

G. STEVEN ROWE  
ATTORNEY GENERAL



REGIONAL OFFICES:  
84 HARLOW ST., 2ND FLOOR  
BANGOR, MAINE 04401  
TEL: (207) 941-3070  
FAX: (207) 941-3075

44 OAK STREET, 4TH FLOOR  
PORTLAND, MAINE 04101-3014  
TEL: (207) 822-0260  
FAX: (207) 822-0259  
TDD: (877) 428-8800

128 SWEDEN ST., STE. 2  
CARIBOU, MAINE 04736  
TEL: (207) 496-3792  
FAX: (207) 496-3291

TEL: (207) 626-8800  
TTY: 1-888-577-6690

STATE OF MAINE  
OFFICE OF THE ATTORNEY GENERAL  
6 STATE HOUSE STATION  
AUGUSTA, MAINE 04333-0006

October 5, 2007

Erica A. Cioppa, Acting Superintendent  
Attn: Vanessa J. Leon (Dkt. No.INS-07-1000)  
Maine Bureau of Insurance  
34 State House Station  
Augusta, ME 04333-0034

Re: 2008 Anthem HealthChoice Filing

Dear Acting Superintendent Cioppa:

Please find enclosed for filing and your attention two hard copies of the following:

Document title:	Second Informational Request of the Bureau of Insurance Advocacy Panel
Document type:	Discovery Request to Anthem Blue Cross and Blue Shield
Submitting party:	Bureau of Insurance Advocacy Panel
Submission date:	October 5, 2007
Confidentiality:	No

Copies of this document are being served under cover of this letter in the manner indicated in the submission's certificate of service.

Very truly yours,

A handwritten signature in black ink that reads 'James M. Bowie'.

JAMES M. BOWIE  
Assistant Attorney General

cc: Thomas C. Sturtevant, Jr., AAG  
Christopher T. Roach, Esq.  
Judith M. Shaw, Deputy Superintendent  
Christina M. Moylan, AAG

STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
BUREAU OF INSURANCE

In re: )  
 )  
 ANTHEM BLUE CROSS AND BLUE )  
 SHIELD 2008 INDIVIDUAL RATE ) SECOND INFORMATIONAL  
 FILING FOR HEALTHCHOICE, ) REQUEST OF THE  
 HEALTHCHOICE STANDARD AND ) BUREAU OF INSURANCE  
 BASIC PRODUCTS ) ADVOCACY PANEL  
 )  
 Docket No. INS-07-1000 )

To: Christopher T. Roach, Esq.  
Pierce Atwood  
One Monument Square  
Portland, ME 04101

Pursuant to Bureau of Insurance Rules, Chapter 350, § 10, the Bureau of Insurance Advocacy Panel hereby propounds the following questions and requests to Anthem Blue Cross and Blue Shield ("Anthem"). If any of the information sought hereby is not known by Anthem but is known by other persons and is obtainable by reasonable means, then Anthem is requested to obtain and provide that information. The Staff requests that Anthem supplement its answers immediately, should additional information become available after its initial response to this request. If information responsive to any question or request is not provided, please explain what efforts were made to obtain that information and why those efforts were unsuccessful.

1. Public Law Chapter 115 of 2007, "An Act to Extend Health Insurance Coverage for Dependent Children up to 25 Years of Age" requires carriers to offer to continue coverage for dependent children up to 25 years of age. In its filing, Anthem requests authorization from the Superintendent to implement this dependent coverage for all contracts, essentially treating the coverage as a mandated benefit rather than a mandated offer. Please explain the reasons for Anthem's request. Include in the explanation a

thorough analysis demonstrating that inclusion of this coverage meets the standards for a minor benefit modification pursuant to 24-A M.R.S.A. Sec. 2850-B(I).

2. For the period from 2003 through 2007, please:

- (a) List each mandate (with its effective date) for which there was an adjustment to historic trend experience;
- (b) For each listed mandate, explain its financial impact on historic trend;
- (c) Identify those listed mandates whose impact Anthem has removed from trend experience in the process of determining prospective trend, explaining how each such adjustment was made.

3. For each year from 2003 through 2006, please state the ratio of paid claims to covered charges for children aged 18 and under.

4. Filing Exhibit VIII, ¶ IV appears to use assumptions (a) that the hearing aid mandated benefit for children will be utilized to obtain two hearing aids for every child with a hearing loss and (b) that no child without insurance will have hearing aids. Are these assumptions reasonable, in light of the likelihood that some treatments for hearing loss will not involve hearing aids and the likelihood that some individuals will pay for hearing aids in ways other than insurance? Please explain.

5. Filing Exhibit VIII, ¶ IV also appears to use the assumption that the ratio of paid claims to allowed benefits for hearing aids is 66%, consistent with the most recently measured ratio in Exhibit VI. This ratio can be calculated from data in Exhibit VI, but Exhibit VI includes data for all HealthChoice members, not just members aged 18 and under. Anthem's response to the inquiry numbered 5 in the Attorney General's First Informational Request suggests that the ratio of paid claims to allowed benefits would be lower for children than for adults. Is the use of the 66% ratio in Exhibit VIII reasonable for a mandated benefit for children only? Please explain.

6. With respect to the Milliman factors shown in filing Exhibit VII:

- (a) What assumptions were used for:
  - (i) The amount of average claims;
  - (ii) The distribution of claim amounts by contract;
  - (iii) The assumed claim trend?
- (b) Were similar factors used in prior filings? If so, have they been updated to reflect trend?

- (c) Is there any way to confirm the reasonableness of these factors from information in the filing?
- (d) Has Anthem done any analysis of the impact of leveraging, using its own claim experience, to validate the Milliman factors?

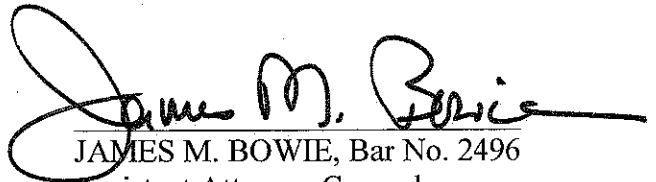
7. Is there adequate information in the filing to determine historic values for leveraging and mix that correspond to the projected values in Exhibit VI? If so, please demonstrate.

8. According to the revised Exhibit IX, a loss ratio of 85.8% was projected for the 2006 rates. The actual loss ratio for 2005 proved to be 93.0%, or 7.2% higher than projected.

- (a) Has Anthem performed a reconciliation of the actual to projected loss ratio for 2006 by comparing the actual values, which are now known, to the values assumed in 2005 for various pricing assumptions that impact loss ratios, including but not limited to, claim trend, deductible leveraging, and deductible mix?
- (b) Does substituting known values into the 2006 rating formula generate premium rates that would have enabled Anthem to come closer to the projected loss ratio? Please provide the analysis.

9. Please provide data that shows the amounts allocated to HealthChoice by each administrative function that led to the administrative expense charge in the filing, and provide a side by side comparison with the actual administrative expenses from last year, noting the reason(s) for material differences. This question is posed as a substitute for the inquiry numbered 13 in the Advocacy Panel's First Informational Request.

Dated this 5th day of October 2007 at Augusta, Maine.



JAMES M. BOWIE, Bar No. 2496  
Assistant Attorney General  
6 State House Station  
Augusta, ME 04333-0006  
Telephone: (207) 626-8800

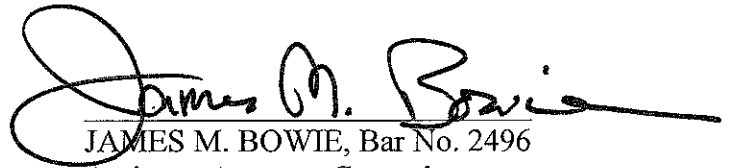
Attorney for Bureau of  
Insurance Advocacy Panel

Certificate of Service

Undersigned counsel hereby certifies that he has this date served the foregoing Second Informational Request the Bureau of Insurance Advocacy Panel on persons named below in the manners indicated:

1. Christopher T. Roach, Esq.  
Pierce Atwood  
One Monument Square  
Portland, ME 04101  
[CRoach@PierceAtwood.com](mailto:CRoach@PierceAtwood.com)  
[Via electronic mail and First Class U.S. Mail]
  
2. Thomas Sturtevant  
Assistant Attorney General  
6 State House Station  
Augusta ME 04333-0006  
[Tom.Sturtevant@Maine.gov](mailto:Tom.Sturtevant@Maine.gov)  
[Via electronic mail and Hand Delivery]
  
3. Vanessa J. Leon, Bureau of Insurance  
[Via electronic mail]
  
4. Richard H. Diamond, Bureau of Insurance  
[Via electronic mail]
  
5. Christina M. Moylan  
Assistant Attorney General  
Maine Department of the Attorney General  
6 State House Station  
Augusta, ME 04333  
[Christina.Moylan@Maine.gov](mailto:Christina.Moylan@Maine.gov)  
[Via electronic mail and Hand Delivery]

Dated: October 5, 2007



JAMES M. BOWIE, Bar No. 2496  
Assistant Attorney General  
6 State House Station  
Augusta, ME 04333-0006  
Telephone: (207) 626-8800  
Attorney for Bureau of  
Insurance Advocacy Panel