

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION
Before the Commissioner of Financial and Insurance Regulation

In the matter of the October 24, 2006, filing by
Blue Cross Blue Shield of Michigan
for rates for its Nongroup
line of Business _____ /

Case No. 07-018-BC

ORDER APPROVING RATES

On October 25, 2006, the Commissioner of Financial and Insurance Regulation ("Commissioner") received from Blue Cross Blue Shield of Michigan ("BCBSM") a filing of proposed rates and supporting information for its Nongroup line of business, to be effective April 1, 2007. On November 26, 2006, the Office of Financial and Insurance Regulation Staff ("staff") found the filing to be in substantial and material compliance with the information requirements of the Nonprofit Health Care Corporation Reform Act ("Act") MCL 550.1101 et seq. and officially received the filings, as provided in the Act.

On December 22, 2006, a 60-day intervention period began during which a person with standing could request an evidentiary hearing on disputed portions of the filing. Unless a hearing is requested, the Act requires the Commissioner to act on the filing on the 60th day by either approving, disapproving or approving the filing with modifications. On February 18, 2007, before the Commissioner had acted on the filing, Attorney Joseph Aoun, on behalf of Petitioner Ghada Abraham, filed a request for a hearing challenging the proposed rate changes and requesting a rate hearing.

On March 6, 2007, the Commissioner issued an Order for Hearing and Appointment of Independent Hearing Officer. On April 23, 2007, interim rates were approved with an effective date of June 1, 2007. The interim rates resulted in a composite increase of 10%. The hearing

commenced on December 10, 2007. On May 14, 2008 the Independent Hearing Officer issued a Proposal for Decision. Each of the parties was given 30 days to file exceptions to the Hearing Officer's Proposal for Decision. Subsequent to the receipt of these exceptions, on July 11, 2008, the Commissioner issued his Final Decision.

Pursuant to the Commissioner's Final Decision, BCBSM submitted its re-calculated nongroup rates reflecting an increase to the investment income credit and decreasing the trend used in the development of the administrative expense component of the filing. These rates have been reviewed to ensure compliance with the findings of the Commissioner's Final Decision. According to the documentation submitted by BCBSM and reviewed by Staff the following is confirmed:

1. The final rates represent a 17.93% increase over interim rates for the High Benefit Options.
2. The final rates represent a 10.09% increase over interim rates for the Moderate Cost-Sharing Options.
3. The final rates represent a 0.0% increase for Value Options as BCBSM did not request an increase for those benefit plans.
4. The attached rates were calculated using an annual trend of 5% for the administrative expense component of the rate, rather than the 10% used in the original rate filing as directed in the Final Decision.
5. The attached rates were calculated using a rate of return of 6% for the development of the investment income credit component of the rate, rather than the 2.09% used in the original rate filing as directed in the Final Decision.
6. The attached rates will be effective September 1, 2008.



Ken Ross, Commissioner
Office of Financial and Insurance Regulation

BLUE CROSS AND BLUE SHIELD OF MICHIGAN
NONGROUP
SCHEDULE OF PROPOSED RATES TO BE EFFECTIVE SEPTEMBER 1, 2008

The Proposed schedule of rates (Table 1) applies to the eleven coverage options offered to Nongroup subscribers. Seven of the options apply to Traditional plans (Options A-E, M, and N) and four apply to Preferred Provider Organization (PPO) plans (Options F, G, O, and P).

	<u>ONE PERSON</u>	<u>TWO PERSON</u>	<u>FAMILY</u>	<u>RIDER FC</u>
<u>BLUE CROSS</u>				
Option A	\$538.67	\$1,077.32	\$1,131.20	\$188.53
Option B	\$311.59	\$623.17	\$654.33	\$109.06
Option C	\$246.83	\$493.63	\$518.33	\$86.39
Option D	\$215.97	\$431.95	\$453.56	\$75.60
Option E	\$318.58	\$637.17	\$669.01	\$111.51
Option F	\$455.98	\$911.95	\$957.55	\$159.58
Option G	\$179.25	\$358.48	\$376.41	\$62.74
Option M	\$36.89	\$0.00	\$0.00	\$0.00
Option N	\$133.28	\$266.57	\$279.90	\$46.65
Option O	\$32.56	\$0.00	\$0.00	\$0.00
Option P	\$115.01	\$230.01	\$241.51	\$40.25
<u>BLUE SHIELD</u>				
Option A	\$240.43	\$480.86	\$504.89	\$84.15
Option B	\$144.58	\$289.16	\$303.62	\$50.60
Option C	\$114.59	\$229.19	\$240.66	\$40.10
Option D	\$100.26	\$200.54	\$210.56	\$35.09
Option E	\$147.97	\$295.94	\$310.74	\$51.78
Option F	\$253.25	\$506.48	\$531.81	\$88.64
Option G	\$88.36	\$176.73	\$185.56	\$30.92
Option M	\$17.11	\$0.00	\$0.00	\$0.00
Option N	\$61.86	\$123.73	\$129.91	\$21.65
Option O	\$14.58	\$0.00	\$0.00	\$0.00
Option P	\$56.69	\$113.38	\$119.04	\$19.84
<u>COMBINED</u>				
Option A	\$779.10	\$1,558.18	\$1,636.09	\$272.68
Option B	\$456.17	\$912.33	\$957.95	\$159.66
Option C	\$361.42	\$722.82	\$758.99	\$126.49
Option D	\$316.23	\$632.49	\$664.12	\$110.69
Option E	\$466.55	\$933.11	\$979.75	\$163.29
Option F	\$709.23	\$1,418.43	\$1,489.36	\$248.22
Option G	\$267.61	\$535.21	\$561.97	\$93.66
Option M	\$54.00	\$0.00	\$0.00	\$0.00
Option N	\$195.14	\$390.30	\$409.81	\$68.30
Option O	\$47.14	\$0.00	\$0.00	\$0.00
Option P	\$171.70	\$343.39	\$360.55	\$60.09

SECTION II
TABLE 1

BLUE CROSS AND BLUE SHIELD OF MICHIGAN
NONGROUP

SCHEDULE OF PROPOSED RATES TO BE EFFECTIVE SEPTEMBER 1, 2008

<u>BLUE CROSS</u>	INDIVIDUAL CARE BLUE (OPTION Q)				<u>RIDER FC</u>
	<u>ONE PERSON</u>	<u>TWO PERSON</u>	<u>FAMILY</u>	<u>RIDER FC</u>	
Under 25	\$75.38	\$150.76	\$158.30	\$54.96	\$54.96
25 - 29	\$92.76	\$185.50	\$194.78	\$54.96	\$54.96
30 - 34	\$97.58	\$195.15	\$204.92	\$54.96	\$54.96
35 - 39	\$104.78	\$209.55	\$220.02	\$54.96	\$54.96
40 - 44	\$116.98	\$233.96	\$243.66	\$54.96	\$54.96
45 - 49	\$135.85	\$271.68	\$285.27	\$54.96	\$54.96
50 - 54	\$165.25	\$330.50	\$347.03	\$54.96	\$54.96
55+	\$243.49	\$486.99	\$511.34	\$54.96	\$54.96
<u>BLUE SHIELD</u>					
Under 25	\$41.38	\$82.76	\$86.91	\$30.16	\$30.16
25 - 29	\$50.92	\$101.84	\$106.93	\$30.16	\$30.16
30 - 34	\$53.56	\$107.12	\$112.48	\$30.16	\$30.16
35 - 39	\$57.51	\$115.03	\$120.78	\$30.16	\$30.16
40 - 44	\$64.22	\$128.43	\$134.86	\$30.16	\$30.16
45 - 49	\$74.58	\$149.17	\$156.62	\$30.16	\$30.16
50 - 54	\$90.71	\$181.44	\$190.51	\$30.16	\$30.16
55+	\$133.67	\$267.34	\$280.71	\$30.16	\$30.16
<u>PRES. DRUG</u>					
Under 2:	\$16.17	\$32.34	\$33.96	\$19.83	\$19.83
25 - 29	\$24.08	\$48.18	\$50.59	\$19.83	\$19.83
30 - 34	\$30.76	\$61.52	\$64.60	\$19.83	\$19.83
35 - 39	\$39.52	\$79.04	\$82.99	\$19.83	\$19.83
40 - 44	\$49.10	\$98.20	\$103.10	\$19.83	\$19.83
45 - 49	\$62.40	\$124.80	\$131.03	\$19.83	\$19.83
50 - 54	\$79.28	\$158.57	\$166.49	\$19.83	\$19.83
55+	\$114.21	\$228.43	\$239.85	\$19.83	\$19.83
<u>COMBINED</u>					
Under 25	\$132.93	\$265.86	\$279.17	\$104.95	\$104.95
25 - 29	\$167.76	\$335.52	\$352.30	\$104.95	\$104.95
30 - 34	\$181.90	\$363.79	\$382.00	\$104.95	\$104.95
35 - 39	\$201.81	\$403.62	\$423.79	\$104.95	\$104.95
40 - 44	\$230.30	\$460.59	\$483.62	\$104.95	\$104.95
45 - 49	\$272.83	\$545.65	\$572.92	\$104.95	\$104.95
50 - 54	\$335.24	\$670.51	\$704.03	\$104.95	\$104.95
55+	\$491.37	\$982.76	1,031.90	\$104.95	\$104.95