation Rates Effective 1/1/2014</b>	
<b>"Old" BlueVision Plus Options</b>	<b>Employer-Sponsored</b>
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

<b>PMPM Capitation Rates Effective 1/1/2014</b>		
<b>New BlueVision Plus Options:</b>	<b>Employer-Sponsored</b>	<b>Voluntary</b>
Option A: \$0 exam copay/12/12/24 benefit period	\$3.73	\$4.67
Option B: \$10 exam copay/12/12/24 benefit period	\$3.54	\$4.44
Option C: \$0 exam copay/12 month benefit period	\$3.85	\$5.60
Option D: \$10 exam copay/12 month benefit period	\$3.66	\$5.32

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*
<b>TWO TIER</b>	INDIVIDUAL	1.00
	FAMILY	2.80
<b>FOUR TIER</b>	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

VIRGINIA

Calculation of Monthly Premiums for Employer-Sponsored and Voluntary Vision Plans

- Step One:* Start with the base (Individual) rate for the corresponding BlueVision Plus Option
- Step Two:* For freestanding products, add a 1.69 load to the rate from step one
- Step Three:* Round the rate to the nearest whole dollar
- Step Four:* Multiply rate from step three by tier factors to develop tiered rates\*
- Step Five:* 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>	Vision Rate	\$9.00
<i>Step Three:</i>	Rounded Rate	\$9.00
<i>Step Four:</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 Five:</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

**Example 2:  
Voluntary Freestanding**

**Option A: \$0 exam copay/12/12/24 benefit period**

<i>Step One:</i>	Vision Base Rate	\$10.00
<i>Step Two:</i>	FS Vision Rate	\$16.90
<i>Step Three:</i>	Rounded Rate	\$17.00
<i>Step Four:</i>	Individual Vision Rate =	\$17.00
	Ind + Child(ren) Vision Rate =	\$31.45
	Ind + Adult Vision Rate =	\$39.10
	Family Vision Rate =	\$47.60
	CtM Vision Rate =	\$17.00
<i>Step Five:</i>	Individual Vision Rate =	\$17.00
	Ind + Child(ren) Vision Rate =	\$31.00
	Ind + Adult Vision Rate =	\$39.00
	Family Vision Rate =	\$48.00
	CtM Vision Rate =	\$17.00

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