

- 1. Please confirm that any quarterly rate increase (outside of the annual or renewal rate increase process between the Carrier & Agency) should only be applied to new enrollees during the quarter. Are the annual rate increases agreed to by the Carrier & Agency applied only to the policies with renewal dates that coincide with the beginning of the Carrier's contract year or are the rates increases also applicable to policies renewing in proceeding quarters? In other words, is there a separate annual increase evaluation performed for renewals each quarter?**

The annual rates agreed to by the Carrier and the Agency apply to those members enrolled in the 3<sup>rd</sup> qtr 2010 (July 2010).

In the case of the DirigoChoice option, where the membership will renew on a rolling basis, if the Carrier adjusts rates on a quarterly basis it must meet the following conditions:

- 1) The non-group rates must be filed and approved by the Bureau of Insurance
- 2) The rates may not exceed 104% of the rates of the previous quarter

A member who enrolls in December would have an October (or 4<sup>th</sup> quarter) rate. New rates will apply as groups renew (i.e., the rates are not retroactive). Thus the carrier will duplicate existing rates as of July 1, 2010 for those groups who have anniversary dates August – June until those groups renew.

In the case of the alternate option, where the membership will be synchronized on a July 1 anniversary date, the rates are held for the year (e.g., a member who enrolls in December would have a July rate). The new rate will apply to all members effective July 1.

- 2. The bid form includes a section to enter CY 2009-2012 trends. Is the contractor bound to these projected trends or will these be used to establish future rates?**

No, these projections are informational.

- 3. Is it reasonable to assume for FY2010 rates, where Appendix 3 says they will increase 8.1-8.4%, that this is an increase on top of the 4th qtr. rates?**

No, the 8.1 and 8.4% increases are annual increases, i.e., 1<sup>st</sup> quarter 2010 over 1<sup>st</sup> quarter 2009.

- 4. Does the premium subsidy occur before or after the Membership Fee is added to the cost? We plan on calculating the target revenue as claims divided by the 90% loss ratio but please confirm that the membership fee should not be included in our claims costs but should be added to the resulting revenue/premium rate.**

Premium subsidy occurs prior to the Membership Fee. The membership fee should not be a factor in rate calculations.

- 5. For the Small Group Chart located on rows 60 - 69, is there a reason why the percentages don't add up to 100%? Could the Agency provide similar information for an Individual's family size (i.e. + spouse, + children, etc.) in the chart below that begins on row 71?**

The Agency is providing a revised chart with its supplemental data released with this Q&A.

**6. If relevant for the bid, would the Agency be willing to provide a split of Small Group by employee size so that the Carrier can weight the Membership Fee**

As noted in the response to Question 4, Membership Fees are not included in the premium calculation, and thus this information should not be relevant to the bid..

**Note on Alternate Plan Transition**

Based on feedback from the Bureau of Insurance, the Agency is revising the requirement for handling accumulators (deductibles and out of pocket maximums) when transitioning from DirigoChoice to the alternate plan.

The Carrier will be required to apply members' out of pocket expenses incurred under their January – June 2010 DirigoChoice deductible to their applicable deductible under the alternate plan. In addition, members' out of pocket expenses incurred outside of the deductible under their January – June 2010 DirigoChoice plan will be applied towards the out of pocket maximum limits under the alternate plan.