

Responses to Objections Round 6 (Received on 11/29/2022)

Objection 1 –

Comments:

Regarding the min/max rate changes from Revisions to Pricing Factors (excl. trend) of -27.2% and +21.8%, respectively, please provide further information on the following:

- a. What specific factors or methodology changes are the significant drivers of the large range of the rate change? Based on prior responses, we understand it is an administrative burden to show the impact of each change separately, however the Department requires some indication of the most significant rating factor(s) driving the large range of increases/decreases.

Response:

Rate changes from revisions to pricing factors are calculated by comparing the rates outputted from the current production engine based on the approved filing and the proposed engine based on this proposed filing. This helps quantify the manual impact from changes to pricing factors and to methodology. However, the rate changes may not directly translate to a group's specific increase as we would also consider case specifics and their specific claims experience. Moreover, a typical filing reflects one year of changes, but this filing represents multiple years. As a result, the range of rate changes is wider than normal.

From the side by side exhibits, there is not one large factor change so a combination of factor changes and methodology changes drive the variation. Methodology changes (such as the ones made to utilization dampening or to network utilization as described in round 1 objections #1a) can create case-level variances but they are kept neutral in aggregate. This can be seen with the close to zero average rate change from revisions to pricing factors. As shown in the grid below, approximately 90% of the groups' calculated rate changes are within +/- 10%.

Objection 2 –

Comments:

Regarding the overall rate increase range, please elaborate on the percentage distribution of the rate increases. For example, is there a smaller rate increase range for which most groups' manual rate change falls?, etc.

Response:

The table below contains the percentage distribution of rate changes from revisions to pricing factors which is the main variation in the overall rate increase. Approximately 90% of the groups' rate changes are within +/- 10%.

Rate Changes from Revisions to Pricing Factors		Percentage of Groups
Lower Bound	Upper Bound	
Less than -10%		7%
-10%	-5%	20%
-5%	0%	37%
0%	5%	22%
5%	10%	10%
Greater than 10%		3%