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October 2, 2007

Eric A. Cioppa, Acting Superintendent
c/o Vanessa Leon
Docket No. INS-07-1000
Maine Bureau of Insurance
34 State House Station
Augusta, Maine 04333-0034

*Re: Anthem BCBS 2008 HealthChoice Individual Rate Filing
Filing coversheet*

Dear Superintendent Cioppa:

Enclosed for filing please find the following:

SUBMITTED BY: Christopher T. Roach
DATE: October 2, 2007
DOCUMENT TITLE: Anthem BCBS Objections to First Information Requests of the
Advocacy Panel
DOCUMENT TYPE: Response to Information Requests
CONFIDENTIAL: **No**

Thank you for your assistance in this matter.

Very truly yours,

/s/ Christopher T. Roach

cc: Thomas C. Sturtevant, Esquire
Christina M. Moylan, Esquire
Judith M. Shaw, Deputy Superintendent
James Bowie, Esquire

NON-CONFIDENTIAL

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

In re: ANTHEM BLUE CROSS AND)
BLUE SHIELD 2008 INDIVIDUAL)
RATE FILING FOR)
HEALTHCHOICE, HEALTHCHOICE)
STANDARD AND BASIC)
PRODUCTS)
)
)
)
)
Docket No. INS-07-1000)
)
)

APPLICANT'S OBJECTIONS TO
FIRST INFORMATION REQUEST OF
THE ADVOCACY PANEL

October 2, 2007

NON-CONFIDENTIAL

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

IN RE:)
)
ANTHEM BLUE CROSS AND BLUE)
SHIELD 2008 INDIVIDUAL RATE) APPLICANTS' OBJECTIONS TO
FILING FOR HEALTHCHOICE,) FIRST INFORMATION REQUEST
HEALTHCHOICE STANDARD AND) OF THE ADVOCACY PANEL
BASIC PRODUCTS)
)
Docket No. INS-07-1000) October 2, 2007

Applicant Anthem Health Plans of Maine, Inc., d/b/a Anthem Blue Cross and Blue Shield ("Anthem BCBS") hereby objects to the First Information Request of the Superintendent dated September 28, 2007 as follows:

13. Page 14 of the standard NAIC annual statements filed by health insurers reports in column 3 general administrative expenses and in column 5 claim adjustment expenses. For each of the expense categories listed below for Anthem Health Plans of Maine, please explain the basis for the difference from year to year and the methodology for determining the allocation of the total expense between general administrative expense and claim adjustment expense.

(a) Legal fees and expenses

General administrative expenses for:

2004 - \$ 185,025
2005 - \$ 1,466,132 Percent increase: 692%

Claim adjustment expenses for:

2004 - \$ 215,914
2005 - \$ 1,466,132 Percent increase: 579%

(b) Auditing, actuarial and other consulting fees

General administrative expenses for:

2004 - \$ 2,925,769
2005 - \$ 1,822,210 Percent decrease: -37%
2006 - \$ 3,688,675 Percent increase: 102%

Claim adjustment expenses for:

2004 - \$ 8,977,275
2005 - \$ 6,703,483 Percent decrease: -25%
2006 - \$11,091,407 Percent increase: 65%

(c) Outsourced services including EDP

General administrative expenses for:

2004 - \$ 161,514
2005 - \$ 668,233 Percent increase: 314%
2006 - \$ 239,638 Percent decrease: -64%

Claim adjustment expenses for:

2004 - \$ 334,012
2005 - \$ 1,249,658 Percent increase: 274%
2006 - \$ 3,520,192 Percent increase: 182%

(d) Group Service and Administrative fees

General administrative expenses for:

2004 - \$ 0
2005 - \$ 0
2006 - \$ 2,380,461

Claim adjustment expenses for:

2004 - \$13,704,701
2005 - \$10,912,696 Percent decrease: - 20%
2006 - \$ 8,185,491 Percent decrease: - 25%

(e) Regulatory Authority License and Fees

General administrative expenses for:

2004 - \$ 72,540
2005 - \$ 20,989 Percent decrease: -71%
2006 - \$ 95,102 Percent increase: 353%

Claim adjustment expenses for:

2004 - \$ 72,540
2005 - \$ 20,989 Percent decrease: -71%
2006 - \$ 95,102 Percent increase: 353%

Response: Anthem BCBS objects to this request as statutory calculations of

administrative expenses are not relevant to the administrative expenses charged to HealthChoice members. The above-referenced data are calculated on a different basis than the administrative expenses in the filing and, accordingly, these data are not relevant to determining whether the administrative expenses in the proposed rates for HealthChoice members are excessive, inadequate or unfairly discriminatory. Moreover, attempting to reconcile these unrelated data, even if possible, would be overly burdensome.

Anthem BCBS will follow-up with counsel to the Advocacy Panel to determine whether we may resolve these objections short of a ruling by the Superintendent.

DATED: October 2, 2007

/s/ Christopher T. Roach
Christopher T. Roach, Esq.

PIERCE ATWOOD LLP
One Monument Square
Portland, Maine 04101
Attorney for Applicant

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on October 2, 2007, a copy of the Non-Confidential Version of Applicant's Objections to the First Information Request of the Advocacy Panel was served in the manner indicated on each of the persons listed below:

Thomas C. Sturtevant, Esq. (via electronic mail and U.S. Mail)
State of Maine
Department of the Attorney General
6 State House Station
Augusta, Maine 04333-0006
(Counsel to the Superintendent)

Christina Moylan, Esq. (via electronic mail and U.S. Mail)
State of Maine
Department of the Attorney General
6 State House Station
Augusta, Maine 04333-0006
(Office of the Attorney General)

James Bowie, Esq. (via electronic mail and U.S. Mail)
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(Counsel to the Advocacy Panel)

DATED October 2, 2007

/s/ Christopher T. Roach
Christopher T. Roach, Esq.

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