

DEPARTMENT OF INSURANCE

Legal Division

45 Fremont Street, 24th Floor
San Francisco CA 94105



**California Plain-Language
Rate Filing Description**
[for Web site posting, Health & Safety
Code 1385.07(d), Insurance Code 10181.7(d)]
Version 2, with saving/extended features enabled in Adobe Reader.

Company Name:

Anthem Blue Cross Life and Health Insurance Company

SERFF Tracking Number

AWLP-130803143

Department File Number: (will be completed by Department)

1. Justification for any unreasonable rate increases.

(Include all information as to why the rate increase is justified. Attach supporting documentation to this PDF file.)

Anthem disagrees with the Department's conclusion. Anthem provided justification for the proposed premium changes (including trends) during the review process. The justification for the assumptions is posted on the CDI's website, (https://interactive.web.insurance.ca.gov/apex/f?p=102:9:0::NO::P9_RATE_FILINGS_ID,P9_COMPANY_NAME,P9_REFERRING_PAGE_NUM:10774,%5CAnthem%20Blue%20Cross%20Life%20and%20Health%20Insurance%20Company%5C,4&cs=1A5EE1471A2AA12960BF20A1903BBC94A). The detailed trend information can be found in the attached file named "Subsequent Submission 12-21-2016."

Anthem believes these assumptions remain appropriate.

2) Overall annual medical trend factor assumptions for all benefits

11.8%

3) Actual Costs by Aggregate Benefit Category

Hospital Inpatient	Dollar Cost: \$54.64
	Cost as Percentage of Medicare:
Hospital Outpatient (including ER)	Dollar Cost: \$50.66
	Cost as Percentage of Medicare:
Physician/other professional services	Dollar Cost: \$70.43
	Cost as Percentage of Medicare:
Prescription Drug	Dollar Cost: \$49.03
	Cost as Percentage of Average Wholesale Price:
Laboratory (other than inpatient)	Dollar Cost: \$8.56
	Cost as Percentage of Medicare:

Radiology (other than inpatient)	Dollar Cost: (See above: Ancillary Services, Laboratory and Radiology are Laboratory category)
	Cost as Percentage of Medicare:
Other (describe)	Dollar Cost and Description: (See above: Ancillary Services in Professional category)

4) Amount of Projected Trend, by Aggregate Benefit Category, Attributable to Use of Services, Price Inflation, Fees and Risk

Hospital Inpatient	Trend attributable to use of services: 0.3%
	Trend attributable to price inflation: 9.6%
	Trend attributable to fees and risk:
Hospital Outpatient (including ER)	Trend attributable to use of services: 7.5%
	Trend attributable to price inflation: 2.2%
	Trend attributable to fees and risk:

Physician/other professional services	Trend attributable to use of services: 1.1%
	Trend attributable to price inflation: 8.7%
	Trend attributable to fees and risk:
Prescription Drug	Trend attributable to use of services: 3.3%
	Trend attributable to price inflation: 17.7%
	Trend attributable to fees and risk:
Laboratory (other than inpatient)	Trend attributable to use of services: 2.1%
	Trend attributable to price inflation: 7.7%
	Trend attributable to fees and risk:
Radiology (other than inpatient)	Trend attributable to use of services: Included in Laboratory category
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Other (describe)	

5) Other Information

Complete and submit the CA Plain Language Spreadsheet.

The California Department of Insurance ("CDI") has neither specified any particular methodology nor established any guidelines or parameters for calculating the % of Medicare information requested on the California Plain-Language Rate Filing Description. This metric is not a common calculation made in the industry and as such, there is no accepted industry-prescribed methodology for calculating the % of Medicare information being requested. As a result, insurers are likely using different methodologies and Anthem's estimates were most likely not developed in the same manner as those of other insurers.

Due to these factors, the % of Medicare information submitted by an insurer can and is very likely to vary greatly from one insurer to another. Due to the likely use of variant methodologies among the insurers submitting the % of Medicare information, no valid comparisons between various insurers can or should be made. More importantly, however, any inferences made from such comparisons would be inappropriate, inaccurate, and at best, misleading. In addition, no correlations should be drawn between actual claims experience and the % of Medicare numbers since provider reimbursement is merely a portion of what impacts claims experience on any given block of business. Utilization and adverse selection factors will also have material impacts to overall claims. Therefore, any attempt to use the % of Medicare numbers in isolation from the other drivers of claims experience will produce misleading and erroneous conclusions.

Notes:

Inpatient and outpatient comparisons exclude providers which did not have any reported MedPAR data (i.e. children's hospitals, rehab hospitals, etc).

- Inpatient comparison utilized Anthem allowed per case-mix adjusted discharge compared to effective allowed per case-mix adjusted discharge on MedPAR data set.

- Outpatient comparison utilized effective allowed/billed ratio compared to effective outpatient discount on MedPAR data set.

Professional, laboratory and radiology comparisons utilize Anthem utilization which is repriced under both Anthem and Medicare fee schedules.

- Laboratory is defined as non-hospital services for select listing of procedures as defined by Medicare's BETOS categorization.

- Radiology is defined as non-hospital services for select listing of procedures as defined by Medicare's BETOS categorization.

- "Professional" represents all other professional providers excluding laboratory and radiology.

SB 908 – Premium rate change notice, Individual Market

The Insurance Commissioner has determined that the rate for this product is unreasonable or not justified after the Department of Insurance reviewed information in the rate filing submitted by the insurer. Although the Insurance Commissioner has determined the rate to be unreasonable or not justified, state law does not give the Commissioner the authority to reject this rate. Under state law, the insurance company may still impose this rate, notwithstanding the determination that the rate is unreasonable or not justified.

During the next open enrollment period, the policyholder has the option to obtain other coverage from this insurer or another insurer, or to keep this coverage. An applicant shopping for new insurance coverage has the option to purchase this coverage, or to obtain other coverage from this insurer or another insurer. The policyholder, or an applicant shopping for insurance, may want to contact Covered California at www.coveredca.com or an insurance agent for help in understanding available options, including open enrollment periods and special enrollment rights. Information about insurance agents can be found by searching “finding an agent or broker” at www.insurance.ca.gov.

Many Californians are eligible for financial assistance through Covered California to help pay for coverage.

Impacted Plans:

- **Tonik 5000**
- **Clear Protection Plus 3300**
- **Core Guard Plus 750, Core Guard Plus 1500, Core Guard Plus 2500, Core Guard Plus 3500, Core Guard Plus 3500, Core Guard Plus 5000**
- **PPO Share 1000, PPO Share 5000**