California Rate Filing Form

For Individual and Small Group Health Insurance Rate Filings, Version 1

1) Company Name:

Aetna Life Insurance Company

2) Number of policy forms covered by the filing: Two series

3) Policy form numbers covered by the filing:

GR-11741 GR-11741-LME

4) Product types covered by the filing. Selected from the following:

○	HMO (Health Maintenance Organization)
◉	PPO (Preferred Provider Organization)
○	EPO (Exclusive Provider Organization)
○	POS (Point of Service)
○	FFS (Fee for Service)
○	Other (describe) _____

5) Segment type. One of the following:

○	Large Group
○	Small Group (2-50 employees)
◉	Individual

Note: Large Group, Small Group, and Individual filings should not be combined within a single filing.

6) Plan/Insurer Type. One of the following: for-profit company, not-for-profit company

⦿	For-profit company
○	Not-for-profit company

7) Whether the products are open or closed. List each open or closed product by policy form number.

Open products:

If all policy forms listed in response to Question 3, above are open, check here: ☐

If only <u>some</u> policy forms listed in Question 3 are open, list the policy form numbers of the <u>open</u> products:

Closed products:

If all products listed in response to Question 3, above are closed, check here: ☑

If only some policy forms listed in Question 3 are closed, list the policy form numbers of the closed products:

8) Enrollment:

Number of lives, including dependents, as of the end of the latest month for which the data has been compiled, covered by each product (identified by all marketing names used for each policy form covered by the filing).

(For new products, the number of lives shown should be “0”.)

This table reflects data as of the end of (month/year): 09/2010		
Policy Form Number	**Marketing Name**	**Enrollment**
See Attached Exhibit		

(If additional space is needed, see question 26. Check this box if additional space is used. ☐)

9) Insured months in each policy form

Number of insured (or member) months for the experience period on which the rates were based. (Does not apply to rates for new products.)

This table reflects data as of the end of (month/year): 07/2010	
Policy Form Number	**Number of Insured Months**
First Dollar Plans	51,846
Plans with Ded <= 2500	281,370
Plans with Ded > 2500	422,467
OR	OR
GR-11741	738,690
GR-11741-LME	16,993

(If additional space is needed, see question 26. Check this box if additional space is used. ☐)

10) Annual Rate

For each product included in the filing, show the current and proposed annual premium rates for all rating cells.

Policy form number	Current annual premium rate	Proposed annual premium rate
See Attached Exhibit		

(If additional space is needed, see question 26. Check this box if additional space is used. ☐)

11) Total earned premium in each policy form for the experience period on which the rates are based. (Does not apply to rates for new products.)

Policy form number	**Total earned premium**
First Dollar Plans	12,363,505
Plans with Ded <= 2500	66,329,410
Plans with Ded > 2500	76,046,926
OR	OR
GR-11741	151,788,904
GR-11741-LME	2,950,937

(If additional space is needed, see question 26. Check this box if additional space is used. ☐)

12) Total dollar amount of incurred claims in each policy form for the experience period on which the rates are based. (Does not apply to rates for new products.)

If helpful to understanding the basis for the filed rate increases, the insurer may, but is not required to, disaggregate incurred claim data into the aggregate benefit categories listed in item 18 below. If you choose to disaggregate, please do so on a separate page attached to the PDF of this filing form, identifying this question number.

Policy form number	**Total incurred claims**
First Dollar Plans	9,478,483
Plans with Ded <= 2500	59,765,727
Plans with Ded > 2500	52,354,483
OR	OR
GR-11741	119,753,769
GR-11741-LME	1,844,924

(If additional space is needed, see question 26. Check this box if additional space is used. ☐)

13) Average rate increase initially requested

The weighted average of the proposed rate increases included in the filing, weighting the increases by the number of covered lives for each product (per item 8, above). Rates for new products are not included in this calculation, as they have a weight of zero. (Does not apply to rates for new products.)

Policy Form Number	Marketing Name	Weighted Average
GR-11741	All Plans	2.8% (Quarterly)
GR-11741-LME	All Plans	2.8% (Quarterly)
Increase does not vary by		
plan.		

(If additional space is needed, see question 26. Check this box if additional space is used. ☐)

14) Review category: One of the following:

○	Initial Filing for New Product
◉	Filing for Existing Product
○	Resubmission

Resubmissions should be submitted through SERFF under the same state filing number and SERFF tracking number assigned to the original submission of this filing. Do not submit resubmissions as a new filing.

15) Average rate of increase

In those instances in which there is a revision to the rates requested after initial submission, the revision should be submitted as an amendment to the original submission of this filing under the rate/rule form tab. Also, in the case of a resubmission, update the information under the "company rate information" field under the "Rate/Rule Schedule" tab in SERFF. The average rate of increase is a weighted average, calculated as in item 13, above. (Does not apply to rates for new products.)

Policy Form Number	Marketing Name	Weighted Average

(If additional space is needed, see question 26. Check this box if additional space is used. ☐)

16) Effective date of rate increase: April 1, 2011

The earliest anticipated date that the proposed rate increase, or new product rate, will take effect for a policyholder. (Does not apply to rates for new products.)

17) Number of policyholders or insureds affected by each policy form

Same as item 8, above. (Does not apply to rates for new products.)

18) Overall medical trend factor and trend factors by aggregate benefit category:

Overall Medical Trend Factor

"Overall" means the weighted average of trend factors used to determine rate increases included in the filing, weighting the factor for each aggregate benefit category by the amount of projected medical costs attributable to that category.

12.8%

The below values (and responses to item 19) are based on a 12.5% overall trend assumption used in our filing with a July 1, 2011 effective date.

Medical Trend Factor by Aggregate Benefit Category

The aggregate benefit categories are each of the following – hospital inpatient, hospital outpatient (including emergency room), physician and other professional services, prescription drugs from pharmacies, laboratory services (other than hospital inpatient), radiology services (other than hospital inpatient), other (describe).

Hospital Inpatient	13.3%
Hospital Outpatient (including ER)	16.1%
Physician/other professional services	10.2%
Prescription Drug	10.7%
Laboratory (other than inpatient)	11.8%
Radiology (other than inpatient)	11.5%
Other (describe)	

Optional Medical Trend Factor by Aggregate Benefit Category by Geographic Region

The insurer may, but is not required to, aggregate additional data in major geographic regions of the state. If the insurer chooses to so aggregate, the major geographic regions of the state are: Northern California (consisting of Monterey, Kings, Tulare, and Inyo counties, and all counties to the north), and Southern California (consisting of San Luis Obispo, Kern, and San Bernardino counties, and all counties to the south).

	North	South
Hospital Inpatient	14.1%	12.9%
Hospital Outpatient (including ER)	12.0%	18.2%
Physician/other professional services	11.4%	9.5%
Prescription Drug	9.2%	11.5%
Laboratory (other than inpatient)	13.7%	10.9%
Radiology (other than inpatient)	12.0%	11.3%
Other (describe)		

19) Projected medical trend

Use the same aggregate benefit categories used in item 18 –hospital inpatient, hospital outpatient (including emergency room), physician and other professional services, prescription drugs from pharmacies, laboratory services (other than hospital inpatient), radiology services (other than Hospital inpatient), other (describe). Furthermore, within each aggregate category quantify the sources of trend, i.e. actual-to-expected claim costs over the prior rating period, utilization of medical services, cost of medical services, plan design, risk factors, demographic factors, and administrative and other non-claim expenses.

Projected Medical Trend by Aggregate Benefit Category

Hospital Inpatient	4.0% Utilization; 9.0% Unit Cost
Hospital Outpatient (including ER)	6.5% Utilization; 9.0% Unit Cost
Physician/other professional services	3.7% Utilization; 6.2% Unit Cost
Prescription Drug	3.6% Utilization; 6.9% Unit Cost
Laboratory (other than inpatient)	3.5% Utilization; 8.1% Unit Cost
Radiology (other than inpatient)	3.1% Utilization; 8.1% Unit Cost
Other (describe)	

20) Comparison of claims cost and rate of changes over time

For each proposed rate increase, provide the projected annualized incurred claims cost per insured for the period covered by the proposed rate, the historical incurred claims cost per insured for the most recent 12 months of the experience period on which the rates were based, and, if available, the historical incurred claims cost per insured for the next two most recent 12 month periods. Also, compare the rate of change of claims costs over all of the projected and historical periods for which information is provided. Show all claim costs according to aggregate benefit category. (Does not apply to rates for new products.)

	7/11-6/12	10/09-9/10	Trend	10/08-9/09	Trend	10/07-9/08
Inpatient		56.52	16.7%	48.42	38.7%	34.91
Outpatient		28.45	36.4%	20.86	25.4%	16.64
Physician		31.20	11.7%	27.92	0.6%	27.75
Rx Drugs		32.26	32.9%	24.27	20.1%	20.21
Laboratory		5.88	21.9%	4.82	19.0%	4.05
Radiology		13.06	20.0%	10.88	13.9%	9.55
Total	228.14	167.37	22.0%	137.17	21.3%	113.11

21) Describe any changes in enrollee/insured cost-sharing, compared to the prior year, associated with the submitted rate filing, and quantify the impact of each change on each of the rates included in the filing. (Does not apply to rates for new products.)

Changes in cost sharing are limited to those made to comply with ACA. Cost impacts are discussed in detail in our rate filings effective January 1, 2011. This filing proposes no further revisions to cost sharing.

22) Describe any changes in enrollee/insured benefits, compared to the prior year, associated with the submitted rate filing, and quantify the impact of each change on each of the rates included in the filing. (Does not apply to rates for new products.)

Changes in benefits are limited to those made to comply with ACA. Cost impacts are discussed in detail in our rate filings effective January 1, 2011. This filing proposes no further revisions to plan benefits.

23) Submit the required actuarial certification, described in Guidance 1163:2, under the "Supporting Documentation" tab in SERFF.

⦿	Submitted

24) Changes in administrative costs

Administrative costs are the costs defined in Sections 158.150, 158.151, 158.160, and 158.161 of 45 Code of Federal Regulations Subtitle A, Subchapter B, in the interim final rule issued by the Department of Health and Human Services on December 1, 2010 at 75 Federal Register 74924-74926. Changes in administrative costs should be compared to the prior year, associated with the submitted rate filing, and changes should be shown separately for the costs defined by each of the sections of Code of Federal Regulations listed above in this item. (Does not apply to rates for new products.)

All administrative costs are expected to remain roughly level (on a % of premium basis for premium taxes and on a PMPM basis for other expenses) with the following exception:

Other non-claims costs: Commission schedules have been reduced for business issued 1/1/11 and later. The reduction in commissions is roughly 6% of premium for impacted business.

25) Comments. Place any needed comments here.

Items 9, 11, 12: Data is provided twice. The first division is consistent with the manner in which business is divided to project the future and lifetime loss ratios. The second is by policy form.

Item 20: Projected costs for 7/11-6/12 include the impacts of underwriting wear-off, anti-selection resulting from the requested rate increase, and medical cost trends. These projections are based on a filing to be submitted for July 1, 2011 effective dates.

26) Blank form if additional spaces needed.

If additional space is needed to respond to a question, use the form below. Note the question number, and insert column headings as appropriate. If further space is needed, use PDF generating software to copy this page and insert the copy at the end of this document.

Additional information for question number: _____		

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