



February 9, 2021

Green Mountain Care Board
State of Vermont
89 Main Street, Third Floor, City Center
Montpelier, VT 05620

Re: Cigna Health and Life Insurance Company
2020 Large Group Premium Credit Rate Filing (SERFF #CCGP-132641757)

The purpose of this letter is to provide a summary and recommendation regarding the Cigna Health and Life Insurance Company (CHLIC or “The Company”) 2020 Large Group Premium Credit Rate Filing and to assist the Green Mountain Care Board in assessing whether to approve, modify, or disapprove the request.

Filing Description

This filing was originally submitted on 12/22/2020 to the Green Mountain Care Board.

- CHLIC is an international, for profit health services corporation that is a subsidiary of the Cigna Corporation. This filing includes Open Access Plus (OAP), Preferred Provider Organization (PPO), Network (NWK), Indemnity, and retiree medical insurance products provided to large employers in Vermont.
- The Company intends to grant a credit to all of its guaranteed cost large group health insurance policyholders with effective dates from May 2019 to April 2020 in such amount as it may determine based upon calendar year 2020 claim experience for the block of business.

Standard of Review

Pursuant to Green Mountain Care Board (Board) Rule 2.000 Health Insurance Rate Review, this letter is to assist the Board in determining whether the requested rate is affordable, promotes quality care, promotes access to health care, protects insurer solvency, and is not unjust, unfair, inequitable, misleading, or contrary to the law, and is not excessive, inadequate, or unfairly discriminatory.

Summary of the Data Received

The Company provided the actuarial memorandum, which summarized the steps that will be taken to determine the premium credit and how it will be implemented. The Company also provided a copy of the communication that will be sent to the policyholders explaining the premium credit.

L&E Analysis

In recognition of the impact of the COVID-19 pandemic on claim experience, the Company intends to grant a credit to all of its guaranteed cost group health insurance policyholders with effective dates from May 2019 to April 2020, in such amount as it may determine based upon calendar year 2020 claim experience for the block of business. The applicable effective dates correspond to coverage periods including the month with the most pronounced level of deferred care (April 2020).

Due to the uncertainty surrounding the key cost drivers pertaining to COVID-19, the impact to calendar year 2020 claims cannot be properly assessed at this time. Following conclusion of the 2020 calendar year, the effect of the COVID-19 pandemic on the overall experience of the block of business will be assessed. A singular, book-level credit percentage will be determined based on the impact of COVID-19 on the calendar year 2020 MLR for the nationwide book of guaranteed cost large group business.

A large group's own experience will not directly impact the amount of the credit for that group. A large group's own experience will be part of the national book of business experience that determines the overall experience rate credit percentage. The same credit percentage will apply to all policyholders in the market, nationwide.

The singular credit percentage will be no less than 10% of each policyholder's average 2020 monthly premium. The singular credit percentage will be applied to the average monthly premium for calendar year 2020 to determine the experience credit for each guaranteed cost large group policyholder. The experience credit will be applied to each existing policyholder's billed premium for April 2021.

Cigna was asked when the final credit percentage will be determined, and their response was that a determination was expected by the end of February 2021.

There will be no changes to health coverage plan benefits as a result of the experience credit. The experience credit is expected to be reflected in the MLR calculations as an experience rating credit, consistent with the treatment of other experience rating credits within the current MLR calculation rules. The experience credit will serve to increase the 2020 MLR. Illustratively, if the experience credit is 10%, the estimated impact to claims within the MLR calculation is $10\%/12 = +0.8\%$ (the credit is 10% of a policyholder's average monthly premium, not annual premium). The Company has affirmed that the experience rate credit will not threaten the issuer's solvency.

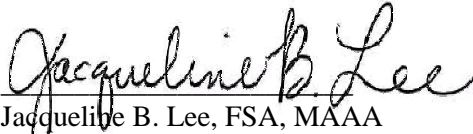
Recommendation

L&E believes that this filing does not produce a premium credit that is excessive, inadequate, or unfairly discriminatory. Cigna was asked when the final credit percentage will be determined, and their response was that a determination was expected by the end of February 2021. Therefore, L&E recommends that the Board obtain that information following the end of February 2021 before making a final determination. However, barring any major changes, L&E recommends approval of the large group premium credit.

Sincerely,



Traci Hughes, ASA, MAAA
Vice President & Consulting Actuary
Lewis & Ellis, Inc.



Jacqueline B. Lee, FSA, MAAA
Vice President & Principal
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David M. Dillon, FSA, MAAA
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ASOP 41 Disclosures

The Actuarial Standards Board (ASB), vested by the U.S.-based actuarial organizations¹, promulgates actuarial standards of practice (ASOPs) for use by actuaries when providing professional services in the United States.

Each of these organizations requires its members, through its Code of Professional Conduct², to observe the ASOPs of the ASB when practicing in the United States. ASOP 41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained in the following.

Identification of the Responsible Actuary

The responsible actuaries are:

- Traci Hughes, ASA, MAAA, Vice President & Consulting Actuary at Lewis & Ellis, Inc.
- Jacqueline B. Lee, FSA, MAAA, Vice President & Principal at Lewis & Ellis, Inc.
- David M. Dillon, FSA, MAAA, MS, Vice President & Principal at Lewis & Ellis, Inc.

These actuaries are available to provide supplementary information and explanation. The actuaries also acknowledge that they may be acting as an advocate.

Identification of Actuarial Documents

The date of this document is February 9, 2021. The date (a.k.a. “latest information date”) through which data or other information has been considered in performing this analysis is January 19, 2021.

Disclosures in Actuarial Reports

- The contents of this report are intended for the use of the Green Mountain Care Board. The authors of this report are aware that it will be distributed to third parties. Any third party with access to this report acknowledges, as a condition of receipt, that they cannot bring suit, claim, or action against L&E, under any theory of law, related in any way to this material.
- Lewis & Ellis Inc. is financially and organizationally independent from the health insurance issuers whose rate filings were reviewed. There is nothing that would impair or seem to impair the objectivity of the work.
- The purpose of this report is to assist the Board in assessing whether to approve, modify, or disapprove the rate filing.
- The responsible actuaries identified above are qualified as specified in the Qualification Standards of the American Academy of Actuaries.
- Lewis & Ellis has reviewed the data provided by the issuers for reasonableness, but we have not audited it. L&E nor the responsible actuaries assume responsibility for these items that may have a material impact on the analysis. To the extent that there are material inaccuracies in, misrepresentations in, or lack of adequate disclosure by the data, the results may be accordingly affected.

² These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001.

- We are not aware of any subsequent events that may have a material effect on the findings.
- There are no other documents or files that accompany this report.
- The findings of this report are enclosed herein.

Actuarial Findings

The actuarial findings of the report can be found in the body of this report.

Methods, Procedures, Assumptions, and Data

The methods, procedures, assumptions and data used by the actuary can be found in body of this report.

Assumptions or Methods Prescribed by Law

This report was prepared as prescribed by applicable law, statues, regulations and other legally binding authority.

Responsibility for Assumptions and Methods

The actuaries do not disclaim responsibility for material assumptions or methods.

Deviation from the Guidance of an ASOP

The actuaries have not deviated materially from the guidance set forth in an applicable ASOP.