

Per Member Rate Calculation

Producer Communication #643

Issued September 26, 2013

UPDATED January 13, 2015

Message

Under Capital BlueCross' current demographically rated group quoting process, a group's premium rate is calculated based upon the average characteristics of the subscribers to be insured under the plan. As a result, all contract holders that share the same contract type (Single, Employee & Spouse, Family, etc) in the same group are assessed the same rate for a given product. When a group receives its monthly bill, each subscriber's rate is itemized on the statement based upon his or her contract type. That process will change for fully insured Small Groups (fewer than 51 employees) under the health care reform law.

Details

Due to the health care reform law, beginning at the start of a fully insured Small Group's plan year in 2014, all health insurance carriers are required to use a common rate calculation method. In 2014 **and 2015**, Small Groups are defined as those having fewer than 51 employees.

The premium rates may be determined based solely upon 3 factors: the group's physical location (county), along with the age and tobacco use of each covered member with limitations on the number of children under age 21. Neither gender nor any information related to health status, such as prescription drug utilization from MedPoint, are allowed to be used going forward.

This means every person covered by the group, including dependents, could have a different rate applied. **Each applicable family member rate for a subscriber** will then be added together to determine the rate for the employee/subscriber. As a result, each covered employee will be listed with his or her specific rate calculated on the monthly premium statement. Also, the addition or removal of a dependent will immediately impact the subscriber's total rate on the group's next monthly bill. The impact to Small Group invoices is illustrated in *Attachment F*.

Current Quoting Format	Per Member Rate Calculation
Static rate shown for each coverage tier (single, employee/spouse, family)	Specific rate shown for each contract (i.e., employee)
Rates for each tier remain unchanged until group's renewal	<ul style="list-style-type: none"> Rates per employee are dynamic as members are added or removed from the plan due to qualifying life events Birthdates occurring during the year will not change the rates until the group's renewal Mid Year Plan changes can impact age determinations: <ul style="list-style-type: none"> A member's age is re-calculated for lines of business that have Plan ID changes made off anniversary A member's age is re-calculated if a new line of business is added mid contract period.
Producers currently do not need to provide member-level information (e.g., tobacco use, birthdates for spouse and dependent children) to obtain an initial quote	Producers must secure member-level information to receive a quote

Capital Blue Cross will use the county of the group's physical location to determine which Geographic Rating Area (GRA) will apply to each group. See Q&A document (*Attachment E*) for a listing of applicable GRAs and counties falling into each.

This new rating process will lead to a few updates to Sales360° and documents used to generate quotes and renewals.

A new 'Quote GRA' field has been added to quotes generated in Sales360°. This field will be populated after a call for rates has been completed. If the GRA is out of our service area, invalid 9999 rates will return.

Census Changes

Today in Sales360°, subscriber level information is required to create a census. Beginning with 1/1/2014 effective dates, member level information will be required to create a census for a group in the fully insured less than 51 size segment.

A new Census Import Template (*Attachment A*) is available for producers to use for all groups. Member level information will be required on the template for fully insured groups in the less than 51 size segment. It will not be required for the 51-99 size segment or when quoting the ASO 20-99 segment.

A tobacco use indicator will be included as a new element on the Census import. Entry in this column is not currently required for any group segment. While fully insured Small Group rating methods allow for the use of tobacco to impact member rates, CBC has elected not to use this factor as a part of our current 2014 **or 2015** rating strategy. Detailed information of the requirements is provided in *Attachment B*.

New Census Detail Document for less than 51 Size Segment

A new Census Detail document will be available for producers, to generate for Prospect groups quoted in the 2-50 catalog (*Attachment C*). This Census Detail document will have member level information, and include the relationship to the Subscriber as well as the geographic rating area used to generate the group's rates. The document is generated on the quote proposal tab within Sales360°.

Age Band Rate Sheets

An Age Band Rate Sheet (ABRS) (*Attachment D*) will be generated for groups in the fully insured less than 51 size segment. The rates displayed on the ABRS will be shown at the member level. These new documents will be provided for quotes and renewals with an effective date of 1/1/2014 or later. The ABRS displays the Rating area applied as well as other identifiers to link to the quote and census the rates apply to.

ABRSs will be provided within an existing group's renewal packet for the new products to which the group's current enrollment has been mapped. Products and rates are displayed as bundled products which may include Medical, Rx, pediatric Dental and pediatric Vision. Groups will be required to sign an ABRS for an alternative selection if they choose not to accept the products mapped in the renewal.

A prospect group's ABRSs will generate as attachments on the quote when a proposal document is generated.

For example, if the producer generates a Working Document on the quote proposal tab, the ABRSs will be created and available on the Attachments tab of the quote. ABRSs will be created for every medical plan product combination quoted. ABRSs will also be available for revised renewal quotes on the Attachments tab of the quote.

Rate sheets with the standard five-tier rates will still be generated for renewal and prospect quotes. The rates on these pages will be informational only, but useful for comparison purposes. Groups may elect to use them with their employee contribution strategies. They will be calculated using the actual enrollment for renewal replacements and the entire group's census for renewal alternates and prospects. The age band rates will only be visible in Sales360° on the ABRs; however, the standard five-tier rates will be visible on the Combined Rates tab in Sales360°.

Producers are responsible for presenting the proposal document along with the ABRs to groups.

External Communications / Impact

Group customers were informed of this change in the first edition of ReformFOCUS.

Impacted groups will also be notified in their renewal documents and in proposal documents created beginning with 2014 effective dates.

Producers will need to be prepared with member-level information to receive a quote for effective dates beginning with a January 1, 2014 effective date for small groups (less than 51 contracts).

Group Service Impact

Group Services will continue to only see high level rate information- i.e. –Total Billed Amount, Component Totals (VS, DN, MED, RX), Lives – Subscriber, Dependent (with billed premium for each).

New Rates may vary for each person on the entire Group and customer service will not have age band rates available.

Any member who calls into Customer Service regarding rates (either their own rates or the comparison of rates between employees) will be referred back to the Group. This may result in the group reaching out their producer for guidance.

Tobacco Use

For 2014 and 2015, CBC has no current plans to collect tobacco use on the subscriber application for members of groups. The law allows us to do so, but we are not implementing that rating factor at this point in our group rating formula. Tobacco usage will be part of the Individual (IA) subscriber application.

Impact to Capital's Private Exchange Shopping Tool

Capital BlueCross' private exchange shopping tool will display illustrative rates while invoiced rates will be calculated using PMRC method.

Attachments

- **Attachment A** – Census Import Template
- **Attachment B** – Census Import Details
- **Attachment C** – Census Detail Document Sample
- **Attachment D** – Age Band Rate Sheet Sample (UPDATED)
- **Attachment E** – Questions & Answers
- **Attachment F** – Small Group Invoice FAQ

Questions

Contact your Preferred Agency with any questions. Thank you.

Age Band Rate Sheet



Quote Prepared for : Test Group, Inc.

Group : 1-ZFM5T

Effective : 1/1/2015 - 12/31/2015 Calendar year benefit administration

Product: EJ318RJ220DJ104VJ101

Program: Healthy Benefits PPO 0 . 0 20 PD . Rx \$0

Member Age	# Members	Member Rate
0-18	2	\$254.61
19-20		\$254.61
21		\$400.96
22		\$400.96
23		\$400.96
24		\$400.96
25		\$402.56
26		\$410.59
27		\$420.21
28		\$435.84
29		\$448.67
30		\$455.09
31		\$464.70
32		\$474.33
33		\$480.35
34		\$486.76
35	2	\$489.98
36		\$493.18
37		\$496.39
38	1	\$499.59
39		\$506.02
40		\$512.43
41		\$522.05
42		\$531.28

Member Age	# Members	Member Rate
43	1	\$544.10
44		\$560.13
45		\$578.98
46		\$601.42
47		\$626.71
48		\$655.57
49		\$684.05
50		\$716.12
51		\$747.79
52		\$782.67
53		\$817.96
54		\$856.05
55		\$894.14
56		\$935.44
57		\$977.13
58		\$1,021.64
59		\$1,043.71
60		\$1,088.21
61		\$1,126.70
62		\$1,151.95
63		\$1,183.63
64		\$1,202.88
65+		\$1,202.88

Contracts 2
 Members 6
 Est Monthly Premium \$2,532.87
 Class: _____

Quote: 1-1379D6 Rev 1
 Census: Test
 Rating Area: 6
 Plan ID: PPOCJ318/RXRCJ220/BPDCJ104/BPVCI101

I, _____, a duly authorized representative of Test Group, Inc. do hereby accept the proposal offer for the program received from Capital Advantage Assurance Company®. I understand that I am accepting the rates listed above, and that this proposal will be controlled by the terms and conditions set forth in this proposal offer and in the standard Group Contract currently in effect until such time as the parties have entered into a signed written agreement. Proposal rates are subject to change if this acceptance is not returned to Capital BlueCross or Capital Advantage Assurance Company® 30 days in advance of the effective date. Pursuant to the Group Contract, the proposal rates will be applicable for a period of 12 months from the effective date.

Signature _____

Date _____

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Health care benefit programs issued or administered by Capital BlueCross and/ or its subsidiaries, Capital Advantage Insurance Company®, Capital Advantage Assurance Company® and Keystone Health Plan® Central. Independent licensees of the BlueCross BlueShield Association. Communications issued by Capital BlueCross in its capacity as administrator of programs and provider relations for all companies.

Age Band Rate Sheet



Quote Prepared for : Test Group, Inc.

Group : 1-ZFM5T

Effective : 1/1/2015 - 12/31/2015 Calendar year benefit administration

Product: EJ318RJ322D0000VJ101

Program: Healthy Benefits PPO 0 . 0 20 . Rx \$250

Member Age	# Members	Member Rate
0-18	2	\$246.87
19-20		\$246.87
21		\$388.77
22		\$388.77
23		\$388.77
24		\$388.77
25		\$390.32
26		\$398.10
27		\$407.43
28		\$422.59
29		\$435.04
30		\$441.25
31		\$450.58
32		\$459.91
33		\$465.74
34		\$471.97
35	2	\$475.08
36		\$478.19
37		\$481.30
38	1	\$484.41
39		\$490.63
40		\$496.85
41		\$506.18
42		\$515.12

Member Age	# Members	Member Rate
43	1	\$527.57
44		\$543.11
45		\$561.38
46		\$583.14
47		\$607.65
48		\$635.64
49		\$663.25
50		\$694.34
51		\$725.06
52		\$758.88
53		\$793.09
54		\$830.02
55		\$866.96
56		\$907.00
57		\$947.43
58		\$990.58
59		\$1,011.97
60		\$1,055.12
61		\$1,092.45
62		\$1,116.93
63		\$1,147.65
64		\$1,166.31
65+		\$1,166.31

Contracts 2
 Members 6
 Est Monthly Premium \$2,455.88
 Class: _____

Quote: 1-1379D6 Rev 1
 Census: Test
 Rating Area: 6
 Plan ID: PPOCJ318/RXRCJ322/BPVCJ101

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Age Band Rate Sheet



Quote Prepared for : Test Group, Inc.

Group : 1-ZFM5T

Effective : 1/1/2015 - 12/31/2015 Calendar year benefit administration

Product: EJ320RJ225DJ104VJ101

Program: Healthy Benefits PPO 0 . 0 35 PD . Rx \$250

Member Age	# Members	Member Rate
0-18	2	\$220.83
19-20		\$220.83
21		\$347.76
22		\$347.76
23		\$347.76
24		\$347.76
25		\$349.15
26		\$356.11
27		\$364.45
28		\$378.01
29		\$389.14
30		\$394.70
31		\$403.05
32		\$411.40
33		\$416.62
34		\$422.17
35	2	\$424.97
36		\$427.75
37		\$430.53
38	1	\$433.31
39		\$438.88
40		\$444.44
41		\$452.78
42		\$460.79

Member Age	# Members	Member Rate
43	1	\$471.91
44		\$485.81
45		\$502.16
46		\$521.64
47		\$543.55
48		\$568.59
49		\$593.28
50		\$621.11
51		\$648.58
52		\$678.83
53		\$709.43
54		\$742.46
55		\$775.51
56		\$811.32
57		\$847.49
58		\$886.09
59		\$905.23
60		\$943.83
61		\$977.20
62		\$999.11
63		\$1,026.59
64		\$1,043.28
65+		\$1,043.28

Contracts 2
 Members 6
 Est Monthly Premium \$2,196.82
 Class: _____

Quote: 1-1379D6 Rev 1
 Census: Test
 Rating Area: 6
 Plan ID: PPOCJ320/RXRCJ225/BPDCJ104/BPVCJ101

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Age Band Rate Sheet



Quote Prepared for : Test Group, Inc.

Group : 1-ZFM5T

Effective : 1/1/2015 - 12/31/2015 Calendar year benefit administration

Product: EJ320RJ226DJ104VJ101

Program: Healthy Benefits PPO 0 . 0 35 PD . Rx \$0

Member Age	# Members	Member Rate
0-18	2	\$226.03
19-20		\$226.03
21		\$355.96
22		\$355.96
23		\$355.96
24		\$355.96
25		\$357.39
26		\$364.51
27		\$373.04
28		\$386.93
29		\$398.32
30		\$404.01
31		\$412.55
32		\$421.10
33		\$426.45
34		\$432.13
35	2	\$434.99
36		\$437.84
37		\$440.68
38	1	\$443.53
39		\$449.23
40		\$454.92
41		\$463.46
42		\$471.65

Member Age	# Members	Member Rate
43	1	\$483.04
44		\$497.27
45		\$514.00
46		\$533.94
47		\$556.37
48		\$581.99
49		\$607.27
50		\$635.75
51		\$663.87
52		\$694.84
53		\$726.16
54		\$759.97
55		\$793.80
56		\$830.45
57		\$867.47
58		\$906.99
59		\$926.57
60		\$966.08
61		\$1,000.24
62		\$1,022.67
63		\$1,050.80
64		\$1,067.88
65+		\$1,067.88

Contracts 2
 Members 6
 Est Monthly Premium \$2,248.61
 Class: _____

Quote: 1-1379D6 Rev 1
 Census: Test
 Rating Area: 6
 Plan ID: PPOCJ320/RXRCJ226/BPDCJ104/BPVCJ101

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Signature _____

Date _____

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Age Band Rate Sheet



Quote Prepared for : Test Group, Inc.

Group : 1-ZFM5T

Effective : 1/1/2015 - 12/31/2015

Calendar year benefit administration

Product: EJ414RJ267DJ213VJ104

Program: Healthy Benefits HMO 0 . 0 PD

Member Age	# Members	Member Rate
0-18	2	\$204.21
19-20		\$204.21
21		\$321.60
22		\$321.60
23		\$321.60
24		\$321.60
25		\$322.88
26		\$329.31
27		\$337.03
28		\$349.57
29		\$359.86
30		\$365.01
31		\$372.73
32		\$380.45
33		\$385.28
34		\$390.41
35	2	\$393.00
36		\$395.57
37		\$398.13
38	1	\$400.70
39		\$405.85
40		\$411.00
41		\$418.71
42		\$426.12

Member Age	# Members	Member Rate
43	1	\$436.41
44		\$449.27
45		\$464.39
46		\$482.40
47		\$502.66
48		\$525.80
49		\$548.65
50		\$574.37
51		\$599.78
52		\$627.75
53		\$656.05
54		\$686.61
55		\$717.16
56		\$750.28
57		\$783.73
58		\$819.43
59		\$837.12
60		\$872.81
61		\$903.70
62		\$923.95
63		\$949.35
64		\$964.79
65+		\$964.79

Contracts 2
 Members 6
 Est Monthly Premium \$2,031.53
 Class: _____

Quote: 1-1379D6 Rev 1
 Census: Test
 Rating Area: 6
 Plan ID: HMOCJ414/RXRCJ267/BPDCJ213/BPVCJ104

I, _____, a duly authorized representative of Test Group, Inc. do hereby accept the proposal offer for the program received from Keystone Health Plan Central or Capital Advantage Assurance Company®. I understand that I am accepting the rates listed above, and that this proposal will be controlled by the terms and conditions set forth in this proposal offer and in the standard Group Contract currently in effect until such time as the parties have entered into a signed written agreement. Proposal rates are subject to change if this acceptance is not returned to Capital BlueCross or Keystone Health Plan Central or Capital Advantage Assurance Company® 30 days in advance of the effective date. Pursuant to the Group Contract, the proposal rates will be applicable for a period of 12 months from the effective date.

Signature _____

Date _____

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