

# PART 2

2015

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 2014 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 2014 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 2014 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 2014 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 2015 Federal group rates on Line A of Attachment I.

If the carrier's 2014 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 2014 reconciliation, OPM will reimburse the amount due through an increase in the carrier's 2015 rates. Compute the appropriate increase based on the results of the 2014 reconciliation and enter the amount on Line B of Attachment I.

If the carrier owes OPM as a result of the 2014 reconciliation, OPM will recoup the amount due through a decrease in the carrier's 2015 rates. Compute the appropriate decrease based on the results of the 2014 reconciliation and enter the amount on Line B of Attachment I.

**Q4.** Enter the proposed 2015 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, 2015**

This is the carrier's best possible estimate of the 2015 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 14 (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 14 (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 15 (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 0.004 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 QG14, 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 16 (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 2015. The application will be due in the first quarter of 2015. On Line 4d you may enter an estimate of this percentage. This percentage will be updated in the 2015 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 – 2015**

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 use 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 – 2015**

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



**Attachment I**

<b>2015 RATE PROPOSAL - SMALL CARRIERS</b>				
<b>(Use BIWEEKLY Net-To-Carrier Rates)</b>				
<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 2015?</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 2015 proposed Federal group rates?</b> If your 2014 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 2015 proposed Federal group rates as a result of the reconciliation of the 2014 Federal group rates.</b> If your actual 2014 Federal group rates were higher than estimated in the 2014 proposal, the 2015 rates should be increased to recover the loss. Likewise, if the actual 2014 Federal group rates were less than estimated in the 2014 proposal, the 2015 rates should be decreased to return the gain to OPM.  <b>Line B:</b>				
<b>Q4. What are the proposed 2015 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>2015 FEHBP Rates</b>  <b>Line E:</b>				

1. Are you state mandated to rate large groups TCR?

Yes       No

If yes, are there currently at least two groups that are eligible to be SSSGs for 2015?

Yes       No

**Attachment I**

2. Is your income for 2013 greater than \$650,000?

Yes       No

If yes, what is Line 9, Payment Due Carrier/(FEHB), on Attachment III your 2014 Reconciliation?

3. Is your income for 2012 greater than \$650,000?

Yes       No

If yes, what is Line 9, Payment Due Carrier/(FEHB), on Attachment III your 2013 Reconciliation?

4. Do you owe OPM a 2014 ACA MLR Rebate?

Yes       No

If yes, what is the amount?

**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 2014 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 2014 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>2015 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, 2015</b>					
2. Special Benefit Loadings					
(a)					
(b)					
(c)					
3. FEHB Rates Plus Special Benefit Loadings					
4. Standard Loadings					
(a) Extension of Coverage Loading [0.004 x (3)]					
(b) Medicare Loading					
4c. Subtotal [(3) + (4a) + (4b)]					
4d. Estimated Premium Underpayment Percentage					
4e. Premium Underpayment Loading [(4c) x (4d)]					
5a. Proposed 2015 FEHB Rates Before Discount [(4c) + (4e)]					
5b. Discount					
(i) SSSG Discount (for TCR plans only)					
(ii) Other Discount					
5c. Final Proposed 2015 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>
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	



**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 2015 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 2015 proposal different from those that you offered in 2014?

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 2015 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 2015 reconciliation.

QG20. Enter your plan's 2014 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\*\*:

Plan Code	Option***	In Network Non-Medicare Actuarial Value

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:

\* 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://www.cms.gov/ccio/resources/regulations-and-guidance/downloads/mv-calculator-final-4-11-2013.xlsm>

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

QG21. Based on the ACA MLR calculation you filed with HHS by June 1, 2014, will you owe a rebate to OPM?

YES                       NO                       Unsure

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, 2014.

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.

Plan Name			
Plan Code	Plan Option	ACA MLR	ACA MLR Rebate to OPM

## Attachment IIA

All plans issuing a rebate to OPM must follow Carrier Letter guidance. For 2013, guidance was issued in the instructions in Carrier Letter 2013-08, Affordable Care Act (ACA) Medical Loss Ratio (MLR) in the Federal Employees Health Benefits (FEHB) Program. An updated Carrier Letter will be issued for 2014. A copy of Attachment A must be sent to the Office of the Actuaries.

QG22. Please fill out the chart below as what you estimate you will pay in taxes and fees required under the ACA.

Fee	Estimated Carriers Total Payment to HHS
<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	

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	2015 % Increase in FEHB Rates Due to Fee	2015 PMPM Increase in FEHB Rates Due to Fee	2015 \$ Increase to Self Rate Due to Fee	2015 \$ Increase to Family Rate Due to Fee
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	2015 % Increase in FEHB Rates Due to Fee	2015 PMPM Increase in FEHB Rates Due to Fee	2015 \$ Increase to Self Rate Due to Fee	2015 \$ Increase to Family Rate Due to Fee
Annual Fee on Health Insurance Providers					
Patient-Centered Outcomes Research Trust Fund					

**Attachment IIA**

Transitional Reinsurance Fee					
------------------------------	--	--	--	--	--

Plan Code					
Option					
Fee	Estimated Portion of Total Payment Charged to the FEHB	2015 % Increase in FEHB Rates Due to Fee	2015 PMPM Increase in FEHB Rates Due to Fee	2015 \$ Increase to Self Rate Due to Fee	2015 \$ Increase to Family Rate Due to Fee
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.

QG23. We would like to see what your 2014 enrollment would look like if FEHB used three rating tiers. Please fill out the following chart with your March 2014 Enrollment. The number of Self Contracts should match the number of contracts in your Table 1 report. The number of Self + 1 Contracts plus the number of Self + Family Contracts should equal the number of Family Contracts in your Table 1 report.

Plan Name	Plan Code	Plan Option	# of Self Contracts	# of Self +1 Contracts	# of Self + Family Contracts

For each tier, please break out the number of contracts that are held by Active employees, Annuitants without Medicare, and Annuitants with Medicare. Status should be determined by the status of the contract holder. The Annuitants with Medicare category should include annuitants who have Part A only, Part B only, or Part A and B.

**Self Only**

Plan Code	Plan Option	Actives	Annuitants without Medicare	Annuitants with Medicare



**Attachment IIA**

--	--	--	--	--

**Self +1**

Plan Code	Plan Option	Actives	Annuitants without Medicare	Annuitants with Medicare

**Self + Family**

Plan Code	Plan Option	Actives	Annuitants without Medicare	Annuitants with Medicare

**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

## 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 17 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 2015 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 2015?

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 QA13 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 2015 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 IIA**

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>2013 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		