

PART 2

2011

PROPOSAL INSTRUCTIONS

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❖ **Proposal Submission Requirements**

If a carrier has more than 1,500 FEHBP contracts at the time of the rate proposal:

- The carrier is considered a large carrier. The carrier must complete and submit Attachments II, IIA, IIB, and IIC.

If a carrier has less than 1,500 FEHBP contracts at the time of the rate proposal, the carrier must choose between the following options:

- Submit the same detailed documentation required for large carriers (see above). A carrier that chooses this option will be considered a large carrier.

OR

- If the carrier's 2010 income from the Federal group will be greater than or equal to \$650,000, the carrier must complete Attachments I, IA, II, IIA, IIB, and IIC and submit Attachments I, IA, IIB, and IIC. A carrier should not send Attachments II and IIA to OPM; however, these documents must be kept on file and available for OPM review in accordance with the records retention clause of the contract. A carrier that chooses this option will be considered a small carrier.
- If the carrier's 2010 income from the Federal group will be less than \$650,000, the carrier must complete and submit Attachments I, IIB, and IIC. Such a carrier need not complete or retain Attachments IA, II and IIA. A carrier that chooses this option will be considered a small carrier.

Since small carriers will not submit detailed documentation, the Office of Actuaries will evaluate these carrier's proposed rates by using its reasonableness test. Rates failing this test will be further reviewed. For small carriers whose 2010 Federal group income will be \$650,000 or more, the Office of Actuaries may request detailed documentation.

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❖ **Instructions for Attachment I – Small Carriers**

If your 2010 Federal group income will be greater than or equal to \$650,000, you must complete and keep on file Attachments II and IIA before submitting Attachment I.

Q1. Indicate the method of community rating used.

Q2. Enter the proposed 2011 Federal group rates on Line A of Attachment I.

If the carrier's 2010 income from the Federal group is greater than or equal to \$650,000, enter the Line 5c rates from Attachment II on Line A of Attachment I.

Q3. If OPM owes the carrier money as a result of the 2010 reconciliation, OPM will reimburse the amount due through an increase in the carrier's 2011 rates. Compute the appropriate increase based on the results of the 2010 reconciliation and enter the amount on Line B of Attachment I.

If the carrier owes OPM as a result of the 2010 reconciliation, OPM will recoup the amount due through a decrease in the carrier's 2011 rates. Compute the appropriate decrease based on the results of the 2010 reconciliation and enter the amount on Line B of Attachment I.

Q4. Enter the proposed 2011 Federal group rates after adjustments (Line A \pm Line B) on Line C of Attachment I.

OPM completes the section below Line C based on negotiations between the carrier and Office of the Actuaries. When we determine that sufficient excess has built up in the contingency reserve, we will propose a reduction to the carrier's rates in order to generate a contingency reserve payment.

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❖ **Instructions for Attachment II – Large Carriers**

Item numbers correspond to line numbers on Attachment II.

1. Proposed FEHB Rates Before Loadings for Jan 1, 2011

This is the carrier's best possible estimate of the 2011 FEHB bi-weekly self and family rates. These rates must be based on the carrier's community rate(s) or on an OPM approved ACR methodology. On the Backup Line 1 Form, indicate in detail how the Line 1 rates were derived. If you are submitting the Backup Line 1 Form as an Excel file, please keep the formulas in the spreadsheet.

Traditional Community Rating (TCR) and Community Rating By Class (CRC)

Complete the TCR & CRC Backup Line 1 Form on page 12 (or equivalent) and enter the resulting self and family rate on Line 1 of Attachment II.

Adjusted Community Rating (ACR)

Complete the ACR Backup Line 1 Form on page 12 (or equivalent) and enter the resulting self and family rate on Line 1 of Attachment II.

2. Special Benefit Loadings

Special Benefit Loadings are loadings to account for differences between the Federal group's benefit package and the carrier's community benefits package or, in the case of an ACR rated carrier, loadings to include benefits not included in claims data. Provide all backup calculations and clearly indicate all utilization and cost assumptions for each special benefit loading.

If the loading is a benefit you sell to other groups, there should be a uniform price (i.e., a capitation rate or standard set of two-tiered community rates) for the benefit. Indicate clearly in your backup calculations the adjustments (if any) you have made to the uniform loading to arrive at the Federal loading.

You must offset through negative loadings any benefits not provided to the Federal group which are part of the carrier's basic package. You should enter a cost of \$0.00 for benefit differences with no cost.

Complete the Backup Special Benefits Loading Form on page 13 (or equivalent) and enter the loading(s) on Line 2 of Attachment II.

3. FEHB Rates Plus Special Loadings

Add Lines 1 and 2 and enter the sum on Line 3 of Attachment II.

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4a. Extension of Coverage Loading

Extension of Coverage is the automatic continuation of health benefits coverage for 31 days after FEHB eligibility terminates, except by the enrollee's cancellation of coverage.

If entitled to the Extension of Coverage Loading, multiply Line 3 by .004 and enter the result on Line 4a of Attachment II.

Generally, an ACR rated carrier is **not** entitled to this loading. If an ACR rated carrier thinks they are entitled to the Extension of Coverage Loading, a detailed explanation must be submitted with this proposal and backup documentation must be kept available for audit review. OPM reserves the right to deny this loading.

4b. Children's Loading

Effective January 1, 2011, FEHBP must cover dependent children until their 26th birthdays (through age 25). Under the Patient Protection and Affordable Care Act, carriers are required to make this same change to all of their commercial business. We acknowledge that this change might make it necessary for plans to add a temporary loading until their claims experience (for both FEHB and the community) reflects this change.

A carrier may add a loading to FEHB only if it adds a loading to all of its commercial business. The loading added to FEHB must be calculated with the same method that is used for all of its other groups.

If a carrier includes a Children's Loading in the 2011 rates, a detailed explanation of the method used and backup documentation must be provided.

Enter the Children's Loading on line 4b of Attachment II.

4c. Medicare Loading

The purpose of the Medicare loading is to adjust a carrier's premium to provide the correct income for FEHB retirees age 65 and older since most other groups generally cover their retirees by Medicare Advantage Plans or Medicare Supplement Plans and are excluded from the employee plan.

A carrier must document the Medicare status of Federal annuitants and their covered spouses age 65 and over, and compute a Medicare loading. Compute the cost of benefits for the Federal annuitants and compare the cost with the income received on behalf of these annuitants from OPM and CMS. If more income is received than is needed to cover the cost of benefits for this group, the Medicare loading should be negative. If less income is received than is needed, the loading should be positive. Clearly explain your method and provide backup calculations.

The difference between the cost for these enrollees and revenue received from CMS should roughly equal the premium charged to Medicare enrollees for either Medicare Supplement Plans or Medicare Advantage Plans with adjustments made for differences in levels of benefits. Please verify the

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reasonableness of your loading. We will verify the accuracy of your calculation based on the answers you provide in questions Q41 and Q42.

A carrier claiming a Medicare loading must have appropriate documentation to justify the distribution of its Medicare population submitted in Q44.

If you use ACR to compute your rates, you must be sure you have considered the effect of COB (coordination of benefits) income received from CMS. You should pay particular attention to Q22 and Q23 of the questionnaire. **A carrier using a claims-based ACR method will normally not have a Medicare loading.**

Below is an example of the method we suggest. If you use a reasonable and well documented method for other groups, you should also use it for the Federal group.

EXAMPLE:					
<u>Medicare Coverage</u>	<u>Distribution of Federal Annuitants and Covered Spouses*</u>	<u>Cost of CMS Benefits</u>	<u>FEHBP Premium**</u>	<u>CMS COB</u>	<u>Gain (Loss) to Carrier</u>
A + B	100	\$120	\$50	\$100	\$30
A	65	120	50	60	(10)
B	10	120	50	40	(30)
None	50	120	50	0	(70)

(1) Revenue Gain: $100 \times \$30 = \$3,000$
 (2) Revenue Loss: $(65 \times \$10) + (10 \times \$30) + (50 \times \$70) = \$4,450$
 (3) Net Loss = $\$4,450 - \$3,000 = \$1,450$

* From Question 44, Attachment IIA
 ** If you use this method, the FEHBP premium should be the single rate

This positive loading of \$1,450 could be spread over the self and family contracts in any reasonable manner. Note that whether the loading comes out negative or positive depends on the distribution of Federal enrollees by Medicare status.

Complete the Backup Medicare Loading Form on page 14 (if appropriate) and enter the Loading on Line 4c of Attachment II.

4d. Subtotal

Add Lines 3, 4a, 4b, and 4c and enter the sum on Line 4d of Attachment II.

4e. Enrollment Discrepancies Loading

Multiply Line 4d by .01 and enter the result on Line 4e of Attachment II. A carrier must explicitly take this loading, but may eliminate some or all of its effect by giving the Federal group a discount.

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5a. Proposed FEHB Rates – 2011

Add Lines 4d and 4e and enter the total on Line 5a of Attachment II.

5b. Discount

Enter the amount of discount, if any, on Line 5b(i) – SSSG Discount or Line 5b(ii) – Other Discount on Attachment II. An SSSG discount may be adjusted at the time of reconciliation to reflect the actual discount applied. Other discounts may not be adjusted.

5c. Final Proposed FEHBP Rates – 2011

Add Lines 5a and 5b and enter the total on Line 5c of Attachment II.

Attachment I

2011 RATE PROPOSAL - SMALL CARRIERS		
(Use BIWEEKLY Net-To-Carrier Rates)		
CARRIER NAME	STATE	CODE
Q1. What type(s) of community rating do you propose to use for the Federal group in 2011?		
TCR (Traditional Community Rating)		
CRC (Community Rating By Class)		
ACR (Adjusted Community Rating)		
	SELF	FAMILY
Q2. What are the 2011 proposed Federal group rates? If your 2010 Federal group income is greater than or equal to \$650,000, enter the rates from Line 5c, Attachment II on this line. Line A:		
Q3. Enter the adjustment to the 2011 proposed Federal group rates as a result of the reconciliation of the 2010 Federal group rates. If your actual 2010 Federal group rates were higher than estimated in the 2010 proposal, the 2011 rates should be increased to recover the loss. Likewise, if the actual 2010 Federal group rates were less than estimated in the 2010 proposal, the 2011 rates should be decreased to return the gain to OPM. Line B:		
Q4. What are the proposed 2011 Federal group rates after adjustments? (Line A ± Line B) Line C:		
OPM will complete the section below if it is necessary to reduce the proposed rates in order to draw down the contingency reserve.		
Amount of excess contingency reserve:		
Rate reduction necessary to generate a contingency reserve payment approximately equal to the excess. Line D:		
2011 FEHBP Rates Line E:		

Attachment IA

**Certificate of Accurate Cost or Pricing Data
For Community Rated Carriers**

This is to certify that, to the best of my knowledge and belief:

- 1) The cost or pricing data submitted (or, if not submitted, maintained and identified by the carrier as supporting documentation) to the Contracting Officer or the Contracting Officer's representative or designee in support of the **2011** FEHBP rates were developed in accordance with the requirements of 48 CFR Chapter 16 and the FEHBP contract and are accurate, complete, and current as of the date this certificate is executed; and
- 2) The methodology used to determine the FEHBP rates is consistent with the methodology used to determine the rates for the carrier's Similarly Sized Subscriber Groups.

Firm	
Name	
Title	
Signature	
Date	

Attachment II

2011 RATE PROPOSAL – LARGE CARRIERS		
(Use BIWEEKLY Net-To-Carrier Rates)		
CARRIER NAME	STATE	CODE
	SELF	FAMILY
1. Proposed FEHB Rates Before Loadings for Jan 1, 2011		
2. Special Benefit Loadings		
(a)		
(b)		
(c)		
3. FEHB Rates Plus Special Benefit Loadings		
4. Standard Loadings		
(a) Extension of Coverage Loading [.004 x (3)]		
(b) Children's Loading		
(c) Medicare Loading		
4d. Subtotal [(3) + (4a) + (4b) + (4c)]		
4e. Enrollment Discrepancies Loading [.01 x (4d)]		
5a. Proposed 2011 FEHB Rates Before Discount [(4d) + (4e)]		
5b. Discount		
(i) SSSG Discount		
(ii) Other Discount		
5c. Final Proposed 2011 FEHB Rates [(5a) + (5bi) + (5bii)]		

Attachment II Backup

➤ **Backup Line 1 Form**

Enter the results on Line 1 of Attachment II. If neither of these Forms is appropriate, create/modify a form and place it here. If you are submitting an Excel file, please keep the formulas in the spreadsheet.

Backup Line 1 Form – TCR & CRC	
Beginning Capitation Rate	
Age/Sex Factor	
Resulting Capitation Rate	
Percentage of Self Contracts	
Percentage of Family Contracts	
Average Family Size	
1 st Level Step-Up Factor (Self/Capitation)	
Revenue Ratio (Family/Self Ratio)	
Self Rate	
Family Rate	

Backup Line 1 Form – ACR	
Experience Period	
Total Paid Claims (before any COB)	
Total COB (including CMS)	
Annual Trend	
Total Trend from Experience Period	
Expected Claims	
Administration (& Profit)	
Total Expected Claims + Admin + Profit	
Members	
Per Member Rate	
Percentage of Self Contracts	
Percentage of Family Contracts	
Average Family Size	
1 st Level Step-Up Factor (Self/Capitation)	
Revenue Ratio (Family/Self Ratio)	
Self Rate	
Family Rate	

Attachment II Backup

Backup Special Benefit Loadings Form

Enter the Special Benefit Loadings (if appropriate) under Line 2 of Attachment II. If you are submitting an Excel file, please keep the formulas in the spreadsheet.

Backup Special Benefits Loading Form			
Benefit	Cost/Member	Self Rate	Family Rate
(a)			
(b)			
(c)			
(d)			
(e)			
(f)			
(g)			
(h)			
(i)			
(j)			

Note: Include any necessary backup calculations here to support these loadings.

Attachment II Backup

Backup Medicare Loading Form

Enter Medicare Loading (if appropriate) on Line 4c of Attachment II.

Backup Medicare Loading Form					
Medicare Coverage	(A) Count	(B) Cost Of Benefits	(C) FEHB Premium	(D) CMS COB	Plan Cost A*(B-C-D)
Part A Only					
Part B Only					
Parts A & B					
No Coverage					
Total		(E)			
Total FEHBP Members (F)					
Cost Per Member (E / F)					
Self Loading					
Family Loading					

Or

Alternative Backup Medicare Loading Form					

Attachment II Backup

If you choose to submit potential SSSGs in the proposal, fill out the following form below. You must also keep a list on file of all potential SSSGs ranked by the group's most recent enrollment (but no later than March 31 of the current year). SSSGs will be chosen from the list on file in the event that at least nine of the 10 potential SSSGs listed below no longer qualify to be SSSGs at the time of reconciliation.

POTENTIAL SSSGS	
NAME	ENROLLMENT/ AS OF
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Attachment IIA

2011 Community Rate Questionnaire

Q1. What type(s) of community rating do you propose to use for the Federal Group in 2011?

[] Traditional Community Rating (TCR)

a. [] Standard (Book) Rating

b. [] Variable (Group Specific) Rating

[] Community Rating By Class (CRC)

[] Adjusted Community Rating (ACR)

Q2. Are you proposing a rate for a HDHP in 2011?

[] YES

[] NO

If no, skip to Q5 for TCR, Q8 for CRC or Q19 for ACR

If "Yes", is your HDHP rated separately from your traditional HMO?

[] YES

[] NO

Note: If the HDHP is rated separately from your other federal products and you opt to submit a list of potential SSSGs with this proposal, you must submit a separate list of potential SSSGs for the HDHP.

Q3. Do any of your other groups have an HDHP?

[] YES

[] NO

Q4. What is the annual deductible and pass through amount for your proposed HDHP?

Deductible: _____ Self

Pass Through Amount: _____ Self

_____ Family

_____ Family

Questions 5 through 7 pertain to carriers that use Traditional Community Rating (TCR) for the Federal Group.

Q5. Do you use a standard set of tiered rates applicable to all groups with a tiered rate structure?

[] YES

[] NO

If "Yes", what are they?

Self _____ Family _____

Attachment IIA

Self _____ Couple _____ Family _____

Q6. Do you begin your rate development with a capitation rate, and then convert it to the self and family rates?

YES NO If "Yes", what is the capitation rate?

Capitation Rate = _____

Note that you may check both Q5 and Q6 "Yes" if you use a standard set of tiered rates that are derived from a capitation rate.

Q7. Do you use "step-up" factors to convert the capitation rate to the self and family rates?

YES If "Yes", **Go To Q33** NO If "No", explain, then **Go To Q34**

Questions 8 - 18 pertain to carriers that use Community Rating by Class (CRC) for the Federal Group.

Q8. Do you use CRC for all your groups?

YES NO If "No", what is your criteria for using CRC?

Q9. What CRC factors do you use?

Age Sex Other _____, _____, _____

Q10. What capitation rate do you begin with?

Capitation Rate = _____

Q11. What is the adjustment factor you use to adjust the capitation?

Adjustment Factor = _____

What is your adjusted capitation rate? Adjusted Capitation Rate = _____

Attachment IIA

Explain how you derived the CRC adjustment factor. **In particular, on what population data are the CRC utilization factors based? How often do you update the data on which the CRC utilization factors are based?**

- Q12. Give a simple narrative explanation of how you derive your rates including how you adjust the capitation rate.

Do not skip this question or refer us to another sheet. What we want here is a clear explanation of how you derive your rates. If there are other sheets with detailed calculations, tell us here in simple language what is presented on those sheets.

- Q13. Have you enclosed any worksheets (i.e. sheets showing age/sex distribution and relative utilization factors) that you used to derive the CRC adjustment factor? **Please note that you must have documented support for the CRC age/sex factors.**

YES NO NA

If “No” or “NA”, explain. (Note: We normally expect to see the worksheets from which you derive the CRC adjustment factor. These may be submitted separately.)

- Q14. Do you use "step-up" factors to convert the adjusted capitation rate to the self and family rates?

YES NO If “No”, explain

Attachment IIA

- Q15. Explain how you derive the "relative utilization factors" associated with your age/sex distribution sheet.

Note that we would expect the factors to be based on the utilization experience of the different age groups of the total employee population the carrier services. In some cases, a carrier might use factors based on some other large population. Please make it clear to us exactly where your relative utilization factors come from, and on what population they are based.

IMPORTANT! DO NOT SKIP THIS QUESTION

- Q16. When you derive the CRC adjustment factor, do you include the number of Federal annuitants, over age 65, anywhere in the calculation?

YES NO If "Yes", have you given us a credit for Medicare Reimbursement?

Do you include the number of Federal annuitants **under** age 65?

YES NO

In general, explain how you use the group of Federal retirees (if at all) in your calculation of the CRC factor.

IMPORTANT! DO NOT SKIP THIS QUESTION

- Q17. If you use industry factors as part of your CRC method, do **you anticipate that either of your SSSGs will have an industry factor less than 1.0?**

YES NO

Attachment IIA

Q18. If you answered Q17 “Yes”, did you apply to the Federal group rates the lowest industry factor anticipated for an SSSG?

YES NO

If “No”, explain. The Federal group should receive the lowest industry factor less than 1.0 given to an SSSG. (Note: no industry factor larger than 1.0 can be applied.)

**Questions 19 through 32 pertain to carriers that use
Adjusted Community Rating (ACR) for the Federal Group. If you do not use ACR in any
part of your rate development, Go To Q33.**

Q19. Do you use ACR for all your groups?

YES NO If “No”, what is your criteria for using ACR?

Q20. What method of ACR do you use to rate the Federal group in 2011?

A Method Based on Federal Claims

Other

Note: You should have on file any claims/utilization data supporting the rates for the Federal group.

Q21. If your answer was "Other" for Q20, give a simple, but comprehensive explanation of how you developed your rates. Use extra sheets if necessary.

Q22. Are age 65 and older retirees included in the claims or utilization data used to determine the ACR factor or rates?

YES NO If “No”, a standard Medicare loading should be taken.

Attachment IIA

Q23. If you answered “Yes” to Q22, are CMS reimbursements included in the Federal group's experience?

YES NO

If “No”, a negative Medicare loading should be taken to account for all monies received from CMS or monies saved because Medicare was the primary payer (i.e. responsible for most of the claim payments).

If “Yes”, there should be no Medicare loading.

Q24. Did you reduce claims used in the rate development by all COB income (e.g. prescription drug rebates, settlements) that the carrier received from other insurance sources excluding CMS?

YES NO

If “No”, credit must be applied to the Federal group for any monies received from other insurance sources.

Questions 25 through 32 are for carriers that answered Q20 by checking “A Method Based On Federal Claims”

Q25. Clearly explain your ACR method using Federal claims data to compute rates. **Do not skip this question and do not refer us to other sheets. What we want here is a simple narrative description of your method.**

Q26. Do you use completion factors to derive incurred claims?

YES NO

Q27. Complete the following for the claims in the experience period used to calculate your 2011 rates:

Total Claims (not including any COB) _____

Medicare COB _____

Other COB (e.g. Rx rebates, settlements) _____

Attachment IIA

Net Claims _____

Q28. If you answered “Yes” to Q26, you should use the same set of completion factors for all your groups. Do you?

YES NO NA If No, explain.

Q29. Explain how you compute the administrative charge.
IMPORTANT! DO NOT SKIP THIS QUESTION

Q30. Did the claims used in the rate development reflect special benefits?

YES NO

Q31. Do you derive an adjusted capitation rate by using an ACR factor that was derived from actual claims data?

YES NO If “Yes”, Adjusted Capitation Rate = _____

Q32. Do you use step-up factors to convert an adjusted capitation rate to the self and family rates?

YES NO If “No”, **Go To Q34**

Q33. a. If you use step-up factors, what are they? Specifically, what step-up factor do you use to convert the capitation rate (or the adjusted capitation rate) to the self rate? What step-up factor do you use to convert the self rate to the family rate?

Self/Capitation = _____ Family/Capitation = _____

Attachment IIA

- b. How do you derive the above step-up factors? Explain briefly (we prefer a numerical formula for each factor as the explanation). Example:

$\text{Self/Capitation} = \frac{.40 + .60(3.5)}{.40 + .60(2.9)} = 1.17$

- c. Are these step-up factors group-specific (i.e., derived using the demographics of the Federal group)? Or, are the step-up factors based on overall population demographics?

Group Specific Based on Overall Carrier Population Demographics

- d. If you use group-specific factors, do you use them for all groups?
If “No”, what are your criteria for using group-specific factors?

- Q34. a. If you use enrollment-mix or other demographic assumptions at any point in the development of the 2011 Federal group rates (including development of step-up factors), what are they?

% Self Contracts _____ % Family Contracts _____

Family Size _____ Other: _____

What is the "as of" date of the above enrollment? _____

- b. If you use group-specific family size in developing the Federal group rates, were over age dependent children (i.e., unmarried, dependent children older than the age limit given in Q34a) included in determining the group's family size?

YES NO

Attachment IIA

Q35. What is the source of your demographic information? Is the same source used for all groups? If not, what is the source of your demographic information for other groups?

Q36. If you do not use step-up factors to convert a capitation rate to the self and family rates, explain in how you derive the self and family rates.

Q37. With regard to dependent coverage **in 2010**:

a. Your basic community rate in 2010 included coverage for all unmarried dependents up to what age? (An answer of age 19 would mean that coverage ceases on the 19th birthday)

b. Was there a separate limiting age for coverage of full-time students in 2010?

YES What is it? _____ NO

c. If a group required dependent coverage to an age different from your normal limiting age, did you adjust that group's rate to allow for this difference?

YES NO

Q38. With regard to dependent coverage **in 2011**:

a. Are you adjusting the rates of all of your groups to account for the change in age of dependents covered by the plan?

YES NO

If "Yes", briefly describe the method used to compute this loading.

Attachment IIA

b. Are you charging a Children's Loading to FEHB?

YES NO

Q39. Are the special benefits listed in Line 2, Attachment II of the 2011 proposal different from those that you offered in 2010?

YES NO If "Yes", explain.

Q40. With regard to the special benefits shown on Line 2, Attachment II: Are any of them a rider offered to other groups?

YES NO If "Yes", indicate which special benefits are riders.

Q41. The FEHBP requires coordination of benefits (COB) with CMS for Federal annuitants and their covered spouses who are entitled to Medicare.

a. Do you have a Medicare Advantage or Cost Contract with CMS?

YES Medicare Advantage Contract Cost Contract NO

b. Are any Federal group enrollees covered under these contracts?

YES NO NA

Attachment IIA

c. If the answer to Q41(a) is “Yes”, explain the arrangement you have with CMS, describe all benefit packages you offer enrollees under your Medicare Advantage contract, and the premiums paid (if any) by the individuals enrolled under your Medicare Advantage contract.

Q42. Do you sell a Medicare supplement policy?

YES NO

If “Yes”, describe the benefit packages of any Medicare supplement policies you offer, and the premiums you charge for them.

Q43. Explain how you coordinate benefits for Federal Medicare annuitants and Medicare dependent spouses.

Q44. Show the number of Federal annuitants and their covered spouses age 65 and older enrolled with the carrier. Also include the amount of COB money received from CMS for each of the following categories:

	Counts	COB Amount
Medicare Part A and Part B		
Medicare Part A Only		
Medicare Part B Only		
Neither Part A nor Part B		
Cannot Determine		

Attachment IIA

Note: The sum of the numbers in the counts column above should be the total number of Federal annuitants and their covered spouses age 65 and older enrolled with the carrier.

Q45. How do you determine the numbers that you have in the distribution in Q44?

Q46. Do your Attachment II, Line 1 rates reflect any tax, fee or monetary payment imposed on the carrier by a state or local government?

YES NO

If "Yes", have you included a negative loading in the Special Benefits section of the proposal?

YES NO If "No", explain why you included no negative loading.

Q47. If you use different rating methods (i.e. TCR, CRC, ACR) for different groups, describe your criteria for the use of each method.

Q48. BACKUP CALCULATIONS - Attachment II, Line 1 Rates

a) If you use Traditional Community Rating (TCR), show how you derive the rates on Line 1, Attachment II of the proposal. If they are two-tiered rates that you use for all groups, and will be backed by an insurance department filing, state this. If you derived the rates by converting a capitation rate into self and family rates, show the calculations.

If you use Community Rating by Class (CRC) or Adjusted Community Rating (ACR) show any details of the derivation of the Line 1, Attachment II rates that were not given in the previous parts of this questionnaire.

Do not skip this question or refer us to another sheet. What we want here is a clear explanation of your Line 1 rates. If there are other sheets with detailed calculations, tell us here in simple language what is done.

Q49. Are you electing to submit a list of potential SSSGs at this time?

YES NO

Attachment IIA

If “No”, the carrier will select two groups which meet the SSSG requirements at the time of reconciliation as the SSSGs.

If “Yes”, **make sure the form on page 15 is filled out.** The carrier must also have a list on file of **all** potential SSSGs ranked by the group’s most recent enrollment (but no later than March 31 of the current year).

Q50. Do you include a potential SSSG discount in your 2011 FEHB proposed rates? (Note that we interpret an industry factor less than 1.0 as a discount factor).

YES

NO

If Yes, what is the discount as a percentage?

If Yes, was the discount as a percentage applied to the entire rate?

YES

NO

If no, explain why

Q51. In your 2011 Proposal does FEHB receive any discounts, underwriting adjustments, or concessions other than a potential SSSG discount?

YES

NO

If Yes, what is the discount as a percentage?

Please note you will be required to provide this discount to FEHB in the 2011 reconciliation.

Attachment IIB

Carrier Contacts

For information about your rate submission, we should contact:

Name	
Phone Number	
Fax Number	
Email	

OR

Name	
Phone Number	
Fax Number	
Email	

Our counterproposal and rate acceptance letters should be addressed to:

Name	
Address	
Phone Number	
Fax Number	
Email	

Attachment IIC

Utilization Data (Based on Total HMO Population)		
Type of Service	Annual Utilization Per 1000 Members	
1. Number of Prescriptions		
	A. Mental	B. Other
2. Number of Office Visits		
3. Number of Inpatient Hospital Days		