

# PART 2

2014

PROPOSAL INSTRUCTIONS

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**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 2013 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 2013 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 2013 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 2013 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 2014 Federal group rates on Line A of Attachment I.

If the carrier's 2013 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 2013 reconciliation, OPM will reimburse the amount due through an increase in the carrier's 2014 rates. Compute the appropriate increase based on the results of the 2013 reconciliation and enter the amount on Line B of Attachment I.

If the carrier owes OPM as a result of the 2013 reconciliation, OPM will recoup the amount due through a decrease in the carrier's 2014 rates. Compute the appropriate decrease based on the results of the 2013 reconciliation and enter the amount on Line B of Attachment I.

**Q4.** Enter the proposed 2014 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 January 1, 2014**

This is the carrier's best possible estimate of the 2014 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.

**4a. Extension of Coverage Loading**

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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. 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 reasonableness of your loading. We will verify the accuracy of your calculation based on the answers you provide in questions QG11 and QG12.

**A carrier claiming a Medicare loading must have appropriate documentation to justify the distribution of its Medicare population submitted in QG14.**

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 QA4 and QA5 of the questionnaire. **A carrier using a claims-based ACR method will normally not have a Medicare loading.**

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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 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 QG15, Attachment IIA  
\*\* If you use this method, the FEHBP premium should be the self 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 4b of Attachment II.

**4c. Subtotal**

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

**4d. Estimated Premium Underpayment Percent**

Carriers will have the opportunity to apply to Federal Employees Insurance Operations (FEIO) to receive a Premium Underpayment Loading for 2014. The application will be due in the first quarter of 2014. On Line 4d you may enter an estimate of this percentage. This percentage will be updated in the 2014 Reconciliation to match the amount approved by FEIO.

**4e. Premium Underpayment Loading [(4c)x(4d)]**

Multiply Line 4c by Line 4d and enter the result on Line 4e of Attachment II.

**5a. Proposed FEHB Rates – 2014**

Add Lines 4c and 4e and enter the sum on Line 5a of Attachment II.

**5b. Discount**

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Enter the amount of discount, if any, on Line 5b(i), SSSG Discount, or Line 5b(ii), Other Discount, on Attachment II. The SSSG discount line should only be used by carriers that are state-mandated to TCR. 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 – 2014**

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



**Attachment I**

<b>2014 RATE PROPOSAL - SMALL CARRIERS</b> (Use <b>BIWEEKLY</b> Net-To-Carrier Rates)				
<b>CARRIER NAME</b>				
<b>STATE</b>		<b>CODE</b>		<b>OPTION</b> (High/Standard/HDHP/CDHP/Basic)
<b>Q1. What type(s) of community rating do you propose to use for the Federal group in 2014?</b>				
TCR (Traditional Community Rating)				
CRC (Community Rating By Class)				
ACR (Adjusted Community Rating)				
			<b>SELF</b>	<b>FAMILY</b>
<b>Q2. What are the 2014 proposed Federal group rates?</b> If your 2013 Federal group income is greater than or equal to \$650,000, enter the rates from Line 5c, Attachment II on this line.  <b>Line A:</b>				
<b>Q3. Enter the adjustment to the 2014 proposed Federal group rates as a result of the reconciliation of the 2013 Federal group rates.</b> If your actual 2013 Federal group rates were higher than estimated in the 2013 proposal, the 2014 rates should be increased to recover the loss. Likewise, if the actual 2013 Federal group rates were less than estimated in the 2013 proposal, the 2014 rates should be decreased to return the gain to OPM.  <b>Line B:</b>				
<b>Q4. What are the proposed 2014 Federal group rates after adjustments?</b> (Line A ± Line B)  <b>Line C:</b>				
<b>OPM will complete the section below if it is necessary to reduce the proposed rates in order to draw down the contingency reserve.</b>				
<b>Amount of excess contingency reserve:</b>				
<b>Rate reduction necessary to generate a contingency reserve payment approximately equal to the excess.</b>  <b>Line D:</b>				
<b>2014 FEHBP Rates</b>  <b>Line E:</b>				

If you are a state mandated TCR group, are there currently at least two groups that are eligible to be SSSGs for **2014**?

[ ] Yes      [ ] No

**Attachment IA**

**Certificate of Accurate Pricing**  
**For Community Rated Carriers (SSSG methodology)**

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 2013 FEHB rates were developed in accordance with the requirements of 48 CFR Chapter 16 and the FEHB contract and are accurate, complete, and current as of the date this certificate is executed; and
- 2) The methodology used to determine the FEHB rates is consistent with the methodology used to determine the rates for the carrier's Similarly Sized Subscriber Groups.

<b>Firm</b>	
<b>Name</b>	
<b>Title</b>	
<b>Signature</b>	
<b>Date</b>	

**Attachment IA**

**Certificate of Accurate Pricing**  
**For Community Rated Carriers (MLR methodology)**

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 2013 FEHB rates were developed in accordance with the requirements of 48 CFR Chapter 16 and the FEHB contract and are accurate, complete, and current as of the date this certificate is executed.

<b>Firm</b>	
<b>Name</b>	
<b>Title</b>	
<b>Signature</b>	
<b>Date</b>	

**Attachment II**

<b>2014 RATE PROPOSAL – LARGE CARRIERS</b>					
<b>(Use BIWEEKLY Net-To-Carrier Rates)</b>					
<b>CARRIER NAME</b>					
<b>STATE</b>		<b>CODE</b>		<b>OPTION (High/Standard/HDHP/CDHP/Basic)</b>	
				<b>SELF</b>	<b>FAMILY</b>
<b>1. Proposed FEHB Rates Before Loadings for January 1, 2014</b>					
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) Medicare Loading					
4c. Subtotal [(3) + (4a) + (4b)]					
4d. Estimated Premium Underpayment Percentage					
4e. Premium Underpayment Loading [(4c) x (4d)]					
5a. Proposed 2014 FEHB Rates Before Discount [(4c) + (4e)]					
5b. Discount					
(i) SSSG Discount (for TCR plans only)					
(ii) Other Discount					
5c. Final Proposed 2014 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.

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

<b>Backup Line 1 Form – ACR</b>	
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 <sup>st</sup> 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.

<b>Backup Special Benefits Loading Form</b>			
<b>Benefit</b>	<b>Cost/Member</b>	<b>Self Rate</b>	<b>Family Rate</b>
(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 4b of Attachment II.

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

Or

<b>Alternative Backup Medicare Loading Form</b>					

**Attachment II Backup**

**This page is for carriers that are state-mandated to TCR.**

**If you choose to submit potential SSSGs in the proposal, fill out the 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.**

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





**Attachment IIA**

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?

QG6. If you use enrollment-mix or other demographic assumptions at any point in the development of the 2014 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? \_\_\_\_\_

QG7. 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?

QG8. If you do not use step-up factors to convert a capitation rate to the self and family rates, explain how you derive the self and family rates.

QG9. Are the special benefits listed in Line 2, Attachment II of the 2014 proposal different from those that you offered in 2013?

YES       NO      If "Yes", explain.

QG10. 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.

QG11. 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?

**Attachment IIA**

YES     Medicare Advantage Contract     Cost Contract     NO

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

YES     NO     NA

c. If the answer to QG11(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.

QG12. 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.

QG13. Explain how you coordinate benefits for Federal Medicare annuitants and Medicare dependent spouses.

QG14. 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:

	<b>Counts</b>	<b>COB Amount</b>
<b>Medicare Part A and Part B</b>		
<b>Medicare Part A Only</b>		
<b>Medicare Part B Only</b>		
<b>Neither Part A nor Part B</b>		
<b>Cannot Determine</b>		

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.

**Attachment IIA**

QG15. How do you determine the numbers that you have in the distribution in QG14?

QG16. 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 did not include a negative loading.

QG17. If you use different rating methods (i.e. TCR, CRC, ACR) for different groups, describe your criteria for the use of each method.

QG18. 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. We want to see how you develop the rates; do not modify your rate development to match our forms or examples.**

QG19. In your 2014 Proposal does FEHB receive any discounts, underwriting adjustments, or concessions? TCR plans should not consider estimated SSSG discounts when answering this question.

YES                       NO

**Attachment IIA**

If Yes, what is the discount as a percentage?

Please note you will be required to provide this discount to FEHB in the 2014 reconciliation.

QG20. Enter your plan's 2013 Actuarial Value (AV) for In-Network Benefits for a Non-Medicare Enrollee\*\* based on the Department of Health and Human Services (HHS) Minimum Value Calculator\*\*\*:

<b>Plan Code</b>	<b>Option*</b>	<b>In Network Non-Medicare Actuarial Value</b>

If you were unable to use HHS' Minimum Value Calculator, briefly describe why you were unable to use the calculator and how you developed the AV value provided:

\* Please provide a separate actuarial value for each plan option.

\*\* A Non-Medicare enrollee is defined as one who has no Medicare coverage of any kind. A Medicare enrollee is defined as one who has Part A only, Part B only, or both Part A and B of Medicare coverage.

\*\*\* HHS Minimum Value Calculator can be found here: <http://cciio.cms.gov/resources/files/mv-calculator-final-2-20-2013.xlsm>

QG21. Please provide the requested percentages in the tables below. The Specialty Drug Trend should be calculated using the list of drugs in the Appendix. Please do not skip this question. If you have any questions please contact Chuck Zebrowski at Francis.Zebrowski@opm.gov.

**Generic Dispensing Rate (GDR) = # of generic scripts / # of total scripts**

Actual GDR 2011	Actual GDR 2012	Estimated GDR 2013	Projected GDR 2014

**Overall Pharmacy Trend**

Actual 2010-2011	Actual 2011-2012	Estimated 2012-2013	Projected 2013-2014

**Specialty Drug Trend**

Actual 2010-2011	Actual 2011- 2012	Estimated 2012-2013	Projected 2012-2014

QG22. Based on the ACA MLR calculation you filed with HHS by June 1, 2013, will you owe a rebate to OPM?

YES

NO

Unsure

**Attachment IIA**

If you answered “Unsure” you must notify the Office of the Actuaries at [actuary@opm.gov](mailto:actuary@opm.gov) of the answer by June 1, 2013.

If yes, do you currently know the amount of the rebate?

YES

NO

If you know the amount of the rebate please fill out the following chart.

<b>Plan Name</b>			
<b>Plan Code</b>	<b>Plan Option</b>	<b>ACA MLR</b>	<b>ACA MLR Rebate to OPM</b>

All plans issuing a rebate to OPM must follow the instructions in Carrier Letter 2013-XX , Affordable Care Act (ACA) Medical Loss Ratio (MLR) in the Federal Employees Health Benefits (FEHB) Program. A copy of Attachment A must be sent to the Office of the Actuaries.

QG23. Please fill out the chart below as what you estimate you will pay in taxes and fees required under the ACA.

<b>Fee</b>	<b>Estimated Carriers Total Payment</b>
<b>Annual Fee on Health Insurance Providers;</b> Section 9010.196 of Senate Amendment	
<b>Patient-Centered Outcomes Research Trust Fund;</b> sec. 6301 of the Senate amendment and new secs. 4375, 4376, 4377, and 9511 of the Code	
<b>Transitional Reinsurance Fee;</b> Section 1341	

**Attachment IIA**

Please fill out the following table for each option you offer in FEHB:

Plan Code					
Option					
Fee	Estimated Portion of Total Payment Charged to the FEHB	2014 % Increase in FEHB Rates	2014 PMPM Increase in FEHB Rates	2014 Increase to Self rates	2014 Increase to family rates
Annual Fee on Health Insurance Providers					
Patient-Centered Outcomes Research Trust Fund					
Transitional Reinsurance Fee					

Plan Code					
Option					
Fee	Estimated Portion of Total Payment Charged to the FEHB	2014 % Increase in FEHB Rates	2014 PMPM Increase in FEHB Rates	2014 Increase to Self rates	2014 Increase to family rates
Annual Fee on Health Insurance Providers					
Patient-Centered Outcomes Research Trust Fund					
Transitional Reinsurance Fee					

Plan Code					
Option					
Fee	Estimated Portion of Total Payment Charged to the FEHB	2014 % Increase in FEHB Rates	2014 PMPM Increase in FEHB Rates	2014 Increase to Self rates	2014 Increase to family rates
Annual Fee on Health Insurance Providers					
Patient-Centered Outcomes Research Trust Fund					
Transitional Reinsurance Fee; Section 1341					

Did you derive the FEHB load the same way you derived other groups?

YES

NO

If "No", please explain why?

If you are exempt from any of the above fees, please list the fee below and provide a description of why you are exempt.

**Attachment IIA**

**TCR Questions**

(Answer only if the carrier uses TCR to develop rates)

QT1. 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 \_\_\_\_\_

Self \_\_\_\_\_ Couple \_\_\_\_\_ Family \_\_\_\_\_

QT2. 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 QT1 and QT2 "Yes" if you use a standard set of tiered rates that are derived from a capitation rate.

QT3. Do you use "step-up" factors to convert the capitation rate to the self and family rates?

YES  NO

QT4. Are you electing to submit a list of potential SSSGs at this time?

YES  NO

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).

QT5. Do you include a potential SSSG discount in your 2014 FEHB proposed rates?

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



**Attachment IIA**

**CRC Questions**

(Answer only if the carrier uses CRC to develop its rates)

QC1. Do you use CRC for all your groups?

YES

NO

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

QC2. What CRC factors do you use?

Age

Sex

Other \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

QC3. What capitation rate do you begin with?

Capitation Rate = \_\_\_\_\_

QC4. What is the adjustment factor you use to adjust the capitation?

Adjustment Factor = \_\_\_\_\_

What is your adjusted capitation rate?

Adjusted Capitation Rate = \_\_\_\_\_

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?**

QC5. 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.**

QC6. 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

**Attachment IIA**

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. )

QC7. Do you use "step-up" factors to convert the adjusted capitation rate to the self and family rates?

YES       NO      If “No”, explain

QC8. 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**

QC9. 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**

QC10. Do you use an industry factor in your rating?

YES       NO

If Yes, did the Federal group receive a factor of 1.00 or less?

YES       NO      If No, explain

## Attachment IIA

### ACR Questions

(Answer only if the carrier uses ACR to develop its rates)

QA1. Do you use ACR for all your groups?

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

QA2. What method of ACR do you use to rate the Federal group in 2014?

A Method Based on Federal Claims

Other

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

QA3. If your answer was "Other" for QA2, give a simple, but comprehensive explanation of how you developed your rates. Use extra sheets if necessary.

QA4. 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.

QA5. If you answered "Yes" to QA4, 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.

QA6. 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.

**Attachment IIA**

**Questions QA7 through QA14 are for carriers that answered QA2 by checking “A Method Based on Federal Claims”**

QA7. 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.**

QA8. Do you use completion factors to derive incurred claims?

YES       NO

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

YES       NO       NA      If No, explain.

QA9. Complete the following for the claims in the experience period used to calculate your 2014 rates:

Total Claims (not including any COB) \_\_\_\_\_

Medicare COB \_\_\_\_\_

Other COB (e.g. Rx rebates, settlements) \_\_\_\_\_

Net Claims \_\_\_\_\_

QA10. Explain how you compute the administrative charge.  
**IMPORTANT! DO NOT SKIP THIS QUESTION**

QA11. Did the claims used in the rate development reflect special benefits?

YES       NO

QA12. 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 = \_\_\_\_\_

## Attachment II A

QA13. Do you use step-up factors to convert an adjusted capitation rate to the self and family rates?

YES

NO

If "Yes", please make sure you answer QG5.

**Attachment IIB**

**Carrier Contacts**

For information about your rate submission, we should contact:

<b>Name</b>	
<b>Phone Number</b>	
<b>Fax Number</b>	
<b>Email</b>	

OR

<b>Name</b>	
<b>Phone Number</b>	
<b>Fax Number</b>	
<b>Email</b>	

Our counterproposal and rate acceptance letters should be addressed to:

<b>Name</b>	
<b>Address</b>	
<b>Phone Number</b>	
<b>Fax Number</b>	
<b>Email</b>	

Attachment IIC

<b>2012 Utilization Data (Based on Total HMO Population)</b>		
<b>Type of Service</b>	<b>Annual Utilization Per 1000 Members</b>	
1. Number of Prescriptions		
	<b>A. Mental</b>	<b>B. Other</b>
2. Number of Office Visits		
3. Number of Inpatient Hospital Days		

## Appendix - Specialty Drugs

**Note: This list is for calculation of trend ONLY, not for benefits administration. Please see question QG21.**

Chemical Name or Proper Name for Vaccines, Blood & Biologics	Examples of Brand Rx
ABACAVIR	Ziagen
ABACAVIR; LAMIVUDINE	Epzicom
ABACAVIR; LAMIVUDINE; ZIDOVUDINE	Trizivir
ABATACEPT	Orencia
ABIRATERONE ACETATE	Zytiga
ADALIMUMAB	Humira
ADEFOVIR DIPIVOXIL	Hepsera
AFLIBERCEPT	Eylea
AGALSIDASE BETA	Fabrazyme
ALEFACEPT	Amevive
ALGLUCOSIDASE ALFA	Lumizyme, Myozyme
ALPHA1-PROTEINASE INHIBITOR (HUMAN)	Aralast, Glassia
AMBRISENTAN	Letairis
ANAKINRA	Kineret
ANTIHEMOPHILIC FACTOR (HUMAN)	Koate-DVI, Monoclate-P
ANTIHEMOPHILIC FACTOR (RECOMBINANT)	Hemofil M, Kogenate FS, Recombinatef, HelixateFS
ANTIHEMOPHILIC FACTOR (RECOMBINANT), PLASMA/ALBUMIN FREE	Xyntha, Advate, Xyntha Solofuse
ANTIHEMOPHILIC FACTOR / VON WILLEBRAND FACTOR COMPLEX (HUMAN)	Humate-P, Alphanate
APOMORPHINE	Apokyn
ATAZANAVIR	Reyataz
AXITINIB	Inlyta
BELATACEPT	Nulojix
BELIMUMAB	Benlysta
BEXAROTENE	Targretin
BOCEPREVIR	Victralis
BOSENTAN	Tracleer
BOTULINUM TOXIN TYPE A	Dysport, Botox
BOTULINUM TOXIN TYPE B	Myobloc
C1 ESTERASE INHIBITOR (HUMAN)	Berinert, Cinryze
CANAKINUMAB	Ilaris
CAPECITABINE	Xeloda
CAPSAICIN	Qutenza
CERTOLIZUMAB PEGOL	Cimzia
CETRORELIX	Cetrotide
CHORIOGONADOTROPIN ALFA	Ovidrel
CHORIONIC GONADOTROPIN	Novarel, Pregnyl
COAGULATION FACTOR IX	AlphaNine SD



## Appendix - Specialty Drugs

Chemical Name or Proper Name for Vaccines, Blood & Biologics	Examples of Brand Rx
COAGULATION FACTOR IX (HUMAN)	Mononine
COAGULATION FACTOR IX (RECOMBINANT)	BeneFIX
COAGULATION FACTOR VIIa (RECOMBINANT)	NovoSeven
COBICISTAT; ELVITEGRAVIR; TENOFOVIR; EMTRICITABINE	Stribild
COLLAGENASE CLOSTRIDIUM HISTOLYTICUM	Xiaflex
CRIZOTINIB	Xalkori
CYCLOSPORINE	Gengraf, Sandimmune, Neoral
CYSTEAMINE	Cystagon
CYTOMEGALOVIRUS IMMUNE GLOBULIN INTRAVENOUS (HUMAN)	CytoGam
DALFAMPRIDINE	Ampyra
DARBEPOETIN ALFA	Aranesp
DARUNAVIR	Prezista
DASATINIB	Sprycel
DEFERASIROX	Exjade
DEGARELIX	Firmagon
DELAVIRDINE	Rescriptor
DENOSUMAB	Prolia, Xgeva
DESFEROXAMINE	Desferal
DEXAMETHASONE	Ozurdex
DEXTRANOMER AND SODIUM HYALURONATE	Solesta
DIDANOSINE	Videx, Videx EC
DORNASE ALFA	Pulmozyme
ECULIZUMAB	Soliris
EFAVIRENZ	Sustiva
EFAVIRENZ; TENOFOVIR; EMTRICITABINE	Atripla
ELTROMBOPAG	Promacta
EMTRICITABINE	Emtriva
EMTRICITABINE; TENOFOVIR	Truvada
EMTRICITABINE; TENOFOVIR; RILPIVIRINE	Complera
ENFUVIRTIDE	Fuzeon
ENTECAVIR	Baraclude
ENZALUTAMIDE	Xtandi
EPOETIN ALFA	Procrit, Epogen
EPOPROSTENOL	Flolan, Veletri
ERLOTINIB	Tarceva
ETANERCEPT	Enbrel
ETONOGESTREL	Implanon, Nexplanon
ETRAVIRINE	Intelence
EVEROLIMUS	Afinitor, Zortress

## Appendix - Specialty Drugs

<b>Chemical Name or Proper Name for Vaccines, Blood &amp; Biologics</b>	<b>Examples of Brand Rx</b>
FACTOR IX COMPLEX	Bebulin, Bebulin VH
FACTOR XIII CONCENTRATE (HUMAN)	Corifact
FILGRASTIM	Neupogen
FINGOLIMOD	Gilenya
FLUOCINOLONE	Retisert
FOLLITROPIN ALFA/BETA	Follistim AQ, Gonal-F
FOSAMPRENAVIR	Lexiva
GALSULFASE	Naglazyme
GLATIRAMER ACETATE	Copaxone
GOLIMUMAB	Simponi
GOSERELIN	Zoladex
HEPATITIS B IMMUNE GLOBULIN (HUMAN)	Nabi-HB
HEPATITIS B IMMUNE GLOBULIN INTRAVENOUS(HUMAN)	HepaGam B
HEPATITIS IMMUNE GLOBULIN	HyperHEP B
HISTRELIN	Vantas, Supprelin LA
HYALURONATE	Hyalgan, Supartz, Euflexxa, Orthovisc
HYDROXYPROGESTERONE CAPROATE	Makena
HYLANG-f20	Synvisc, Synvisc One
ICATIBANT	Firazyr
IDURSULFASE	Elaprase
ILOPROST	Ventavis
IMATINIB	Gleevec
IMIGLUCERASE	Cerezyme
IMMUNE GLOBULIN (HUMAN)	GamaSTAN S/D, HyperRHO S/D, MICRhoGAM, RhoGam
IMMUNE GLOBULIN INFUSION (HUMAN)	Gammagard
IMMUNE GLOBULIN INJECTION (HUMAN), 10% CAPRYLATE/CHROMATOGRAPHY PURIFIED	Gamunex-C
IMMUNE GLOBULIN INTRAVENOUS (HUMAN)	Flebogamma, Carimune NF, Gammagard SD, Gammaplex
IMMUNE GLOBULIN INTRAVENOUS (HUMAN), 10% LIQUID	Privigen
IMMUNE GLOBULIN INTRAVENOUS, HUMAN 5%	Octagam
IMMUNE GLOBULIN SUBCUTANEOUS (HUMAN), 20% LIQUID	Hizentra
INCOBOTULINUMTOXIN A	Xeomin
INDINAVIR	Crixivan
INFLIXIMAB	Remicade
INTERFERON BETA-1A/B	Avonex, Rebif, Betaseron, Extavia
INTERFERON GAMMA-1B	Actimmune

## Appendix - Specialty Drugs

<b>Chemical Name or Proper Name for Vaccines, Blood &amp; Biologics</b>	<b>Examples of Brand Rx</b>
IVACAFTOR	Kalydeco
LAMIVUDINE	Epivir, Epivir-HBV
LAMIVUDINE; ZIDOVUDINE	Combivir
LAPATINIB	Tykerb
LARONIADASE	Aldurazyme
LENALIDOMIDE	Revlimid
LEUPROLIDE	Eligard, Lupron
LEVONORGESTREL	Mirena, Skyla
LOPINAVIR; RITONAVIR	Kaletra
LUTROPIN ALFA	Luveris
MARAVIROC	Selzentry
MECASERMIN RECOMBINANT	Increlex
MENOTROPINS (FSH;LH)	Menopur, Repronex
MYCOPHENOLATE MOFETIL	CellCept, Myfortic
NALTREXONE	Vivitrol
NATALIZUMAB	Tysabri
NELFINAVIR	Viracept
NEVIRAPINE	Viramune
NILOTINIB	Tasigna
OCTREOTIDE	Sandostatin, Sandostatin LAR
OMACETAXINE	Synribo
OMALIZUMAB	Xolair
OPRELVEKIN	Neumega
PALIVIZUMAB	Synagis
PAZOPANIB	Votrient
PEGAPTANIB	Macugen
PEGFILGRASTIM	Neulasta
PEGINTERFERON ALFA-2A	Pegasys, Pegasys Proclick
PEGINTERFERON ALFA-2B	Pegintron, Pegintron Redipen, Sylantron
PEGLOTICASE	Krystexxa
PEGVISOMANT	Somavert
PLERIXAFOR	Mozobil
RALTEGRAVIR	Isentress
RANIBIZUMAB	Lucentis
REGORAFENIB	Stivarga
Rho(D) Immune Globulin Intravenous (Human)	WinRho SDF
RIBAVIRIN	Copegus, Ribasphere, Rebetol, Ribatab, Ribapak
RILONACEPT	Arcalyst
RILPIVIRINE	Edurant
RITONAVIR	Norvir
ROMIPLOSTIM	Nplate
RUXOLITINIB	Jakafi
SAPROPTERIN	Kuvan
SAQUINAVIR	Invirase
SARGRAMOSTIM	Leukine
SILDENAFIL	Revatio

## Appendix - Specialty Drugs

Chemical Name or Proper Name for Vaccines, Blood & Biologics	Examples of Brand Rx
SIROLIMUS	Rapamune
SOMATROPIN RECOMBINANT	Humatrope, Nutropin, Omnitrope, Saizen, Tev-Tropin, Genotropin, Serostim
SORAFENIB	Nexavar
STAVUDINE	Zerit
SUNITINIB	Sutent
TACROLIMUS	Prograf
TADALAFIL	Adcirca
TELBIVUDINE	T yzeka
TEMOZOLOMIDE	Temodar
TENOFOVIR	Viread
TERIFLUNOMIDE	Aubagio
TERIPARATIDE RECOMBINANT HUMAN	Forteo
TESAMORELIN	Egrifta
TETRABENAZINE	Xenazine
THALIDOMIDE	Thalomid
THYROTROPIN ALFA	Thyrogen
TIPRANAVIR	Aptivus
TOBRAMYCIN	Tobi
TOCILIZUMAB	Actemra
TOFACITINIB	Xeljanz
TOPOTECAN	Hycamtin
TREPROSTINIL	Remodulin, Tyvaso
TRIPTORELIN	Trelstar, Trelstar Depot
UROFOLLITROPIN	Bravelle
USTEKINUMAB	Stelara
VELAGLUCERASE ALFA	VPRIV
VEMURAFENIB	Zelboraf
VERTEPORFIN	Visudyne
VIGABATRIN	Sabril
VISMODEGIB	Erivedge
VORINOSTAT	Zolinza
ZIDOVUDINE	Retrovir
ZOLEDRONIC ACID	Reclast, Zometa