

Exhibit # 1 AGO Questions to Payors

All cells shaded in BLUE should be completed by carrier

Actual Observed **Total Allowed** Medical Expenditure Trend by Year Fully-insured and self-insured product lines - In state business

	Unit Cost	Utilization	Provider Mix	Service Mix	Total
CY 2015	1.7%	0.8%	0.3%	0.3%	3.0%
CY 2016	1.8%	0.8%	0.3%	0.3%	3.2%
CY 2017	1.5%	0.7%	0.3%	0.3%	2.6%

Notes:

1. ACTUAL OBSERVED TOTAL ALLOWED MEDICAL EXPENDITURE TREND reflects the best estimate of historical actual allowed trend for each year divided into components of unit cost, utilization, service mix, and provider mix. These trends have not been adjusted for any changes in product, provider, demographic mix or partial coverage. In other words, these allowed trends are actual observed trends. These trends reflect total medical expenditures and include claims based and non claims based expenditures as well as member cost share.
2. PROVIDER MIX is defined as the impact on trend due to the changes in the mix of providers used. This item should not be included in utilization or cost trends.
3. SERVICE MIX is defined as the impact on trend due to the change in the types of services
4. Trend in non fee for service claims (actual/estimated) paid by the carrier to providers (including, but not limited to, items such as capitation, incentive pools, withhold, bonuses, management fees, infrastructure payments) is reflected in Unit Cost trend as well as Total trend.
5. Estimated changes in benefit buydown and demographics have stayed fairly constant over the past couple of years.
6. Changes in health status were estimated using DxCG risk scores.
7. Overall health status deteriorated every year from 2015-2017

Change in health status can potentially impact all components of trend except unit cost

8. Note that the data and trends above are limited to claim experience for Massachusetts residents in Commercial plans whose primary coverage is with BCBSMA
9. There is volatility in the components of trend due to macro and micro factors impacting health care trends including but not limited to economy, advances in medical technology and treatment including new drugs, increased consumer engagement resulting from new product designs and transparency tools

NOTE: The Health Policy Commission trend methodology set forth in this question reflects benefit buy downs. In order to respond reliably for each year requested, in its response BCBSMA has used a consistent methodology to allocate all components of trend. It should further be noted that any stated unit cost component of trend is not an accurate reflection of BCBSMA's actual contracts. The reported information should instead be used as directional information only and not as an absolute measurement. Moreover, in light of the fact that preliminary data was used, it is noted that these numbers will likely change.