

July 30, 2010

Mr. Paul Lombardo, ASA, MAAA
 Actuary, Life & Health Division
 Insurance Department
 State of Connecticut
 P.O. Box 816
 Hartford, CT 06142-0816

Re: **Anthem Direct Pay PPACA Compliant Product Options Filing Effective 9/17/2010**
SERFF Tracking #ANTA-126736340
Affected Forms N1369, N1414, N736 and 3200

Dear Mr. Lombardo:

Submitted for your review and approval are rate relativities from existing to new business rates for our new versions of PPACA-compliant Lumenos, Tonik, Century Preferred, and BlueCare Direct benefit options for new sales effective September 17, 2010. The purpose of this filing is to provide the department with the proposed rates for the new benefit options; this information may not be appropriate for other purposes.

Summary Impact for PPACA-Compliant Product Portfolio

The following table details the rate impact for the PPACA-Compliant Lumenos, Tonik, Century Preferred, and Blue Direct benefit options that will be applied to our January 1, 2010 premium rates along with trend factor.

Benefit Changes	Premium Impact	Notes
Unlimited lifetime maximum	0.00%	
Dependent to age 26	0.20%	Definitional differences to current
Rescission changes	0.00%	
Guaranteed issue and no pre-ex for children	4.80%	
Preventive covered in full under the deductible	Varies	By plan, from 0% to 8.5%
Removing annual maximums for essential benefits	Varies	By plan, from 0.5% to 22.9%

BasiCare policies will receive all additional benefits noted above with no immediate change in premium rate. Grandfathered and non-grandfathered policies will have the same benefits and the same premium rates on this modified benefit policy. Any rate adjustment required as a result of the new coverage will be included with the next renewal rate increase.

Pricing of Rate Impacts

The unlimited lifetime maximum and rescission changes have negligible rate impacts. PPACA requires dependent coverage to age 26 including married dependents. Current Connecticut law requires dependent coverage to age 26 excluding married dependents. We used an in-house pricing tool based on Milliman continuance tables to price this increase in benefits at 0.2%.

The additional cost to cover guaranteed issue ("GI") and no pre-ex for children was determined by estimating the additional membership at a higher average morbidity and then accounting for the higher claims offset by any additional premium that would be collected as a result of a underwriting rate-up factor. The required increase to the base rates were set by determining the additional premium

needed to offset the increase in claims. The assumptions used were primarily based on Enterprise-wide data. The result of the analysis was a required rate increase of 4.8%.

The impact of the requirement to cover preventive benefits in full (100%) under the deductible was priced using Enterprise experience for preventive care claim cost. Generally, the fixed cost of adding preventive benefits should not vary materially between deductible levels and, thus, a fixed dollar amount was determined to add to all plan designs within a portfolio. The estimated increase in claim cost was weighted by product to determine the impact of adding unlimited preventive care benefits to the entire pool. As a reasonableness check, we used our in-house pricing tool based on Milliman continuance tables to price the change in preventive benefits as well, which resulted in a similar cost impact. The impacts varied from 0% to 8.5%.

Annual dollar limits for essential benefits must also be removed such as pharmacy, hearing aids and physical/occupational/speech therapy. The attached Exhibit A details the changes in annual maximums for the affected products. The largest impact to claim cost is the removal of the pharmacy annual maximums for each product. Anthem estimates the impact of replacing dollar limits with day limits will be revenue neutral or claim cost equivalent. We used an in-house pricing tool based on Milliman continuance tables to price the changes in coverage. Again, the removal of the annual limit of pharmacy coverage created the largest impact resulting in a range of required increases for removing annual maximums from essential benefits of 0.5% to 22.9%.

A trend adjustment was also included to adjust the current rate effective date from January 1st to September 17th (9.5 months of the trend from the approved January 2010 filing). The trend adjustment utilizes the approved claim cost trends from the 1/1/2010 rate filing:

Product	1/1/2010 Trend	Applied Trend
Lumenos	17.0%	13.2%
Tonik	15.5%	12.1%
BlueCare	18.8%	14.6%
Century Preferred	15.5%	12.1%

Exhibit B details the total rate increase for PPACA compliant versions of existing products that will be open to new enrollment on 9/17/2010. An illustrative calculation of the adjusted premium rates is also shown for each plan option.

Policyholders Impacted

The following policyholders will be impacted by the rate relativities shown above:

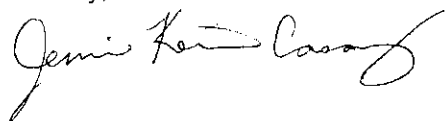
- Non-grandfathered new sales: new sales on or after September 17, 2010 will be quoted premium rates that are reflective of the increases shown in the attached Exhibit B
- Non-grandfathered sales from 3/23/10 to 9/16/10: policyholders that purchased coverage between 3/23 and 9/16 will be required to move to PPACA compliant products on January 1, 2011 with correspondingly higher premium rates.
- Policyholders that switched deductible levels or products after 3/23/2010 who may have severed their grandfathered status will be treated similarly to new sales between 3/23 and 9/16 and required to move to PPACA compliant products.
- Grandfathered policyholders that have remained on the same coverage since prior to 3/23/2010 will not be affected by the rate impacts shown above as long as they maintain their grandfathered status as outlined in PPACA-related rules and regulations.
- As stated above, BasiCare policies will receive all additional benefits noted above with no immediate change in premium rate. Grandfathered and non-grandfathered policies will have the same benefits and the same premium rates on this modified benefit policy. Any rate adjustment required as a result of the new coverage will be included with the next renewal rate increase.

Closing

I, Jennie Keith Casaday, am an Actuarial Director for WellPoint Inc. I am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Thank you for your attention to this filing. If you have any questions regarding this matter, please feel free to contact me directly at (404) 467-2609 or jennie.casaday@anthem.com.

Sincerely,

A handwritten signature in black ink that reads "Jennie Keith Casaday". The signature is written in a cursive style with a large, sweeping initial "J".

Jennie Keith Casaday, FSA, MAAA
Actuarial Director
The WellPoint Companies, Inc.

Enclosures