

Attachment IIIB, Section 1 – General Questionnaire

General Questions

(To be completed by all plans.)

QG1. What method of community rating did you use in your 2004 rate proposal?

- ☐ TCR (Traditional Community Rating)
- ☐ Standard (Book) Rating
- ☐ Variable (Group Specific) Rating
- ☐ CRC (Community Rating By Class)
- ☐ ACR (Adjusted Community Rating)

QG2. Is the method you have used for the 2004 reconciliation the same as the method used in the 2004 proposal?

- ☐ YES
- ☐ NO

If No, explain.

QG3. Do your 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 reconciliation?

- ☐ YES
- ☐ NO

If No, explain why.

QG4. Are the special loadings given in the reconciliation the same as they were in the proposal?

- ☐ YES
- ☐ NO

If No, explain.

QG4A. Do you have any special benefit loadings which are contracted out from an outside source?

- ☐ YES
- ☐ NO

If Yes, explain which benefits. If Yes and an SSSG was given a rate discount, the loading for this benefit does not have to be discounted for the FEHB as long as an SSSG did not have this benefit.

QG5. Are you required to file your community rates with any State regulatory agency?

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☐ YES

☐ NO

QG6. If you answered Yes to QG5, have you highlighted the appropriate community rates in red on the copy of the insurance department filing that you have enclosed?

☐ YES

☐ NO

If No, explain.

If Yes, what is the page number of the insurance department filing on which the appropriate rates appear (please number the pages by hand if necessary)? _____

QG7. If you use different rating methods (i.e. TCR, CRC, ACR) for different groups, describe your criteria for the use of each method.

QG8. Show the number of Federal annuitants and their covered spouses covered in the plan age 65 and older using the following categories:

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

Notes: The sum of the numbers in the 5 blanks above should be the total number of Federal annuitants and their covered spouses in the plan age 65 and older. **If you have revised your Medicare loading in this reconciliation, you should be using the above distribution.**

Important! Before you complete the above table, review paragraph 2 on page 16 pertaining to the list of Medicare enrollees OPM sends the carrier each year.

QG9. Does your HMO have a risk contract with CMS?

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☐ YES

☐ NO

If Yes, explain the arrangement you have with CMS, describe all benefit packages you offer enrollees under the risk contract, and the premiums (if any) the enrollees enrolled under the risk contract pay the HMO.

QG10. Does your HMO 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.

QG11. If you answered Yes to either question G9 or G10 and do not use a claims based ACR method to compute your rates, did you use the cost data from your Medicare risk or supplement policy to calculate your Medicare loading?

☐ YES

☐ NO

☐ N/A

If No, explain why.

QG12. If you have revised your Medicare loading in this reconciliation, explain how you obtained the distribution in QG8. Also, what is the source of this distribution? Note that this source material must be on file with the carrier, and available to OPM auditors.

Attachment IIIB, Section 2 – SSSG Questionnaire

SSSG Questions

(To be completed by all plans.)

- QS1. Name your two SSSGs. Also, give the number enrolled (and the "as of" date of enrollment) in each SSSG. **IMPORTANT NOTE: The SSSGs are the two groups closest in total contract size to the Federal group. You should use the latest 2004 enrollment available.**

Keep in mind that your SSSG selection is subject to audit. Therefore, we expect you to maintain complete rate documentation for at least the ten groups closest in contract size to the Federal group.

Name	Enrollment		Date
	Self	Family	
1.			
2.			

Note: If an SSSG has more than two rating tiers, include the enrollment for all tiers.

- QS2. How do the benefit packages for your SSSGs differ from the benefit package for the Federal group?
- QS3. What method of community rating (TCR, CRC, ACR) did you use to rate the following groups?

	Federal Group	SSSG #1	SSSG #2
Method			

- QS4. What are the 2004 net-to-carrier rates for the Federal group and your SSSGs?

Federal Group		SSSG #1		SSSG #2	
Self	Family	Self	Family	Self	Family

Note: Federal Rates from Line 5, Attachment III. If an SSSG has more than two rating tiers, include the rates for all tiers. Make sure that at least 5 percent of the SSSGs enrollment is in the Federal rate code area.

- QS5. What is the rating region (as defined earlier on page 4) used to determine the SSSGs?
- QS6. Did you make sure you compared the enrollment in the rating region for a potential SSSG with the federal enrollment in the rate code area?

☐ YES ☐ NO If No, please do so.

- QS7. What are the five groups you do business with that are closest in total contract size to the Federal group, and what type of benefit plan do they have? Include purchasing alliances.

Attachment IIIB, Section 2 – SSSG Questionnaire

Include information on the Federal group. Also, **include groups that are not eligible to be SSSGs.**

Group	Total # of Contracts	Effective Rate Date	Coverage	Rating Method
Federal Group				
1.				
2.				
3.				
4.				
5.				

QS9. Are there any groups you do business with that are closer in total contract size to the Federal group than either of your SSSGs?

☐ YES

☐ NO

If Yes, explain why the groups are not SSSGs.

QS10. Did either of the SSSGs receive any type of discount, or any other type of rate advantage over the Federal group? We consider an early rate quote that is not updated to reflect the actual community rates and is lower than the actual community rates to be a discount. (Note that we interpret an industry factor less than 1.0 as a discount factor)

☐ YES

☐ NO

If Yes, explain what kind of discount or rate advantage the SSSG received.

If Yes, did you apply the discount to the Federal group?

☐ YES

☐ NO

If no, explain why.

Attachment IIIB, Section 2 – SSSG Questionnaire

QS11. Did you use **projected** demographics for an SSSG's CRC factors and/or step-up factors?

☐ YES

☐ NO

If Yes, explain why you used these projections, and show what the factors would be if you had used actual enrollment data.

Projected demographics may only be used if there is a clear justification for expecting a change in the enrollment characteristics.

QS12. Did you rate the SSSGs using a method other than that used for the Federal group?

☐ YES

☐ NO

If Yes, explain why and provide your underwriting guidelines.

QS13. If you use TCR or CRC, are the capitation rates shown on the Backup SSSG Comparison Sheet Form the same for the Federal group and the SSSGs?

☐ YES

☐ NO

If No, explain (see p. 17)

EXPLANATION

Attachment IIIB, Section 3 – TCR Questionnaire

TCR Questions

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

QT1. On what type of community rate did you base your 2004 rates for the Federal group and other groups?

☐ Standard set of tiered rates applicable to all groups with a tiered rate structure.

☐ Per member/per month capitation rate

You may check both blocks if you use a standard set of tiered rates which are derived from a capitation rate.

☐ Other (Explain)

QT2. If you used a standard set of tiered rates (applicable to all groups) what are they?

Self _____ Family _____ ☐ NA

QT3. If you used a capitation rate, what is the actual (as opposed to what may have been estimated in the proposal) capitation rate on which the 2004 Federal group rates should be based?

_____ ☐ NA

QT4. If you used a capitation rate for 2004 and converted it to a self rate and a family rate using step-up factors, what are these step-up factors? Specifically, what is the step-up factor used to convert the capitation rate to the self rate? What is the step-up factor used to convert the self rate to the family rate?

$\frac{\text{Self}}{\text{Capitation}} = \underline{\hspace{2cm}}$ $\frac{\text{Family}}{\text{Self}} = \underline{\hspace{2cm}}$

☐ NA (Do not use step-up factors) **Go To Question QT8**

Attachment IIIB, Section 3 – TCR Questionnaire

QT5. Are the above step-up factors the same as those used in the 2004 rate proposal which you submitted in May 2003?

☐ YES

☐ NO

If No, is the reason because the carrier revised its community-wide demographics after the 2003 rate proposal was made (and used the revised step-up factors for its SSSGs)?

☐ YES

☐ NO

If No, what was the reason for the change in the step-up factors?

QT6. How did you derive the above step-up factors? Explain briefly (a numerical formula for each factor is the preferred form of explanation).

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

QT7. Do you use step-up factors for all groups?

☐ YES

☐ NO

If No, explain the criteria that you use to determine when step-up factors are applicable.

QT8. If you use enrollment-mix or other demographic assumptions at any point in the development of the 2004 Federal group rates, (including development of step-up factors), what are they?

% Self Contracts	% Family Contracts	Family Size	Other

Attachment IIIB, Section 3 – TCR Questionnaire

QT9. Are the demographic assumptions in QT8 the same as they were in the 2004 rate proposal?

☐ YES

☐ NO

☐ NA

If No, or NA, is the reason because the carrier revised its community-wide demographics after the 2004 rate proposal (and used the revised demographics for its SSSGs?)

☐ YES

☐ NO

If No, explain.

QT10. What is the source of your demographic information? Is the same source used for all groups? If not, where do you get the demographic information for other groups? Note: You must maintain the source of your demographic data on file for possible examination by the OPM audit staff.

Attachment IIIB, Section 4 – CRC Questionnaire

CRC Questions

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

QC1. Did you begin with a capitation rate?

☐ YES ☐ NO

If Yes, what is the actual capitation rate (as opposed to your estimated capitation used in the proposal) on which the 2004 Federal group rates (Line 1 of Attachment III) should be based?

Capitation Rate = _____

If No, explain how you did begin.

QC2. What CRC factors do you use?

☐ AGE ☐ SEX ☐ OTHER _____, _____, _____

QC3. What is your CRC adjustment factor? _____

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?**

QC4. Have you enclosed any worksheets (i.e. sheets showing age/sex distribution and relative utilization factors) you used to derive the CRC adjustment factors? **Please note that you must have documented support for the CRC age/sex factors for both the Federal group and the SSSGs.**

☐ YES ☐ NO

If No, please enclose worksheets and change this answer to YES.

QC5. Is the CRC adjustment factor the same as it was in the 2004 rate proposal?

☐ YES ☐ NO If No, why not?

Attachment IIIB, Section 4 – CRC Questionnaire

- QC6. If you used a CRC-adjusted capitation rate for 2004 and converted it to a self rate and a family rate using step-up factors, what are these step-up factors? Specifically, what is the step-up factor used to convert the capitation rate to the self rate? What is the step-up factor used to convert the self rate to the family rate?

$\frac{\text{Self}}{\text{Capitation}} = \underline{\hspace{2cm}}$

$\frac{\text{Family}}{\text{Self}} = \underline{\hspace{2cm}}$

☐ NA (Do not use step-up factors) **Go To Question QC10**

- QC7. Are the above step-up factors the same as those used in the 2004 rate proposal (which you submitted in May 2003)?

☐ YES

☐ NO

If No, is the reason because the carrier revised its community-wide demographics after the 2004 rate proposal was made (and used the revised step-up factors for its SSSGs)?

☐ YES

☐ NO

If No, what was the reason for the change in the step-up factors?

- QC8. How did you derive the above step-up factors? Explain briefly (we prefer a numerical formula for each factor here).

Example:

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

- QC9. Do you use step-up factors for all groups?

☐ YES

☐ NO

If No, explain the criteria you use to determine when step-up factors are applicable.

Attachment IIIB, Section 4 – CRC Questionnaire

QC10. If you use enrollment-mix or other demographic assumptions at any point in the development of the 2004 Federal group rates, (including development of step-up factors), what are they?

% Self Contracts	% Family Contracts	Family Size	Other

QC11. Are the demographic assumptions in QC10, the same as they were in the 2004 rate proposal?

☐ YES ☐ NO ☐ NA

If No, or NA, did the carrier revise its community-wide demographics after the 2004 rate proposal was made (and used the revised demographics for its SSSGs?)

☐ YES ☐ NO If No, explain.

QC13. If either of your SSSGs has an industry factor less than 1.00, did you apply the lowest factor less than 1.00 to the Federal group rates?

☐ YES ☐ NO If No, explain.

QC14. If both SSSGs have industry factors greater than 1.00, did you apply an industry factor of 1.00 to the Federal group rates?

☐ YES ☐ NO If No, explain.

QC15. 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.

Attachment IIIB, Section 4 – CRC Questionnaire

QC16. When you derive the CRC adjustment factor, do you include the number of Federal annuitants over age 65 anywhere in the calculation? 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**

☐ YES

☐ NO

If Yes, have you given us a credit for Medicare Reimbursement?

Attachment VI

ACR Questions

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

QA1. What method of ACR did you use for your 2004 rate proposal?

☐ A Method Using Actual Claims Data

☐ Any Other Method (Go to question 12)

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

Note: If your method used actual claims data, the claims data used to develop the FEHBP rates and the SSSGs' rates should be saved on an accessible computer medium (cartridge tape, CD-ROM, etc). This data used in the rate reconciliation should be maintained for a time period stated in the financial records section of your contract with OPM. (five full years plus the current year). Actual claims records should also be maintained according to the contract (three full years plus the current year).

QA2. Did you use the same experience period (and the same claims within that period) in the reconciliation that you used in the proposal?

☐ YES

☐ NO

If No, explain. As a general rule, neither the experience period nor the claims should change between the proposal and the reconciliation.

QA3. Did you use the same trend that you used in the proposal?

☐ YES

☐ NO

If No, explain

What trend do you use in the reconciliation? _____

What trend did you use in the original proposal? _____

QA4. Did you use the same trend for the SSSGs that you used for the Federal group?

☐ YES

☐ NO

If No, explain.

Attachment VI

QA5. If you use completion factors to derive incurred claims, do you use the same set of factors for all groups?

☐ YES

☐ NO

☐ NA

If No, explain

QA6. If you use a completion factor to derive incurred claims, did the factor remain the same between the proposal and the reconciliation?

☐ YES

☐ NO

☐ NA

If No, explain

QA7. What kind of administrative loading did you use?

☐ A flat community rated pm/pm administrative charge.

☐ A percentage of claims

☐ Other

Explain how you computed the administrative charge.

QA8. Did the claims used in the rate development reflect special benefits? **Note: If special benefits were not included in the claims, please have on file claims/utilization reports to support this assertion.**

☐ YES

☐ NO

QA9. Did you reduce claims used in the rate development by Coordination-Of-Benefits (COB) income that the carrier received from other insurance carriers (Excluding CMS)?

☐ YES

☐ NO

If No, you should give us a credit for any monies received from other insurance carriers.

Attachment VI

QA10. Do you include age 65 or above retirees in the claims or utilization data used to determine the ACR factor or rates?

☐ YES

☐ NO

If No, you should include a standard Medicare loading.

QA11. If you answered Yes to QA10, are CMS reimbursements included in the group's experience?

☐ YES

☐ NO

If No, the Medicare loading should be a credit for all monies received from CMS. If Yes, there should be no Medicare loading.

All Medicare funds collected on behalf of Federal retirees must be applied to the Federal rate.

QA12. Explain in narrative form how you derived your line 1 rates. **INCLUDE CALCULATIONS.** If you derived a capitation rate from claims data, and used step-up factors to adjust it, show this. If you used a method based on utilization factors, show how you broke the capitation rate into components, what you used for utilization factors, what the adjusted capitation rate is, etc. Use extra sheets if necessary. **DO NOT SKIP THIS SECTION OR REFER US TO ANOTHER SHEET. WHAT WE WANT HERE IS A SIMPLE EXPLANATION OF YOUR LINE 1 RATES.**