## Independence 屡

May 22, 2017

Ms. Johanna Fabian-Marks, Special Deputy \& Acting Director
Bureau of Accident and Health Insurance
Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

## SUBMITTED VIA SERFF

## RE: Keystone Health Plan East <br> Small Group HMO Rate Filing effective 1/1/2018 <br> INAC-131005809

Dear Ms. Fabian-Marks:

Attached is the rating methodology for HMO plans of Keystone Health Plan East (KHPE), and Direct Point-of-Service (DPOS) plans, of which a large majority of benefit expenses is attributed to KHPE and the remainder to QCC Insurance Company (QCC), and offered to small employer groups in the Commonwealth of Pennsylvania. Rates for new and renewing plans are being filed and satisfy market reform requirements of the Affordable Care Act (ACA).

This rate filing includes rates for these plans and specifies compliance with rating requirements of the ACA. The enclosed is for rating periods effective from January 1, 2018 through December 31, 2018.

The proposed rates represent a $10.19 \%$ increase over the previously approved 2017 rates.

Information for the Pennsylvania Bulletin:

1. Company Name and NAIC Number: Keystone Health Plan East 95056

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2. Market
3. On or Off Exchange
4. Effective Date of Coverage
5. Average Rate Change Requested
6. Range of Rate Changes Requested
7. Products
8. Rating Areas and Change from 2017
9. Metal Levels and Catastrophic Plans
10. Current covered lives and policyholders as of February 1, 2017
11. Number of plans offered in 2018 and change from 2017
12. Corresponding contract form number, SERFF, and binder numbers
13. HIOS Issuer ID \# and submission tracking Number

Small Group
Off
January 1, 2018
10.19\%
5.7\%-11.2\%

HMO
Rating Area 8
No Change from 2017
Platinum, Gold, Silver, Bronze
120,498 lives
71,279 policyholders
20 plans in 2018; 44 plans in 2017

SERFF \# INBC-130996399
See appendix for form numbers HIOS Issuer ID \# 33871; Filing \# 33871-963571391834142724

Please contact with any questions regarding this filing.

Sincerely,

cc:


## Independence 湮:

## APPENDIX

Form Numbers
KE 670 WPR GMC Rev. 1.18, KE 670 SG EXC-OFF Rev. 1.18, KE 670 SG EXC-OFF.Tier Rev. 1.18, KE 670 SG EXC-OFF.Direct Rev. 1.18, KE 670 SG EXC-OFF.Direct.ADental Rev. 1.18, 16905.WR.KDPOS Rev. 1.18, 16905-BC.SG.KDPOS.OFF.ADEN Rev. 1.18, 16905BC.SG.KDPOS.OFF Rev. 1.18, PREV/SCH-II Rev. 1.18

## Keystone Health Plan East - Small Group Plans

Rate request filing ID \# INAC-131005809 - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at http://www.insurance.pa.gov/Consumers/ACARelatedFilings/

## Overview

Initial requested average rate change:
Revised requested average rate change:
$10.19 \%^{1}$

Range of requested rate change:
Effective date:
N/A ${ }^{1}$

People impacted:
5.7\%-11.2\%

Available in:

January 1, 2018
120,498
Rating Area 8

## Key information

Jan. 2016-Dec. 2016 financial experience

| Premiums | $\$ 699,143,182$ |
| :--- | ---: |
| Claims | $\$ 514,297,795$ |
| Administrative expenses | $\$ 101,725,333$ |
| Taxes \& fees | $\$ 25,798,383$ |
| Company made (after taxes) | $\mathbf{\$ 5 7 , 3 2 1 , 6 7 1}$ |

The company expects its annual medical costs to increase 6.7\%.

How it plans to spend your premium
This is how the insurance company plans to spend the premium it collects in 2018:

| Claims: | $80 \%$ |
| :--- | ---: |
| Administrative: | $15 \%$ |
| Taxes \& fees: | $4 \%$ |
| Profit: | $2 \%$ |

## Explanation of requested rate change

Scope and Range of the Rate Increase:

Keystone Health Plan East ("KHPE") is revising premium rates for the Pennsylvania Small Group ACA compliant products, effective from January 1, 2018. The actual impact for a specific customer may be different.

About 120,000 members will be affected.

Financial Experience of the Product:
KHPE is required by federal law to pay out a minimum of $80 \%$ percent of premium dollars for medical claims-this is referred to as the minimum Medical Loss Ratio (MLR). The rate action proposed in this filing is expected to achieve a Medical Loss Ratio of greater than $80 \%$.

## Changes in Medical Service Costs:

Premium rates for health care insurance are increasing as the cost of health care service rise. Health

[^0]care service costs increase as health care providers increase their fees, members use more health care services and supplies, and the types of health care services and supplies change, among other factors.

We are projecting that claims will increase by $6.7 \%$ in 2018. Nearly half of the change in health care service costs is driven by changes to health care provider fees.

## Changes in Benefits:

Some plan benefits are mandated by federal and state law. Benefit changes for some plans were also made. All changes in benefits are in compliance with the uniform modifications rules stipulated by the Federal government.

## Administrative Costs:

The premium rates presented in this filing include a $2 \%$ contribution to reserves. Furthermore, the Affordable Care Act (ACA) imposes taxes and other levies.

Company legal Name
Hos susur 1 :
$\underset{\substack{\text { KमPE } \\ 3871 \\ 1 / 1 / 2018}}{ }$


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## URRT Part II - Consumer Friendly Justification

## Scope and Range of the Rate Increase:

Keystone Health Plan East ("KHPE") is revising premium rates for the Pennsylvania Small Group ACA compliant products, effective from January 1, 2018. The proposed revisions to each plan are shown on the second page of this exhibit.

About 120,000 members will be affected.

## Financial Experience of the Product:

KHPE is required by federal law to pay out a minimum of $80 \%$ percent of premium dollars for medical claims—this is referred to as the minimum Medical Loss Ratio (MLR). The rate action proposed in this filing is expected to achieve a Medical Loss Ratio of greater than $80 \%$.

## Changes in Medical Service Costs:

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## Administrative Costs:

The premium rates presented in this filing include a $2 \%$ contribution to reserves. Furthermore, the Affordable Care Act (ACA) imposes taxes and other levies.

## URRT Part II - Consumer Friendly Justification

HIOS Plan ID
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33871PA0100036
33871 PA0100037
33871 PA0110015
33871 PA0110018
33871 PA0110017
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INAC-131005809
KHPE Small Group

Plan Name
Keystone HMO Platinum Preferred $\$ 10 / \$ 20 / \$ 100 \quad 11.2 \%$
Keystone HMO Platinum Preferred $\$ 20 / \$ 40 / \$ 150 \quad 11.2 \%$
Keystone HMO Gold Preferred $\$ 30 / \$ 60 / \$ 650 \quad 11.0 \%$
Keystone HMO Gold Classic $\$ 1,000 / \$ 25 / \$ 50 / 90 \%$ 11.2\%
Keystone HMO Silver Classic $\$ 4,000 / \$ 25 / \$ 50 / 70 \% \quad 5.7 \%$
Keystone HMO Silver Classic $\$ 3,250 / \$ 30 / \$ 60 / 50 \% \quad 9.6 \%$
Keystone HMO Bronze Essential $\$ 6,850 / \$ 50 / \$ 100 / \$ 700 \quad 11.2 \%$
Keystone DPOS Platinum Preferred $\$ 10 / \$ 20 / \$ 100 \quad 11.2 \%$
Keystone DPOS Platinum Preferred $\$ 20 / \$ 40 / \$ 150 \quad 11.2 \%$
Keystone DPOS Gold Preferred $\$ 30 / \$ 60 / \$ 650 \quad 11.0 \%$
Keystone DPOS Gold Classic $\$ 1,000 / \$ 25 / \$ 50 / 90 \% \quad 11.2 \%$
Keystone DPOS Silver Classic $\$ 4,000 / \$ 25 / \$ 50 / 70 \% \quad 5.7 \%$
Keystone DPOS Silver Classic $\$ 3,250 / \$ 30 / \$ 60 / 50 \% \quad 9.6 \%$
Keystone DPOS Bronze Essential $\$ 6,850 / \$ 50 / \$ 100 / \$ 700 \quad 11.2 \%$
Keystone HMO Gold Proactive 11.2\%
Keystone HMO Silver Proactive 6.7\%
Keystone HMO Gold Classic $\$ 2,000 / \$ 40 / \$ 80 / 100 \%$ 11.1\%
Keystone HMO Silver Classic $\$ 4,250 / \$ 40 / \$ 80 / 100 \%$ 6.1\%
Keystone HMO Silver Secure $\$ 4,500 / \$ 40 / \$ 80 / \$ 600 \quad 8.4 \%$
Keystone HMO Platinum Preferred $\$ 10 / \$ 20 / \$ 100 \quad$ Terminated
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Keystone DPOS Silver Classic $\$ 3,250 / \$ 30 / \$ 60 / 50 \% \quad$ Terminated
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Keystone DPOS Silver Secure $\$ 3,500 \$ 40 / \$ 80 / \$ 600$ Terminated
Keystone HMO Gold Classic $\$ 2,000$ \$40/\$80/100\% Terminated
Keystone HMO Silver Classic $\$ 4,250 \$ 40 / \$ 80 / 100 \%$ Terminated
Keystone HMO Silver Secure $\$ 4,500 / \$ 40 / \$ 80 / \$ 600$ Terminated
Keystone DPOS Gold Classic $\$ 2,000 \$ 40 / \$ 80 / 100 \% \quad$ Terminated
Keystone DPOS Silver Classic $\$ 4,250 \$ 40 / \$ 80 / 100 \%$ Terminated
Keystone DPOS Silver Secure $\$ 3,500 \$ 40 / \$ 80 / \$ 600$ Terminated Keystone HMO Platinum Preferred $\$ 30 / \$ 60 / \$ 400$ New

## GENERAL OVERVIEW

## PURPOSES

This Actuarial Memorandum is provided along with the Unified Rate Review Template (URRT) to provide certain information to support the gross premium for the single risk pool for small group market health care insurance underwritten by Keystone Health Plan East in the Commonwealth of Pennsylvania. It is provided as a component of an application for certification as a Qualified Health Plan and a state rate filing. This submission may not be appropriate for other purposes.

## GENERAL INFORMATION

## COMPANY IDENTIFYING INFORMATION

Company Legal Name: Keystone Health Plan East ("KHPE")
State: Pennsylvania
HIOS Issuer ID (5-digit): 33871

| Market: | Small Group |
| :--- | :--- |
| Effective Date(s): | $1 / 1 / 2018-3 / 31 / 2018,4 / 1 / 2018-6 / 30 / 2018,7 / 1 / 2018-9 / 30 / 2018$, |
|  | $10 / 1 / 2018-12 / 31 / 2018$ |

Worksheet 1 of the accompanying URRT contains experience period data and development of the projected Single Risk Pool Gross Premium Average Rate PMPM for the small group market for KHPE. Worksheet 2 contains experience period data and projections by product for the single risk pool for the same entities.

## COMPANY CONTACT INFORMATION

Primary Contact Name:
Primary Contact Telephone Number: Primary Contact Email Address:


## PROPOSED RATE INCREASE

The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2016 to calendar year 2018 were incorporated into the pricing and reflected in the Unified Rate Review Template. The changes are driven by factors including: changes in market-wide population risk morbidity and covered services, increasing unit costs for medical services, increasing utilization of medical services, increasing fees and taxes imposed by the federal government, anticipated costs to administer the plan, anticipated revenue or payments due to market-wide risk adjustment, and the discontinuance of net reinsurance payments from the Federal Transitional Reinsurance Program.

The weighted average increase across KHPE plans based on projected membership, inclusive of the impact of benefit and cost sharing changes, is $10.19 \%$. The minimum increase is $5.7 \%$ and the maximum increase is 11.2\%.

## WORKSHEET 1: DATA COLLECTION TEMPLATE

## SECTION I: EXPERIENCE PERIOD PREMIUM AND CLAIMS

## PAID THROUGH DATE

Experience period premium, claims, and member months are obtained from the company's internal data warehouse. The claims data is collected for incurred dates from January through December 2016 and paid through January 2017. Earned premiums and member months are for January through December 2016. The data are for all direct-written small group business of KHPE in the Commonwealth of Pennsylvania, including out-of-network claims written by KHPE but paid by QCC for POS plans.

## PREMIUMS (NET OF MLR REBATE) IN EXPERIENCE PERIOD

Earned Premiums (net of MLR Rebate) in Experience Period are developed by summing the earned premium reported in the company's internal data warehouse and adjusting for MLR rebates, if any, for the period. Although 2016 federal MLR rebate calculations are not final as of the writing of this memorandum, no federal MLR rebates are expected for calendar year 2016, so no adjustment to earned premium for MLR rebates is needed.

The calculation for federal minimum loss ratio rebates is based on 2014, 2015, and 2016 experience of earned premium, incurred claims, quality improvement expenses, and taxes. The three years of experience is blended for all segments.

## ALLOWED AND INCURRED CLAIMS INCURRED DURING THE EXPERIENCE PERIOD

## Paid-to-Date and Incurred Claims, and Member Months

Insurer fee-for-service claims expenses and member liabilities for dates of service in January 2016 through December 2016 and paid through January 2017 are sourced from the IBCFOC's internal data warehouse. The claims and member liabilities are completed with incurred but not reported (IBNR) adjustments to develop ultimate incurred insurer fee-for-service claims expenses and member liabilities for the January through December 2016 period. Capitation amounts are also sourced from the internal data warehouse for the January through December 2016 period but they are not adjusted for IBNR.

## Allowed Claims

Allowed claims are determined by separately obtaining paid-to-date fee-for-service claims and member cost-sharing amounts, applying claim lag factors to those amounts to estimate ultimate incurred fee-forservice claims and member-sharing amounts and adding them together with capitation amounts.

Allowed claims do not include ineligible claims, payments for services other than medical care provided, recovery payments related to internal large claim pooling mechanisms, or active live reserves.

## IBNR Development

Medical fee for service incurred but not reported (IBNR) claims are modeled through the use of standard claim lag methodologies. A range of results is developed, and a provision for adverse deviation is applied. The provision for adverse deviation is dependent on many factors such as stability, size, product mix, etc.

The completion factors are developed annually in the $2 Q-3 Q$ period. We do not believe our IBNR is unusually high or unusually low for incurred 2016 paid through January 2017.

## Experience Period Index Rate

The Index Rate of Experience Period is estimated by removing cost and utilization trend from the Index Rate for Projection Period.

## SECTION II: ALLOWED CLAIMS, PMPM BASIS

## BENEFIT CATEGORIES

Utilization and Unit Cost data for allowed claims in the experience period are provided in Section II. The data is provided by benefit category using a standardized indicator from the internal data warehouse that assigns each claim line to a category based on the type of provider and the location of the service. The utilization and unit cost data are provided for the following categories: Inpatient Hospital admits, Outpatient Hospital visits, Professional visits, Other Medical visits, Capitation per member per month (PMPM), and Prescription Drug scripts.

Experience Period capitation is reported as a per member per month (PMPM) value. In order to complete the URRT, the Utilization per 1,000 statistics for capitated services only is reported as 1,000 so that the appropriate capitation PMPM is reported.

## PROJECTION FACTORS

The estimated incurred claims experience on an allowed basis for January 2016 through December 2016 is projected to the future rating period by several factors. Factors were calculated from the combined experience of QCC and KHPE.

## Changes in Population Risk Morbidity

Experience period allowed claims are adjusted to account for differences in the average morbidity of the single risk pool population underlying the experience and the anticipated population in the projection period. This adjustment reflects changes in the small group market-wide morbidity.

## Changes in Other Factors

Experience period allowed claims are adjusted to account for differences in the single risk pool population underlying the experience and the anticipated population in the projection period pertaining to several factors not due to changes in morbidity or the costs and utilization of medical care. This adjustment reflects: additional benefits required to be covered as essential health benefits; recently mandated benefits required by state law that are not reflected in the experience period data; benefits in the experience that are removed for the projection period; anticipated changes in the average utilization of services due to differences in average cost sharing requirements during the experience period and average cost sharing requirements in the projection period; changes in demographic characteristics of the single risk pool experience period population and the projection period population (including age, gender, region, and tobacco use); changes in the provider network (adding or removing a provider system or introducing a limited network option); and anticipated changes in pharmacy rebates.

## Trend Factors

## a. Annualized Cost Trend

Annual cost trend reflects changes in costs of medical treatment due to medical inflation and changes in the distribution of services across network providers. The trend value is developed by reviewing historical medical costs for the single risk pool and adjusting them for anticipated future provider contracting reimbursement levels. The data is normalized for changes in age, benefit changes during the experience period, changes to provider contracts, and prescription drug formulary, and new drugs brought to market.

## b. Annualized Utilization Trend

Annual utilization trend reflects the change in the number of units per 1,000 members for a fixed level of illness burden and includes changes due to the mix and intensity of services provided and changes related to shifts in product mix. It also includes effects of selection, if any, since this cannot be reflected in the relative cost of the various products and plans offered.

## CREDIBILITY MANUAL RATE DEVELOPMENT

The experience period claims for the single risk pool are determined to be fully credible; therefore no credibility adjustment is required.

## SECTION III: PROJECTED EXPERIENCE

## PAID TO ALLOWED RATIO

The Projected Allowed Experience Claims PMPM shown in Worksheet 1 represents projected allowed claims experience PMPM for the projected portfolio of plans. The Paid to Allowed Average Factor in

Projection Period adjusts the allowed down to Projected Incurred Claims before ACA reinsurance and risk adjustment for the population anticipated to be covered in the projection period. The Projected Incurred Claims before ACA reinsurance and risk adjustment represents the net amount of incurred insurer claim liability expected in the projection period, net of member cost sharing and cost sharing paid by HHS on behalf of low-income members. It reflects the average benefit level anticipated during the projection period. The ratio was calculated using incurred (before ACA reinsurance and risk adjustment) and allowed PMPMs from worksheet two of the URRT.

## RISK ADJUSTMENT AND REINSURANCE

## Projected Risk Adjustment PMPM

Projected Risk Adjustment is accounted for in Projected Incurred Claims before ACA Reinsurance and Risk Adjustment to reflect anticipated risk adjustment transfer amounts for the projection period. The amount reflects the projected morbidity for the single risk pool for IBCFOC in the projection period.

The estimated risk adjustment revenue for all of the plans in the risk pool is developed using the following methodology. We recognize that the HHS payment transfer formula implies that the projected incurred claims based solely on the experience period single risk pool claims need to be adjusted by the ratio of the current statewide market's risk relative to allowable rating factor (ARF) for age compared to the single risk pool's risk relative to ARF presented during the experience period. This adjustment, together with the assumed future changes in population risk morbidity, results in the issuer's pricing being consistent with the anticipated morbidity level of the future statewide market.

The anticipated risk adjustment transfer revenue is allocated proportionally based on plan premium. The Projected Risk Adjustment is subtracted from Projected Incurred Claims before ACA Risk Adjustment to reflect anticipated receipt of risk adjustment transfer amounts for the projection period.

When the projected risk adjustment amounts for KHPE and QCC are combined, the result is consistent with the projection made in our submission. We also consider preliminary 2016 risk transfer results.

## NON-BENEFIT EXPENSES AND PROFIT \& RISK

## Administrative Expense Load

An Administrative Expense Load is applied to Projected Incurred Claims to reflect expenses related to quality improvement and fraud detection/recovery and other expenses of operating a business, broker commissions, and premium payment processing fees.

## Profit \& Risk Load/Contribution to Surplus

A Profit \& Risk Load/Contribution to Surplus for the single risk pool is applied to Projected Incurred Claims for the projection period, if applicable.

## Taxes and Fees

A Taxes \& Fees load is applied to Projected Incurred Claims to pass through fees and taxes levied by the federal and state governments.

## PROJECTED LOSS RATIO

The projected loss ratio for the single risk pool is estimated to exceed $80 \%$ reflecting premium adjustments permitted by the federal MLR calculation.

## SINGLE RISK POOL

The single risk pool reflects all covered lives for every small group non-grandfathered product and plan combination for KHPE in the state of Pennsylvania. It is established according to the Single Risk Pool requirements in 45 CFR § 156.80(d).

## INDEX RATE

The Index Rate is defined as the EHB portion of projected allowed claims divided by all projected single risk pool lives. The Index Rate is the same value for all non-grandfathered plans for KHPE Small Group Plans in Pennsylvania. The Index Rate reflects the twelve month projection for calendar year 2018. It has been developed following the specifications of 45 CFR § 156.80(d)(1).

## MARKET ADJUSTED INDEX RATE

The Market Adjusted Index rate is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules: federal reinsurance program adjustment, risk adjustment and exchange user fees. The Market Adjusted Index Rate reflects the average demographic characteristics of the single risk pool.

## PLAN ADJUSTED INDEX RATE

The Plan Adjusted Index Rate is calculated as the issuer Market Adjusted Index Rate adjusted for all allowable plan level modifiers defined in the market rating rule. These include actuarial value and cost sharing adjustment, provider network, delivery system and utilization management adjustment, adjustment for benefits in addition to the EHBs, impact of specific eligibility categories for the catastrophic plan and administrative costs.

## CALIBRATION

The plan adjusted index rate is projected for all products using the same anticipated age distribution and the mandated age curve. Therefore the consumer adjusted premium rate is the plan adjusted index rate divided by the average age, geographic and tobacco factors for the expected distribution. The average age of the combined small group risk pool population is 36 .

The Average Age factor is the weighted average age factor based on the projected membership. The Tobacco Factor is calculated as the projected average factor for tobacco users multiplied by the projected tobacco use prevalence.

There is only one geographic rating area for this filing. The geographic rating area factor for this filing is 1.0.

## WORKSHEET 2: PRODUCT-PLAN DATA COLLECTION

## AV METAL VALUES

The AV Metal Values included in Worksheet 2 of the URRT were valued using the AV Calculator, where possible, otherwise the AV Metal Values were developed under an alternate methodology. Actuarial certifications required by 45 CFR Part 156, $\S 156.135$ are provided in a separate document.

## AV PRICING VALUES

The AV Pricing Value represents the cumulative effect of adjustments made by plan to move from the Market Adjusted Index Rate to the Plan Adjusted Index Rate.

## MEMBERSHIP PROJECTIONS

Enrollment is projected based on current and anticipated enrollment by plan. Items impacting these projections include changes in the size of the market due to introduction of guarantee issue requirements, the individual mandate, and the introduction of a Basic Health Program.

## TERMINATED PLANS

The following plans are being terminated. (Removed from the exchange, their Off-exchange variant has been kept):

| HIOS ID | Plan Name |
| :--- | :--- |
| 33871 PA0100001 | Keystone HMO Platinum Preferred $\$ 10 / \$ 20 / \$ 100$ |
| 33871 PA0100002 | Keystone HMO Platinum Preferred $\$ 20 / \$ 40 / \$ 150$ |
| 33871 PA0100003 | Keystone HMO Gold Preferred $\$ 30 / \$ 60 / \$ 650$ |
| 33871 PA0100004 | Keystone HMO Gold Classic $\$ 1,000 \$ 25 / \$ 50 / 90 \%$ |
| 33871 PA0100005 | Keystone HMO Silver Classic $\$ 2,500 \$ 25 / \$ 50 / 70 \%$ |
| 33871 PA0100006 | Keystone HMO Silver Classic $\$ 2,750 / \$ 30 / \$ 60 / 50 \%$ |
| 33871 PA0100007 | Keystone HMO Bronze Essential $\$ 6,850 / \$ 50 / \$ 100 / \$ 700$ |
| 33871 PA0100008 | Keystone HMO Gold Proactive |
| 33871 PA0100009 | Keystone HMO Silver Proactive |


| 33871 PA0100035 | Keystone HMO Gold Classic $\$ 2,000 / \$ 40 / \$ 80 / 100 \%$ |
| :--- | :--- |
| 33871 PA0100036 | Keystone HMO Silver Classic $\$ 4,250 \$ 40 / \$ 80 / 100 \%$ |
| 33871PA0100037 | Keystone HMO Silver Secure $\$ 3,500 \$ 40 / \$ 80 / \$ 600$ |
| 33871PA0110001 | Keystone DPOS Platinum Preferred $\$ 10 / \$ 20 / \$ 100$ |
| 33871PA0110002 | Keystone DPOS Platinum Preferred $\$ 20 / \$ 40 / \$ 150$ |
| 33871PA0110003 | Keystone DPOS Gold Preferred $\$ 30 / \$ 60 / \$ 650$ |
| 33871PA0110004 | Keystone DPOS Gold Classic $\$ 1,000 \$ 25 / \$ 50 / 90 \%$ |
| 33871PA0110005 | Keystone DPOS Gold Classic $\$ 2,000 \$ 40 / \$ 80 / 100 \%$ |
| 33871PA0110009 | Keystone DPOS Silver Classic $\$ 2,750 / \$ 30 / \$ 60 / 50 \%$ |
| 33871PA0110010 | Keystone DPOS Bronze Essential $\$ 6,850 / \$ 50 / \$ 100 / \$ 700$ |

These plans are being terminated in 2018 and will not be offered either On- or Off-Exchange:

| 33871 PA0110006 | Keystone DPOS Silver Classic \$2,500/\$25/\$50/70\% |
| :--- | :--- |
| 33871PA0110007 | Keystone DPOS Silver Secure \$3,500/\$40/\$80/\$600 |
| 33871PA0110008 | Keystone DPOS Silver Classic \$4,250 \$40/\$80/100\% |
| 33871PA0110015 | Keystone DPOS Gold Classic \$2,000/\$40/\$80/100\% |
| 33871PA0110017 | Keystone DPOS Silver Secure \$3,500 \$40/\$80/\$600 |
| 33871PA0110018 | Keystone DPOS Silver Classic \$4,250 \$40/\$80/100\% |

## WARNING ALERTS

There are no warning alerts in URRT part 1.

## ACTUARIAL CERTIFICATION

I, am Director \& Actuary of Commercial Markets for the Independence Blue Cross Family of Companies. I am a member of the Society of Actuaries and the American Academy of Actuaries with the education and experience necessary to perform the work necessary and meet the Qualification Standards of the American Academy of Actuaries to render the qualified actuarial opinion contained herein. The developed rates and memorandum have been prepared in conformity with appropriate Actuarial Standards of Practice and the Academy's Code of Professional Conduct.

The Part I Unified Rate Review Template does not demonstrate the process used by the issuer to develop the premium rates and allowable rating factors. Rather, it represents information required by Federal regulation to be provided in support of the review of gross premium rate increases, for certification of qualified health plans for Federally facilitated exchanges, and for certification that the index rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

I hereby certify that, to the best of my knowledge and judgment, the following:

- The projected index rate is:
-In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.08(d)(1) and 147.102);
-Developed in compliance with applicable Actuarial Standards of Practice;
-Reasonable in relation to the benefits provided and the population anticipated to be covered; and
-Neither excessive nor deficient.
- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
- The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.
- Geographic rating factors reflect only differences in the costs of delivery of and do not include differences for population morbidity by geographic area.
- The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans, unless an alternate methodology was required. If an alternate methodology was used to calculate the AV Metal Value for at least one plan offered, a copy of the actuarial certification required by 45 CFR Part 156, §156.135 will be included.

May 22, 2017

## PENNSYLVANIA ACTUARIAL MEMORANDUM

## PURPOSES

This Actuarial Memorandum is provided along with the Unified Rate Review Template (URRT) and PA Actuarial Memorandum Rate Exhibits to provide certain information to support the gross premium for the single risk pool for small group market health care insurance underwritten by Keystone Health Plan East in the Commonwealth of Pennsylvania. It is provided as a component of a state rate filing. This submission may not be appropriate for other purposes.

## 1. BASIC INFORMATION AND DATA

## A. COMPANY INFORMATION

| Company Legal Name: | Keystone Health Plan East ("KHPE") |
| :--- | :--- |
| State: | Pennsylvania |
| NAIC \#: | 95056 |
| Market: | Small Group |
| Marketplace: | Off Exchange |
| Effective Date(s): | $1 / 1 / 2018-3 / 31 / 2018,4 / 1 / 2018-6 / 30 / 2018,7 / 1 / 2018-9 / 30 / 2018$, |
|  | $10 / 1 / 2018-12 / 31 / 2018$ |
| Average Rate Change: | $10.19 \%$ |
| Range of Rate Changes: | $5.7 \%-11.2 \%$ |
| Products: | HMO |
| Rating Areas: | Rating Area 8 |
| Metal Levels: | Platinum, Gold, Silver, Bronze |
| Current Members: | 120,498 |
| Current Policyholders: | 71,279 |
| Number of 2018 Plans: | 20 |
| HIOS Issuer ID (5-digit): | 33871 |

Worksheet 1 of the accompanying URRT contains experience period data and development of the projected Single Risk Pool Gross Premium Average Rate PMPM for the small group market for KHPE. Worksheet 2 contains experience period data and projections by product for the single risk pool for the same entities. This memorandum pertains only to plans denoted in Worksheet 2 by Plan IDs starting with the sequence 33871 .

## COMPANY CONTACT INFORMATION

Primary Contact Name:
Primary Contact Telephone Number: Primary Contact Email Address:

## B. RATE HISTORY AND PROPOSED VARIATIONS IN RATE CHANGES

| January 1, 2015 | $8.40 \%$ | INAC- 129626509 |
| :--- | ---: | :--- |
| October 1, 2015 | $-0.30 \%$ | INAC- 130111004 |
| January 1, 2016 | $6.88 \%$ | INAC- 129955625 |
| January 1, 2017 | $27.97 \%$ | INAC- 130539718 |
| July 1, 2017 | $2.00 \%$ | INAC- 130959307 |

The historical rate changes varied by metallic tier based on plan benefits as illustrated via the Pricing AV.

Proposed rate changes may vary by metallic tier and plan based on plan benefit changes.

## C. AVERAGE RATE CHANGE

The average proposed rate change shown in Cell AC15 of Table 10 is $10.19 \%$. The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2016 to calendar year 2018 are incorporated into the pricing and reflected in the Unified Rate Review Template.

The change in 21-year-old Non-Tobacco Premium PMPM calculated in Table 11, Cell AN13 is $7.6 \%$. The change shown in Cell V45 of Worksheet 1 of URRT Part I is $11.82 \%$. The change shown in Cell V46 of Worksheet 1 of URRT Part I is $5.75 \%$.

## D. MEMBERSHIP COUNT

Table 1 illustrates the Experience Period member-months, Current Period members as of February 1, 2017, and Projected Rating Period Member-months by ages.

## E. BENEFIT CHANGES

Benefit changes were made to the following plans to assure compliance with Actuarial Value Requirements, including differences that resulted from changes to the AV Calculator. The basis for pricing changes was our internal pricing model.

## F. EXPERIENCE PERIOD CLAIMS AND PREMIUMS

Table 2 illustrates the experience period claims and premiums using calendar year data. The data is consistent with the data reported in Section 1 of Worksheet I of the URRT.

Experience period premium, claims, and member months are obtained from the company's internal data warehouse. The claims data is collected for incurred dates from January through December 2016
and paid through January 2017. Earned premiums and member months are for January through December 2016. The data are for all direct-written small group business of KHPE in the Commonwealth of Pennsylvania, including out-of-network claims written by KHPE but paid by QCC for POS plans. No private reinsurance was applicable.

## Projected Risk Adjustment PMPM

Non-EHB benefits are illustrated separately in cell H36 of Table 2. Capitation is uniform by age for the experience period. Net pharmacy rebates are illustrated in cell I36 of Table 2.

Projected Risk Adjustment is accounted for in Projected Incurred Claims before ACA Reinsurance and Risk Adjustment to reflect anticipated risk adjustment transfer amounts for the projection period. The amount reflects the projected morbidity for the single risk pool for IBCFOC in the projection period.

The estimated risk adjustment revenue for all of the plans in the risk pool is developed using the following methodology. We recognize that the HHS payment transfer formula implies that the projected incurred claims based solely on the experience period single risk pool claims need to be adjusted by the ratio of the current statewide market's risk relative to allowable rating factor (ARF) for age compared to the single risk pool's risk relative to ARF presented during the experience period. This adjustment, together with the assumed future changes in population risk morbidity, results in the issuer's pricing being consistent with the anticipated morbidity level of the future statewide market.

The anticipated risk adjustment transfer revenue is allocated proportionally based on plan premium. The Projected Risk Adjustment is subtracted from Projected Incurred Claims before ACA Risk Adjustment to reflect anticipated receipt of risk adjustment transfer amounts for the projection period.

When the projected risk adjustment amounts for KHPE and Independence Blue Cross (QCC) are combined, the result is consistent with the projection made in our submission. We also considered preliminary 2016 risk transfer results.

## G. CREDIBILITY OF DATA

The experience period data is considered $100 \%$ credible.

## H. TREND IDENTIFICATION

Table 3 identifies the proposed annual medical and prescription drug allowed claims cost and utilization trends. These data match the data illustrated in Section 2 of Worksheet I of the URRT. Additional discussion is provided in Section I, Historical Experience.

## I. HISTORICAL EXPERIENCE

Table 4 illustrates historical experience from 2014 through 2016 for the product line.

## a. Annualized Cost Trend

Annual cost trend reflects changes in costs of medical treatment due to medical inflation and changes in the distribution of services across network providers. The trend value is developed by reviewing historical medical costs for the single risk pool and adjusting them for anticipated future provider contracting reimbursement levels. The data is normalized for changes in age, benefit changes during the experience period, changes to provider contracts, and prescription drug formulary, and new drugs brought to market.

## b. Annualized Utilization Trend

Annual utilization trend reflects the change in the number of units per 1,000 members for a fixed level of illness burden and includes changes due to the mix and intensity of services provided and changes related to shifts in product mix. It also includes effects of selection, if any, since this cannot be reflected in the relative cost of the various products and plans offered.

## J. TERMINATED PLANS

The following plans are being terminated during 2018. We will continue to offer the Off-Exchange variant:

| HIOS ID | Plan Name |
| :--- | :--- |
| 33871PA0100001 | Keystone HMO Platinum Preferred $\$ 10 / \$ 20 / \$ 100$ |
| 33871PA0100002 | Keystone HMO Platinum Preferred $\$ 20 / \$ 40 / \$ 150$ |
| 33871PA0100003 | Keystone HMO Gold Preferred $\$ 30 / \$ 60 / \$ 650$ |
| 33871PA0100004 | Keystone HMO Gold Classic $\$ 1,000 \$ 25 / \$ 50 / 90 \%$ |
| 33871PA0100005 | Keystone HMO Silver Classic $\$ 2,500 \$ 25 / \$ 50 / 70 \%$ |
| 33871PA0100006 | Keystone HMO Silver Classic $\$ 2,750 / \$ 30 / \$ 60 / 50 \%$ |
| 33871PA0100007 | Keystone HMO Bronze Essential $\$ 6,850 / \$ 50 / \$ 100 / \$ 700$ |
| 33871PA0100008 | Keystone HMO Gold Proactive |
| 33871PA0100009 | Keystone HMO Silver Proactive |
| 33871PA0100035 | Keystone HMO Gold Classic $\$ 2,000 / \$ 40 / \$ 80 / 100 \%$ |
| 33871PA0100036 | Keystone HMO Silver Classic $\$ 4,250 \$ 40 / \$ 80 / 100 \%$ |
| 33871PA0100037 | Keystone HMO Silver Secure $\$ 3,500 \$ 40 / \$ 80 / \$ 600$ |
| 33871PA0110001 | Keystone DPOS Platinum Preferred $\$ 10 / \$ 20 / \$ 100$ |
| 33871PA0110002 | Keystone DPOS Platinum Preferred $\$ 20 / \$ 40 / \$ 150$ |
| 33871PA0110003 | Keystone DPOS Gold Preferred $\$ 30 / \$ 60 / \$ 650$ |
| 33871PA0110004 | Keystone DPOS Gold Classic $\$ 1,000 \$ 25 / \$ 50 / 90 \%$ |
| 33871PA0110005 | Keystone DPOS Gold Classic $\$ 2,000 \$ 40 / \$ 80 / 100 \%$ |
| 33871PA0110009 | Keystone DPOS Silver Classic $\$ 2,750 / \$ 30 / \$ 60 / 50 \%$ |
| 33871PA0110010 | Keystone DPOS Bronze Essential $\$ 6,850 / \$ 50 / \$ 100 / \$ 700$ |

These plans are being terminated in 2018 and will not be offered either On- or Off-Exchange:

| 33871 PA0110006 | Keystone DPOS Silver Classic \$2,500/\$25/\$50/70\% |
| :--- | :--- |
| 33871PA0110007 | Keystone DPOS Silver Secure $\$ 3,500 / \$ 40 / \$ 80 / \$ 600$ |
| 33871 PA0110008 | Keystone DPOS Silver Classic \$4,250 \$40/\$80/100\% |
| 33871 PA0110015 | Keystone DPOS Gold Classic \$2,000/\$40/\$80/100\% |
| 33871 PA0110017 | Keystone DPOS Silver Secure \$3,500 \$40/\$80/\$600 |
| 33871PA0110018 | Keystone DPOS Silver Classic \$4,250 \$40/\$80/100\% |

## 2. RATE DEVELOPMENT AND CHANGE

## A. DEVELOPMENT OF PROJECTED INDEX RATE, MARKET-ADJUSTED INDEX RATE, \& TOTAL ALLOWED CLAIMS

Table 5 illustrates the development of the Projected Index Rate and Market-Adjusted Index Rate beginning with the Experience Period Index Rate.

## Changes in Population Risk Morbidity

Experience period allowed claims are adjusted to account for differences in the average morbidity of the single risk pool population underlying the experience and the anticipated population in the projection period. This adjustment reflects changes in the small group market-wide morbidity.

## Changes in Other Factors

Experience period allowed claims are adjusted to account for differences in the single risk pool population underlying the experience and the anticipated population in the projection period pertaining to several factors not due to changes in morbidity or the costs and utilization of medical care. This adjustment reflects: additional benefits required to be covered as essential health benefits; recently mandated benefits required by state law that are not reflected in the experience period data; benefits in the experience that are removed for the projection period; anticipated changes in the average utilization of services due to differences in average cost sharing requirements during the experience period and average cost sharing requirements in the projection period; changes in demographic characteristics of the single risk pool experience period population and the projection period population (including age, gender, region, and tobacco use); changes in the provider network (adding or removing a provider system or introducing a limited network option); and anticipated changes in pharmacy rebates.

## B. RETENTION ITEMS

Table 6 illustrates the retention items, expressed as percentages of premium. Administrative expenses are calculated and applied on a PMPM basis. When expressed as a percentage of premium, these will vary by premium size. Consistent with conversations with our State regulator, no Pricing load was
applied for the Managed Care Assessment levied pursuant to Article VIII-I of the Pennsylvania Code, as it will be separately reimbursed.

Administrative Expenses
General and Claims
Agent/Broker Fees and Commissions
Quality Improvement Initiatives
Taxes and Fees
PCORI Fees
PA Premium Tax
Federal Income Tax
Health Insurance Providers Fee

Profit/Contingency

Total Retention
14.55\%
6.68\%
7.40\%
0.47\%
0.04\%
0.00\%
1.51\%
2.15\%
3.69\%
2.00\%
20.24\%

## c. NORMALIZED MARKET-ADJUSTED PROJECTED ALLOWED TOTAL CLAIMS

Table 7 compares the normalization factors used in this filing to those used in the 2017 filing. The changes in the factors reflect small differences from the projected populations in 2017 and 2018.

## D. COMPONENTS OF RATE CHANGE

Table 8 illustrates the components of rate change, based on inputs form other sections of the Rate Exhibits. The results in Row H are similar to the values in Row A of Table 8.

Data in Table 9 was taken from the 2017 URRT with the exceptions of Risk Adjustment and Reinsurance which were revised to project company-specific values.

## 3. PLAN RATE DEVELOPMENT

Table 10 is populated with plan information consistent with entries in the 2018 URRT. Plan mappings, where applicable, are illustrated in Column F of Table 10.

Attached to this actuarial memorandum are exhibits providing actuarial certifications for the use of alternate methods of calculating the Actuarial Value, where applicable, as well as required support for the calculations.

## 4. PLAN PREMIUM DEVELOPMENT FOR 21-YEAR OLD NON-TOBACCO USER

Table 11 is populated from other sections of the Rate Exhibits, along with the population by age and rating area for the Projection Period.

## 5. PLAN FACTORS

Tables 12, 13, and 14 illustrate the factors used in pricing for age, tobacco, geographic rating area, and network. The tobacco factors match the previously approved tobacco factors from the 2017 filing.

## 6. ACTUARIAL CERTIFICATION

I, am Director \& Actuary of Commercial Markets for the Independence Blue Cross Family of Companies. I am a member of the Society of Actuaries and the American Academy of Actuaries with the education and experience necessary to perform the work necessary and meet the Qualification Standards of the American Academy of Actuaries to render the qualified actuarial opinion contained herein. The developed rates and memorandum have been prepared in conformity with appropriate Actuarial Standards of Practice and the Academy's Code of Professional Conduct.

The Part I Unified Rate Review Template does not demonstrate the process used by the issuer to develop the premium rates and allowable rating factors. Rather, it represents information required by Federal regulation to be provided in support of the review of gross premium rate increases, for certification of qualified health plans for Federally facilitated exchanges, and for certification that the index rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

I hereby certify that, to the best of my knowledge and judgment, the following:

- The projected index rate is:
-In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.08(d)(1) and 147.106);
-Developed in compliance with applicable Actuarial Standards of Practice;
-Reasonable in relation to the benefits provided and the population anticipated to be covered; and
-Neither excessive nor deficient.
- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
- The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.
- The AV Calculator was used to determine the AV Metal Values illustrated in Worksheet 2 of the Part I Unified Rate Review Template for all plans, unless an alternate methodology was required. If an alternate methodology was used to calculate the AV Metal Value for at least
one plan offered, a copy of the actuarial certification required by 45 CFR Part 156, §156.135 will be included.
- All factor, benefit, and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
- New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
- The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2018 Rate Filing Justification.

May 22, 2017

## PA Rate Template Part I <br> Data Relevant to the Rate Filin



|  | Member-months | Members | ember-monts |
| :---: | :---: | :---: | :---: |
|  | Experience Period | Current Period (as of 02-01-2017) | Projeted Rating Period |
| Average Age | 36 | 6 |  |
| Total | 1,470,493 | 120,988 | 1.445,976 |
| ${ }_{\substack{18 \\ 18.24 \\ 1}}$ | ${ }_{\text {2 }}^{\text {275,574 }}$ | ${ }_{\text {21,511 }}^{1176}$ |  |
| ${ }_{25-29}^{18-24}$ | ${ }_{\text {131, }}^{13,705}$ | ${ }_{10,93}^{1,176}$ |  |
| ${ }^{30-34}$ | ${ }^{133,061}$ | ${ }_{11,227}$ | ${ }^{134724}$ |
|  | ${ }_{\text {119,711 }}^{112780}$ | coich | cen |
| 45.49 | ${ }^{136,241}$ | ${ }_{\text {lo, }}^{10,847}$ | 析 |
| ${ }_{\text {cosem }}^{50-59}$ | ${ }_{\text {14, }}^{144,850}$ |  | ${ }_{\text {cta }}$ |
| 60.63 | 94,097 | 1,934 | 520 |
|  | 30,82 | 3,202 | ${ }^{382424}$ |

Table 2. Experience Period Claims and Premiums


Table 3. Trend Component




| Month-Year | Total Annual Premium | Incurred Claims | Completion Factors* | Ultimate Incurred Claims | Membes | Ulimate Incurred PMPM | Estimated Annual Cost Sharing (Member + HHS) | Prescripioio Drug Reatest* | Allowed Claims (Net of Prescription Drug Rebates) | Allowed PMPM |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\xrightarrow{\text { Jan-14 }}$ |  | 40,604,30232 | 1.0000 s | 40,604,302.32 | 316,387 | ${ }_{128.34}$ |  |  |  |  |
| $\underset{\substack{\text { Feb-14 } \\ \text { Mar-14 }}}{\text { cole }}$ |  | 34,1,66,292.266 <br> $39,383,0468$ | ${ }^{1.0000}{ }_{1}^{1.000}$ ¢ |  | 301.899 <br> 282712 <br>  <br> 20, | ${ }_{\text {l13.17 }}^{\substack{13,15}}$ |  |  |  |  |
| Apr-14 |  |  | ${ }_{1}^{1.00000 ~}$ |  | 257, 28 | $\xrightarrow{161.13}$ |  |  |  |  |
| $\xrightarrow{\text { Mav-14 }}$ Jun-14 |  |  | ${ }_{1}^{1.00000}{ }_{1}^{\text {¢ }}$ |  | ${ }_{\text {222, } 2 \text { 2,77 }}$ | $\xrightarrow{166.92}$ |  |  |  |  |
| Jut-2 |  | 42,003,525.81 |  | ${ }^{42,003,525,81}$ | ${ }^{228,509}$ | 201.45 |  |  |  |  |
| ${ }_{\substack{\text { Aug- }-14 \\ \text { sep-14 }}}^{\text {a }}$ |  | $38,398,24123$ <br> $40,78,04.11$ | ${ }_{1}^{1.00000}{ }_{1}^{1.000}$ s | $38,398,24.1 .23$ $40,788,031.11$ | 109,699 | 196.30 <br> 27.65 |  |  |  |  |
| Oct-14 |  |  | ${ }_{\substack{1.0000 \\ 1.000 \\ \text { j }}}^{\text {s }}$ |  | 165,793 153360 15 |  |  |  |  |  |
| Nov-1 | 632,859,79.00 |  | , |  | ${ }_{126,131}$ | 231.35 <br> 319.05 | 31,993,22.00 |  |  |  |
| ${ }^{\text {Jan-15 }}$ |  | 47,920,822,35 | ${ }^{1.0000}$ s | 47,920,82, 35 | 1225.09 | ${ }_{383,34}$ |  |  |  |  |
| $\underset{\substack{\text { Feb-15 } \\ \text { Mar-15 }}}{\text { are }}$ |  |  | ${ }_{1}^{1.00000}{ }^{\text {a }}$ s |  | - 124,735 | ${ }_{\substack{337.96 \\ 37.66}}$ |  |  |  |  |
| ${ }_{\text {Appr-15 }}^{\text {Mav-15 }}$ |  | 46,6499913.22 ${ }_{4}^{438378173}$ | ${ }_{\substack{1.0000 \\ 1 \\ 1 \\ 10000 \\ \text { s }}}$ | ${ }_{\text {46,6949,913,22 }}$ | ${ }_{1242,297}^{12,56}$ | ${ }_{\substack{375.31 \\ 35.58}}$ |  |  |  |  |
| ${ }_{\text {Nap-15 }}$ |  | ${ }_{45,5947,377.766}$ | ${ }_{1}^{1.0000}$ ¢ | ${ }_{45,9,97,377.66}$ | ${ }_{123,588}$ | ${ }_{\text {37, }}^{37.69}$ |  |  |  |  |
| Jot- |  |  | ${ }_{1}^{1.0000}{ }_{1}^{1000}$ s |  | 123.094 <br> 12274 <br> 127 <br> 1 | 378.92 <br> 36790 |  |  |  |  |
| Sep-15 |  | 44,059,138.00 | ${ }^{1.0000}$ s | 44,059,13, 3.00 | 122,999 | 358.44 |  |  |  |  |
| Oct-15 |  | ${ }_{\text {4 }}^{46,775,969.99}$ | ${ }_{1}^{1.0000}{ }_{1}^{10000}$ s |  | 122,974 <br> 123067 <br> 1206 | - |  |  |  |  |
| Dec-15 | 671,931,345.00 | 46,784,632.69 | 1.0000 s | 46,784,632.69 | 124.688 | ${ }_{375.21}^{363}$ | 22,793,36600 |  |  |  |
|  |  |  | ${ }_{0}^{0.999389}$ ¢ | ${ }_{4}^{46,0828,77.711}$ | - | ${ }_{\substack{368.99 \\ 370.69}}^{\text {che }}$ |  |  |  |  |
| $\xrightarrow{\text { Mar-16 }}$ |  | 44,095947709 458553129 | ${ }_{0}^{0.99885 / 5}$ |  | 124,422 <br> 12,292 <br> 1 <br> 1 | 399.54 <br> 37101 <br> 18 |  |  |  |  |
| ${ }_{\text {Mpar-16 }}$ |  | ${ }_{45,551,381.89}$ | ${ }_{0}^{0.9959}$ ¢ |  | ${ }_{1}^{12,5,682}$ | ${ }_{369.79}^{37}$ |  |  |  |  |
| ${ }_{\text {Jun-16 }}$ |  | 47,643441.49 | ${ }^{0.9990}{ }^{\text {a }}$ 5 | ${ }_{\text {4 }}^{47,980,3559.69}$ | 122,778 <br> 12278 <br> 12202 | 330.38 |  |  |  |  |
| Avg -16 $^{\text {c }}$ |  | 49,527,344.67 | 0.9848 s | 50,292,024,27 | 1222,19 | ${ }^{411.83}$ |  |  |  |  |
| ${ }_{\text {Sep-16 }}^{\text {Oet-16 }}$ |  |  | ${ }_{0}^{0.998825}$ | ${ }_{4}^{44,46,36,8,878787.10}$ | (12,135 | 398.85 <br> 384.08 |  |  |  |  |
| $\xrightarrow{\text { Not-16 }}$ Dec-16 | 14,181.89 ${ }^{\text {s }}$ | $4,9,987,929,68$ $41.50,20.93$ | ${ }_{0}^{0.937065 \mathrm{~s}}$ | ${ }_{4}^{48,945,58,8.56}$ | $\xrightarrow{120,266}{ }_{120,28}$ | ${ }_{\substack{30.34 \\ 401.61}}$ | 118,977,223,38 |  |  |  |

```
M
```

Market Segment:
Rate Etfective Date:

| Smal |
| :---: |
| 11 1 roup |

Table 5. Development of the Projected Index Rate, Market-Adjusted Index Rate, and Total Allowed Claim


Table 5A. Small Group Projected Index Rate with Quarterly Trend


## Total Clain

| Normalization Factors | 2017 | 2018 |
| :---: | :---: | :---: |
| Average Age factor | 1.472 | ${ }^{1.477}$ |
| Average Geographic Factor | 1.000 | 1.000 |
| Averge Tobacco fator | 1.011 | 1.011 |
| Average eenenititicineses (induced demana) | 0.997 | 0.947 1.011 1000 |
| Marke-Adissted Proiected Allowed Total Claims PMPM | 18874 |  |
|  |  |  |
| Normalied MarketAdiusted Projected Alowe Totat Clims PMPM | 342.95 | 351.34 |

Table 9. Year-over-Year Data to Support Table 8

|  | 2017 | 2018 |  |
| :---: | :---: | :---: | :---: |
| Paidto-Allowed | 0.880 | ${ }^{0.880}$ |  |
| URRT Trend (Total Applied Trend Factor) | 1.130 | 1.140 | ( URrat w, s2 |
| URRTM Mortidity | 边1.026 | ${ }_{1}^{1.0005}$ |  |
| Risk Adiustment | (17.99) | ${ }^{\text {(9.05 }}$ | ). ubri wi, s3 |
| ${ }_{\text {Ex }}^{\text {Exchange User Fee }}$ Capation | 19.72 | s |  |
| Network |  | 1.000 |  |
| ${ }^{\text {Pricing AV }}$ | 0.851 | c.0.85 |  |
| Benefit Richess <br> Catastophic ligbility | -1.000 <br> 1.000 | 1.000 <br> 1.000 |  |
| Administrative Expenses |  |  |  |
|  |  |  |  |
| Profitandor Contingency | $2.00 \%$ | $2.00 \%$ |  |

PA Rate Template Part IV B - Small Group Annual
Table 11. Plan Premium Development for 21-Year-Old Non-Tobacco User

| Carrier Name: | KHPE Insurance Company, Inc. |  |
| :--- | :--- | :--- |
| Product(s): | HMO |  |
| Market Segment: | Small Group |  |
| Rate Effective Date: |  | $1 / 1 / 2018$ |


|  |  |  | Discontinued, <br> New, Modified, <br> Existing <br> (D,N,M, f) for <br> 2018 | $1 / 1 / 18$ Plan <br> HIOS PLAN ID <br> (II $1 / 1 / 17$ Plan <br> Discontinued) | Metallic <br> Tier | Exchange <br> On//fff or <br> Off |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |

Totals
Plan 1
Plan 3
Plan 4
Plan 6
Plan 7
Plan 8
Plan
Plan 10
Plan 12
Plan 13
Plan 14
Plan 16
Plan 17
Plan 19
Plan 20
Plan 21
Plan 22
Plan 23
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Plan 24
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Plan 25
Plan 26
Plan 27
Plan 28
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Plan 32
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Plan 34
Plan 34
Plan 35
Plan 35
Plan 36

| Plan 36 |
| :--- |
| Plan |

Plan 38
Plan 39
Plan 39
Plan 40
Plan 40
Plan 41
Plan 41
Plan 42
Plan 42
Plan 43
Plan 43
Plan 44
Plan 44
Plan 45
Plan 45
Plan 46
Plan 47
Plan 48
Plan 49
Plan 50

| These cells auto-fill using the data entered in Table 10. |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 33871 PA0100001 | Keystone HMO Platinum | DM | 33871 PA0100020 | Platinum | ON/OFF |
| 33871PA0100002 | Keystone HMO Platinum | DM | 33871 PA0100021 | Platinum | ON/OFF |
| 33871PA0100003 | Keystone HMO Gold Pref | DM | 33871 PA0100022 | Gold | ON/OFF |
| 33871PA0100004 | Keystone HMO Gold Clas | DM | 33871 PA0100023 | Gold | ON/OFF |
| 33871PA0100005 | Keystone HMO Silver Cla | DM | 33871 PA0100024 | Silver | ON/OFF |
| 33871 PA0100006 | Keystone HMO Silver Cla | DM | 33871 PA0100025 | Silver | ON/OFF |
| 33871PA0100007 | Keystone HMO Bronze E. | DM | 33871PA0100026 | Bronze | ON/OFF |
| 33871PA0100008 | Keystone HMO Gold Pro | DM | 33871 PA0100044 | Gold | ON/OFF |
| 33871PA0100009 | Keystone HMO Siver Pro | DM | 33871 PA0100045 | Silver | ON/OFF |
| 33871PA0110001 | Keystone DPOS Platinum | DM | 33871 PA0110011 | Platinum | ON/OFF |
| 33871PA0110002 | Keystone DPOS Platinum | DM | 33871 PA0110012 | Platinum | ON/OFF |
| 33871 PA0110003 | Keystone DPOS Gold Pre | DM | 33871 PA0110013 | Gold | ON/OFF |
| 33871PA0110004 | Keystone DPOS Gold Clas | DM | 33871 PA0110014 | Gold | ON/OFF |
| 33871 PA0110006 | Keystone DPOS Silver Cla | DM | 33871 PA0110016 | Silver | ON/OFF |
| 33871PA0110009 | Keystone DPOS Silver Cla | DM | 33871PA0110019 | Silver | ON/OFF |
| 33871 PA0110010 | Keystone DPOS Bronze E. | DM | 33871PA0110020 | Bronze | ON/OFF |
| 33871PA0110005 | Keystone DPOS Gold Clas | DNM | 0 | Gold | ON/OFF |
| 33871 PA0110008 | Keystone DPOS Silver Cla | DNM | 0 | Silver | ON/OFF |
| 33871 PA0100020 | Keystone HMO Platinum | E | 0 | Platinum | OFF |
| 33871PA0100021 | Keystone HMO Platinum | E | 0 | Platinum | OFF |
| 33871 PA0100022 | Keystone HMO Gold Pref | E | 0 | Gold | OfF |
| 33871 PA0100023 | Keystone HMO Gold Clas | E | 0 | Gold | OfF |
| 33871PA0100024 | Keystone HMO Silver Cla | E | 0 | Silver | OFF |
| 33871 PA0100025 | Keystone HMO Silver Cla | E | 0 | Silver | OFF |
| 33871PA0100026 | Keystone HMO Bronze E. | E | 0 | Bronze | OFF |
| 33871PA0110011 | Keystone DPOS Platinum | E | 0 | Platinum | OFF |
| 33871 PA0110012 | Keystone DPOS Platinum | E | 0 | Platinum | OFF |
| 33871 PA0110013 | Keystone DPOS Gold Pre | E | 0 | Gold | OFF |
| 33871 PA0110014 | Keystone DPOS Gold Clas | E | 0 | Gold | OFF |
| 33871PA0110016 | Keystone DPOS Silver Cla | E | 0 | Silver | OfF |
| 33871PA0110019 | Keystone DPOS Silver Cla | E | 0 | Silver | OfF |
| 33871 PA0110020 | Keystone DPOS Bronze E | E | 0 | Bronz | OF |
| 33871 PA0110007 | Keystone DPOS Silver Sed | DM | 0 | Silver | ON/OFF |
| 33871PA0100035 | Keystone HMO Gold Clas | DM | 33871 PA0100047 | Gold | ON/OFF |
| 33871 PA0100036 | Keystone HMO Silver Cla | DM | 33871 PA0100048 | Silver | ON/OFF |
| 33871 PA0100037 | Keystone HMO Silver Sed | DM | 33871 PA0100049 | Silver | ON/OFF |
| 33871 PA0110015 | Keystone DPOS Gold Clas | DNM | 0 | Gold | OFF |
| 33871 PA0110018 | Keystone DPOS Silver Cla | DNM | 0 | Silver | OFF |
| 33871 PA0110017 | Keystone DPOS Silver Sed | DNM | 0 | Silver | OFF |
| 33871 PA0100044 | Keystone HMO Gold Pro | E | 0 | Gold | OfF |
| 33871PA0100045 | Keystone HMO Silver Pro | E | 0 | Silver | OFF |
| 33871 PA0100047 | Keystone HMO Gold Clas | E | 0 | Gold | OFF |
| 33871PA0100048 | Keystone HMO Silver Cla | E | 0 | Silver | OFF |
| 33871PA0100049 | Keystone HMO Silver Sed | E | 0 | Silver | OFF |
| 33871PA0100050 | Keystone HMO Platinum | N | 0 | Platinum | OFF |
| 0 | 0 | 0 | 0 |  |  |
| 0 | 0 | 0 | 0 |  |  |
| 0 | 0 | 0 | 0 |  |  |
| 0 | 0 | 0 | 0 |  |  |
| 0 | 0 | 0 | 0 |  |  |






| Change in Quarter 1, 21-year-old Non-Tobacco Premium PMPM |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | (weighted <br> by <br> $\begin{array}{c}\text { enrollment } \\ \text { by rating } \\ \text { area) }\end{array}$ |
| 0.0\% | 0.0\% | 0.0\% | 0.0\%/ | 0.0\% | 0.0\%/ | 0.0\%/ | 7.6\%\| | 0.0\% | 7.6\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\%\| | 0.0\% | 0.0\% | 0.0\% | 9.0\%/ | 0.0\% | 9.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 9.0\% | 0.0\% | 9.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.9\% | 0.0\% | 8.9\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 9.1\% | 0.0\% | ${ }^{9.1 \%}$ |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 3.8\% | 0.0\% | 3.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 7.5\% | 0.0\% | 7.5\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 9.3\% | 0.0\% | 9.3\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 9.1\% | 0.0\% | 9.1\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 4.8\% | 0.0\% | 4.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 9.0\% | 0.0\% | 9.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 9.0\% | 0.0\% | 9.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.9\% | 0.0\% | 8.9\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 9.1\% | 0.0\% | 0.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 3.8\% | 0.0\% | 0.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 7.5\% | 0.0\% | 7.5\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 9.2\% | 0.0\% | 9.2\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 6.4\% | 0.0\% | 0.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | $0.0 \%$ | 0.0\% | 4.6\% | 0.0\% | 4.6\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.8\% | 0.0\% | 8.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.8\% | 0.0\% | 8.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | $0.0 \%$ | 0.0\% | 8.6\% | 0.0\% | 8.6\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.8\% | 0.0\% | 8.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 3.5\% | 0.0\% | 3.5\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 7.2\% | 0.0\% | 7.2\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.8\% | 0.0\% | 8.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.8\% | 0.0\% | 8.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.8\% | 0.0\% | 8.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.6\% | 0.0\% | 8.6\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.8\% | 0.0\% | 8.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 3.5\% | 0.0\% | 3.5\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 7.2\% | 0.0\% | 7.2\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.8\% | 0.0\% | 8.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | $0.0 \%$ | 0.0\% | 3.9\% | 0.0\% |  |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 9.0\% | 0.0\% | 9.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 4.1\% | 0.0\% | 4.1\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | $0.0 \%$ | 0.0\% | 6.4\% | 0.0\% | 6.4\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 10.2\% | 0.0\% | 10.2\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 8.3\% | 0.0\% |  |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | $0.0 \%$ | 0.0\% | 7.6\% | 0.0\% | 7.6\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | $0.0 \%$ | 0.0\% | 8.8\% | 0.0\% | 8.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 4.4\% | 0.0\% |  |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | $0.0 \%$ | 0.0\% | 8.7\% | 0.0\% | 8.7\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 3.8\% | 0.0\% | 3.8\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 6.0\% | 0.0\% | 6.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% |
| 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% |



|  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2 |  |  | ${ }_{4}$ |  | 6 |  |  |  | ， |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | ${ }^{5}$ am9015 |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | ${ }^{\frac{3873}{3647}}$ |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | ${ }^{\frac{2}{26217}}$ |
|  |  |  |  |  |  |  |  |  | ${ }^{\frac{5}{5} \text { S } 49.11}$ |  | ${ }^{\frac{4}{40991}} 4$ |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | Sens |  | $\frac{30.55}{305}$ |
|  |  |  |  |  |  |  |  |  | ${ }^{276414}$ |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |

## PA Rate Quarterly Template Part V

 Consumer Factors| Carrier Name: | KHPE Insurance Company, Inc. |
| :--- | :--- |
| Product(s): | HMO |
| Market Segment: | Small Group |
| Rate Effective Date: | $\mathbf{1 / 1 / 2 0 1 8}$ |

Table 13. Geographic Factors

| Area |  |  | Counties |
| :--- | :--- | :---: | :---: | \(\left.\begin{array}{c}Current <br>

Factor\end{array} $$
\begin{array}{c}\text { Proposed } \\
\text { Factor }\end{array}
$$\right]\)

Table 14. Network Factors

| Projecion Period Network Factors |  |  |  |  |  |  |  |
| :--- | :--- | ---: | ---: | ---: | :---: | :---: | :---: |
| Network Name | Rating Area | Current <br> Factor | Proposed <br> Factor | DOH <br> Approval <br> Date |  |  |  |
| Proactive | Rating Area 8 | 0.989 | 0.988689079 |  |  |  |  |
| Keystone | Rating Area 8 | 1.000 | 1.000 |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

## Keystone Health Plan East <br> Small Group <br> Plan Design Summary

| HIOS Plan ID | Plan Marketing Name | Product | Metal | On/Off Exchange | Network | Rating Area | Counties Covered |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 33871PA0100020 | Keystone HMO Platinum Preferred \$10/\$20/\$100 | HMO | Platinum | OFF | Keystone Health $\dagger$ | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100021 | Keystone HMO Platinum Preferred \$20/\$40/\$150 | нмо | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100022 | Keystone HMO Gold Preferred \$30/\$60/\$650 | нмо | Gold | OFF | Keystone Heal | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100023 | Keystone HMO Gold Classic \$1,000 \$25/\$50/90\% | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100024 | Keystone HMO Silver Classic \$4,000/\$25/\$50/70\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100025 | Keystone HMO Silver Classic \$3,250/\$30/\$60/50\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100026 | Keystone HMO Bronze Essential \$6,850/\$50/\$100/\$700 | HMO | Bronze | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100044 | Keystone HMO Gold Proactive | HMO | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100045 | Keystone HMO Silver Proactive | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100047 | Keystone HMO Gold Classic \$2,000 \$40/\$80/100\% | HMO | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100048 | Keystone HMO Silver Classic \$4,250 \$40/\$80/100\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100049 | Keystone HMO Silver Secure \$4,500 \$40/\$80/\$600 | нмо | Silver | OFF | Keyst | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100050 | Keystone HMO Platinum Preferred \$30/\$60/\$400 | нмо | Platinum | OFF | Keystone Health | 9 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110011 | Keystone DPOS Platinum Preferred \$10/\$20/\$100 | нмо | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110012 | Keystone DPOS Platinum Preferred/\$20/\$40/\$150 | HMO | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110013 | Keystone DPOS Gold Preferred \$30/\$60/\$650 | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110014 | Keystone DPOS Gold Classic \$1,000 \$25/\$50/90\% | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomerr, Philadelphia |
| 33871PA0110016 | Keystone DPOS Silver Classic \$4,000/\$25/\$50/70\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110019 | Keystone DPOS Silver Classic \$3,250/\$30/\$60/50\% | HMO | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110020 | Keystone DPOS Bronze Essential \$6,850/\$50/\$100/\$700 | нмо | Bronze | OFF | Keystone Health \| | 8 | Bucks, Chester, Delaware, Montgomerr, Philadelphia |



Company Name:
Market:
Product
Effective Date of Rates:

| HIOS Plan ID ( On Exchange)=> |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| HIOS Plan ID (Off Exchange)=> | 33871 PA0100023 |  | 33871PA0100024 |  |
| Plan Marketing Name => | Keystone HMO Gold Classic \$1,000 \$25/\$50/90\% |  | Keystone HMO Silver Classic \$4,000/\$25/\$50/70\% |  |
| Form \# => | KE 670 WPR GMC Rev. 1.18 |  | KE 670 WPR GMC Rev. 1.18 |  |
| Rating Area => | 8 |  | 8 |  |
| Network => | Keystone Health Plan East Network |  | Keystone Health Plan East Network |  |
| Metal => | Gold |  | Silver |  |
| Deductible => | \$1,000 |  | \$4,000 |  |
| Coinsurance => | 10\% |  | 30\% |  |
| Copays => | \$25 no ded/\$50 no ded |  | \$25 no ded/\$50 no ded |  |
| OOP Maximum => | \$5,500 |  | \$7,350 |  |
| Dental (Yes/No) | Yes |  | Yes |  |
| Age Band | Non-Tobacco | Tobacco | Non-Tobacco | Tobacco |
| 0-14 | \$302.45 | \$302.45 | \$246.41 | \$246.41 |
| 15 | \$329.34 | \$329.34 | \$268.31 | \$268.31 |
| 16 | \$339.62 | \$339.62 | \$276.69 | \$276.69 |
| 17 | \$349.90 | \$349.90 | \$285.06 | \$285.06 |
| 18 | \$360.97 | \$360.97 | \$294.08 | \$294.08 |
| 19 | \$372.04 | \$372.04 | \$303.10 | \$303.10 |
| 20 | \$383.50 | \$383.50 | \$312.44 | \$312.44 |
| 21 | \$395.36 | \$444.78 | \$322.10 | \$362.37 |
| 22 | \$395.36 | \$444.78 | \$322.10 | \$362.37 |
| 23 | \$395.36 | \$444.78 | \$322.10 | \$362.37 |
| 24 | \$395.36 | \$444.78 | \$322.10 | \$362.37 |
| 25 | \$396.95 | \$446.56 | \$323.39 | \$363.82 |
| 26 | \$404.85 | \$455.46 | \$329.83 | \$371.06 |
| 27 | \$414.34 | \$466.13 | \$337.56 | \$379.76 |
| 28 | \$429.76 | \$483.48 | \$350.13 | \$393.89 |
| 29 | \$442.41 | \$497.71 | \$360.43 | \$405.49 |
| 30 | \$448.74 | \$527.27 | \$365.59 | \$429.57 |
| 31 | \$458.23 | \$538.42 | \$373.32 | \$438.65 |
| 32 | \$467.72 | \$549.57 | \$381.05 | \$447.73 |
| 33 | \$473.65 | \$556.53 | \$385.88 | \$453.41 |
| 34 | \$479.97 | \$563.97 | \$391.03 | \$459.46 |
| 35 | \$483.13 | \$567.68 | \$393.61 | \$462.49 |
| 36 | \$486.30 | \$571.40 | \$396.19 | \$465.52 |
| 37 | \$489.46 | \$575.12 | \$398.76 | \$468.55 |
| 38 | \$492.62 | \$578.83 | \$401.34 | \$471.58 |
| 39 | \$498.95 | \$586.27 | \$406.49 | \$477.63 |
| 40 | \$505.27 | \$618.96 | \$411.65 | \$504.27 |
| 41 | \$514.76 | \$630.59 | \$419.38 | \$513.74 |
| 42 | \$523.86 | \$641.72 | \$426.79 | \$522.81 |
| 43 | \$536.51 | \$657.22 | \$437.09 | \$535.44 |
| 44 | \$552.32 | \$676.60 | \$449.98 | \$551.22 |
| 45 | \$570.91 | \$699.36 | \$465.12 | \$569.77 |
| 46 | \$593.05 | \$726.48 | \$483.16 | \$591.87 |
| 47 | \$617.95 | \$756.99 | \$503.45 | \$616.72 |
| 48 | \$646.42 | \$791.86 | \$526.64 | \$645.13 |
| 49 | \$674.49 | \$826.25 | \$549.51 | \$673.15 |
| 50 | \$706.12 | \$970.91 | \$575.28 | \$791.01 |
| 51 | \$737.35 | \$1,013.86 | \$600.72 | \$825.99 |
| 52 | \$771.75 | \$1,061.16 | \$628.75 | \$864.53 |
| 53 | \$806.54 | \$1,109.00 | \$657.09 | \$903.50 |
| 54 | \$844.10 | \$1,160.64 | \$687.69 | \$945.58 |
| 55 | \$881.66 | \$1,212.28 | \$718.29 | \$987.65 |
| 56 | \$922.38 | \$1,268.28 | \$751.47 | \$1,033.27 |
| 57 | \$963.50 | \$1,324.81 | \$784.97 | \$1,079.33 |
| 58 | \$1,007.39 | \$1,385.16 | \$820.72 | \$1,128.49 |
| 59 | \$1,029.13 | \$1,415.06 | \$838.44 | \$1,152.85 |
| 60 | \$1,073.02 | \$1,475.40 | \$874.19 | \$1,202.01 |
| 61 | \$1,110.97 | \$1,527.59 | \$905.11 | \$1,244.53 |
| 62 | \$1,135.88 | \$1,561.83 | \$925.40 | \$1,272.43 |
| 63 | \$1,167.11 | \$1,604.78 | \$950.85 | \$1,307.42 |
| 64+ | \$1,186.08 | \$1,630.88 | \$966.30 | \$1,328.68 |

## Keystone Health Plan East <br> Small Group <br> Plan Design Summary

| HIOS Plan ID | Plan Marketing Name | Product | Metal | On/Off Exchange | Network | Rating Area | Counties Covered |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 33871PA0100020 | Keystone HMO Platinum Preferred \$10/\$20/\$100 | HMO | Platinum | OFF | Keystone Health $\dagger$ | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100021 | Keystone HMO Platinum Preferred \$20/\$40/\$150 | нмо | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100022 | Keystone HMO Gold Preferred \$30/\$60/\$650 | нмо | Gold | OFF | Keystone Heal | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100023 | Keystone HMO Gold Classic \$1,000 \$25/\$50/90\% | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100024 | Keystone HMO Silver Classic \$4,000/\$25/\$50/70\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100025 | Keystone HMO Silver Classic \$3,250/\$30/\$60/50\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100026 | Keystone HMO Bronze Essential \$6,850/\$50/\$100/\$700 | нмо | Bronze | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100044 | Keystone HMO Gold Proactive | HMO | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100045 | Keystone HMO Silver Proactive | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100047 | Keystone HMO Gold Classic \$2,000 \$40/\$80/100\% | HMO | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100048 | Keystone HMO Silver Classic \$4,250 \$40/\$80/100\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100049 | Keystone HMO Silver Secure \$4,500 \$40/\$80/\$600 | нмо | Silver | OFF | Keystone | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100050 | Keystone HMO Platinum Preferred \$30/\$60/\$400 | нмо | Platinum | OFF | Keystone Health | 9 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110011 | Keystone DPOS Platinum Preferred \$10/\$20/\$100 | нмо | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110012 | Keystone DPOS Platinum Preferred/\$20/\$40/\$150 | HMO | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110013 | Keystone DPOS Gold Preferred \$30/\$60/\$650 | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110014 | Keystone DPOS Gold Classic \$1,000 \$25/\$50/90\% | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomerr, Philadelphia |
| 33871PA0110016 | Keystone DPOS Silver Classic \$4,000/\$25/\$50/70\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110019 | Keystone DPOS Silver Classic \$3,250/\$30/\$60/50\% | HMO | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110020 | Keystone DPOS Bronze Essential \$6,850/\$50/\$100/\$700 | нмо | Bronze | OFF | Keystone Health \| | 8 | Bucks, Chester, Delaware, Montgomerr, Philadelphia |




## Keystone Health Plan East <br> Small Group <br> Plan Design Summary

| HIOS Plan ID | Plan Marketing Name | Product | Metal | On/Off Exchange | Network | Rating Area | Counties Covered |
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| 33871PA0100020 | Keystone HMO Platinum Preferred \$10/\$20/\$100 | HMO | Platinum | OFF | Keystone Health $\dagger$ | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100021 | Keystone HMO Platinum Preferred \$20/\$40/\$150 | нмо | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100022 | Keystone HMO Gold Preferred \$30/\$60/\$650 | нмо | Gold | OFF | Keystone Heal | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100023 | Keystone HMO Gold Classic \$1,000 \$25/\$50/90\% | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100024 | Keystone HMO Silver Classic \$4,000/\$25/\$50/70\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100025 | Keystone HMO Silver Classic \$3,250/\$30/\$60/50\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100026 | Keystone HMO Bronze Essential \$6,850/\$50/\$100/\$700 | нмо | Bronze | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100044 | Keystone HMO Gold Proactive | HMO | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100045 | Keystone HMO Silver Proactive | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100047 | Keystone HMO Gold Classic \$2,000 \$40/\$80/100\% | HMO | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100048 | Keystone HMO Silver Classic \$4,250 \$40/\$80/100\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100049 | Keystone HMO Silver Secure \$4,500 \$40/\$80/\$600 | нмо | Silver | OFF | Keystone | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100050 | Keystone HMO Platinum Preferred \$30/\$60/\$400 | нмо | Platinum | OFF | Keystone Health | 9 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110011 | Keystone DPOS Platinum Preferred \$10/\$20/\$100 | нмо | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110012 | Keystone DPOS Platinum Preferred/\$20/\$40/\$150 | HMO | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110013 | Keystone DPOS Gold Preferred \$30/\$60/\$650 | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110014 | Keystone DPOS Gold Classic \$1,000 \$25/\$50/90\% | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomerr, Philadelphia |
| 33871PA0110016 | Keystone DPOS Silver Classic \$4,000/\$25/\$50/70\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110019 | Keystone DPOS Silver Classic \$3,250/\$30/\$60/50\% | HMO | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110020 | Keystone DPOS Bronze Essential \$6,850/\$50/\$100/\$700 | нмо | Bronze | OFF | Keystone Health \| | 8 | Bucks, Chester, Delaware, Montgomerr, Philadelphia |



## Keystone Health Plan East <br> Small Group <br> Plan Design Summary

| HIOS Plan ID | Plan Marketing Name | Product | Metal | On/Off Exchange | Network | Rating Area | Counties Covered |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 33871PA0100020 | Keystone HMO Platinum Preferred \$10/\$20/\$100 | HMO | Platinum | OFF | Keystone Health $\dagger$ | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100021 | Keystone HMO Platinum Preferred \$20/\$40/\$150 | нмо | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100022 | Keystone HMO Gold Preferred \$30/\$60/\$650 | нмо | Gold | OFF | Keystone Heal | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100023 | Keystone HMO Gold Classic \$1,000 \$25/\$50/90\% | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100024 | Keystone HMO Silver Classic \$4,000/\$25/\$50/70\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100025 | Keystone HMO Silver Classic \$3,250/\$30/\$60/50\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100026 | Keystone HMO Bronze Essential \$6,850/\$50/\$100/\$700 | нмо | Bronze | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100044 | Keystone HMO Gold Proactive | HMO | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100045 | Keystone HMO Silver Proactive | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100047 | Keystone HMO Gold Classic \$2,000 \$40/\$80/100\% | HMO | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100048 | Keystone HMO Silver Classic \$4,250 \$40/\$80/100\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100049 | Keystone HMO Silver Secure \$4,500 \$40/\$80/\$600 | нмо | Silver | OFF | Keystone | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0100050 | Keystone HMO Platinum Preferred \$30/\$60/\$400 | нмо | Platinum | OFF | Keystone Health | 9 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110011 | Keystone DPOS Platinum Preferred \$10/\$20/\$100 | нмо | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110012 | Keystone DPOS Platinum Preferred/\$20/\$40/\$150 | HMO | Platinum | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110013 | Keystone DPOS Gold Preferred \$30/\$60/\$650 | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110014 | Keystone DPOS Gold Classic \$1,000 \$25/\$50/90\% | нмо | Gold | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomerr, Philadelphia |
| 33871PA0110016 | Keystone DPOS Silver Classic \$4,000/\$25/\$50/70\% | нмо | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110019 | Keystone DPOS Silver Classic \$3,250/\$30/\$60/50\% | HMO | Silver | OFF | Keystone Health | 8 | Bucks, Chester, Delaware, Montgomery, Philadelphia |
| 33871PA0110020 | Keystone DPOS Bronze Essential \$6,850/\$50/\$100/\$700 | нмо | Bronze | OFF | Keystone Health \| | 8 | Bucks, Chester, Delaware, Montgomerr, Philadelphia |




| 33871PA0040002 | Rating Area 8 | Tooacco Usernon-Tobacco User | 0.14 | 363.89 | 363.89 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| ${ }^{33877 \text { PPOOO40022 }}$ | (Ratin Atea 88 |  | 16 | 39623 <br> 408.60 |  |
| - 383771 PA00400002 |  |  |  | ${ }_{4020.97}^{4080}$ | ${ }_{4}^{408.00} 4$ |
| 33871 PA00400002 | Rating Atea 8 | Tobacaco Userrinon-Tobacaco User | 18 | 43429 |  |
| 38877 PA00400022 | Rating Area 8 |  | 19 | 7.61 |  |
| 3887PA00040022 | Rating Area 8 |  | 20 |  |  |
|  | Rating Area 8 | Tooacco Usern Mon-Tobacco User | ${ }^{21}$ | 5.67 |  |
| 33871 PA00040002 | Rating Area 8 | Tobacaco Userrs Mon-Tobacco User | ${ }^{23}$ | 475.67 | ${ }_{535.13}$ |
| 33871 PA0040002 | Rating Area 8 | Tobacaco User/ Mon-Tobacaco User | ${ }^{24}$ |  |  |
| 3387TPA0040002 | Rating Area 8 | Tooacaco Userr Non-Toobaco User |  |  |  |
| - ${ }^{\text {33877 }}$ | ${ }^{\text {Redering Area }}$ |  | ${ }_{27}^{26}$ | 4898.50 |  |
| 33871 PA0040002 | Rating Area 8 | Tobacaco Userr\| Mon-Tobacaco User | ${ }_{2} 8$ | 517.06 | ${ }_{581.69}$ |
| (3887 4 A00400022 | Rating Area 8 | Tooacco Usern Mon-Tobacco User |  |  |  |
| 33871 PA00040002 | ${ }^{\text {Remating Area }}$ | Tobacaco Userrino-Toloaccoco User | ${ }_{31}$ |  | ${ }_{\text {ci }}^{64748}$ |
| ${ }^{33877 P A 00400022}$ | Rating Area 8 | Tobacco Usern Mon-Tobacco User | ${ }^{32}$ | 562.72 | 661.20 |
| (3887 | Rating Area 8 | Tooacco Uerrinon-Tonacco User | ${ }_{34}^{33}$ | 569.85 | ${ }_{\text {c }}^{6679.58}$ |
| 33877 PA00400002 | ${ }^{\text {Rating Area } 8}$ |  | ${ }^{35}$ | 581.27 | ${ }_{682.99}$ |
| (38871 AAOO40002 | Rating Area 8 | Tooacco Usern (Non-TObacco User | - ${ }_{37}^{36}$ | 585.08 5888 |  |
| 33877 PA0040002 |  |  | ${ }_{38}$ | ${ }_{592.69}$ | ${ }_{696.41}$ |
| ${ }_{\text {cole }}^{\text {33877 PA0040002 }}$ |  | Tooacco Usern (Non-Tobaco User | 39 40 | 600.30 | 705.35 <br> 74469 |
| 33871 PA00400002 | Rating Area 8 | Tobacaco Userr Non-Tobacaco User | ${ }_{4}$ | 619.32 |  |
| ${ }^{33877.1 P 00040022}$ | Rating Area 8 | Tooacco User M Non-Tobacoco User | ${ }_{4}^{42}$ | ${ }_{6}^{630.27}$ | 772.07 |
| 33877 PA0040002 | Rating Area 8 |  | ${ }_{4}^{44}$ | 664.51 | ${ }_{814.03}$ |
| ${ }^{\text {a }}$ |  | Tooncou uerlinon-Tobacco User | ${ }_{46}^{45}$ |  | 847.42 <br> 874.05 |
| 33877 PA0040002 | Rating Atea 8 | Tobacaco User/ Mon-Tobacco User |  | 743.48 |  |
| ${ }_{\text {cole }}^{\text {33877 P P0040002 }}$ | - Rating Area ${ }^{\text {R }}$ | Tobacoco Ueer (Non-T-obacco User | 48 49 | ${ }_{811.50}$ | ${ }_{\text {9924.08 }}$ |
| 33877 PA0040002 | Rating Atea 8 | Tobacco Userrnon-Tobacco User | 5 | ${ }_{849.55}$ |  |
| ${ }^{\text {a }}$ |  | Toonaco verlvon-Touaccu User | ${ }_{52}$ | ${ }_{988.51}^{887.15}$ | 12978.80 <br> 1270 <br> 1 |
| 38871 PA0040002 | Rating Area 8 | Toonacoco Usern Mon-Topacco User | ${ }_{53}^{53}$ | 970.37 |  |
| - 38871 PAP0040002 |  | Touacco verlvon-Touaccu User | 54 55 | ${ }_{1060.75}$ | ${ }_{1455.53}$ |
|  | Ratin Area 8 | Toonaco Usern Mon-Tobacou User | -56 | ${ }^{1110979}$ | $\begin{array}{r}152599 \\ \hline 159392 \\ \hline\end{array}$ |
| 33871 PA00400002 | Rating trea 8 |  | ${ }_{58}$ | 1212.01 | ${ }_{1}^{1666.52}$ |
| ${ }_{\text {col }}^{\text {33877 }}$ | ${ }^{\text {Rating Area }}$ |  | ${ }_{60} 69$ | ${ }^{12388.97}$ | 17775.99 17 |
| ${ }^{338771 P(P 0040002}$ | Rating Area 8 Raing Area | Tooacco Usern (Non-TObaco User | ${ }_{61}^{61}$ | 1336.64 1366.61 | $\begin{array}{r}1837.88 \\ \begin{array}{r}1879.08 \\ \hline\end{array} \\ \hline\end{array}$ |
|  | Rating Area 8 |  |  |  |  |
|  | Ratina Area 8 | Tobacoco Users NMo.-Tobacco User | 64 and over 0 er | 1427.01 | ${ }_{\text {1962, }} 19$ |
| ${ }^{\text {33877 PRAOO4000 }}$ | - Rating Atea ${ }^{\text {R }}$ | Tooacco uerlvon- Tobaccu User | $\stackrel{0}{0.15}$ | ${ }_{\text {307.60 }}^{384}$ | $\xrightarrow{307.60}$ |
|  | Ratina Area 8 | Tooacco Usern (Non-TObacco User | 16 17 | 34.59 35585 3 | 345.39 <br> 355.85 |
| ${ }^{\text {a }}$ 3837 PPOOO4000 | Rating Area 8 | Tooacoco Users NMon- Tobacoco User | 18 <br> 18 | ${ }_{\text {367.10 }}^{37838}$ | ${ }^{367.10}$ |
| ${ }^{\text {a }}$ 38877 PA0000000 ${ }^{\text {a }}$ |  |  | ${ }^{20}$ | ${ }^{3780.06}$ |  |
| ${ }_{\text {a }}^{\text {33877 PA00040005 }}$ |  | Tooacco Usern (Non-Tobacco User | ${ }_{22}^{21}$ | 40209 40209 | ${ }_{4552.35}^{45.35}$ |
| ${ }^{33877 . P 00040055}$ | Rating Area 8 | Tobacco Usern MNo.Totacaco User | ${ }^{23}$ | 402.09 | ${ }_{4}^{452.25}$ |
| 33877 PA00400005 | Raing Area 8 |  | ${ }_{25}$ | 403.69 | ${ }_{454.16}$ |
|  | ${ }^{\text {Reding Area }}$ | Tobacol Userlinon- Tobacou User | 27 ${ }_{27}^{26}$ | ${ }_{421.39}^{41.7}$ | ${ }_{\text {4 }}^{463.206}$ |
|  | Rating Area 8 | Totacaco Usern Mon-Tobacou User | 288 ${ }_{2}^{28}$ | ${ }_{44993}^{437}$ | - $\begin{aligned} & \text { 491.70 } \\ & 50671\end{aligned}$ |
| 33877 PA0040005 | Rating Area 8 |  | ${ }^{30}$ | 456.37 | ${ }_{568.23}$ |
| ${ }^{\text {a }}$ | ${ }^{\text {Rating Area }}$ |  | ${ }_{32}^{31}$ | ${ }_{4650.67}^{469}$ | 547.57 5659 |
| ${ }_{\text {coser }}^{\text {33877 PA0040005 }}$ |  | Tooacco Usern (Non-TObaco User |  | ${ }_{488.13}^{48.70}$ |  |
| 3887 PA0040005 | Rating Atea 8 | Tobacco Userl Non-Tobacaco User | ${ }^{35}$ | 491.35 | ${ }_{577.33}$ |
|  |  | Tooacco verlvon-Touaccu User | ${ }_{37}^{36}$ | ${ }_{499778}^{4946}$ |  |
|  |  | Totacco Ueer (Non-Tobacco User |  |  |  |



## 2017 Service Area

## Issuer: Keystone Health Plan East <br> Market: Small Group



[^1]
## 2018 Service Area

## Issuer: Keystone Health Plan East <br> Market: Small Group



[^2]SERFF Tracking Number: INAC-131005809
Filing Company: Keystone Health Plan East, Inc.
State:
State Tracking
Number:
Company Tracking
KHPE SG 1-1-2018
Number:
TOI:

## H15G Group Health - Hospital/Surgical/Medical Expense

Product Name:
KHPE Small Group HMO eff 1-1-2018

## Project Name:

Objection Letter Status: Data Request Sent
Objection Letter Date:06/15/2017
Respond By Date:
Submitted Date:06/15/2017 02:06 PM
Dear David Walker,
Introduction:June 15, 2017

David Walker
Keystone Health Plan East, Inc.
1901 Market Street
Philadelphia, PA 19103

RE: Keystone Health Plan East Small Group HMO QHP Filing for 2018.
Pennsylvania Insurance Department ID \#: INAC-131005809

Dear David Walker:

The Pennsylvania Insurance Department has received and conducted a preliminary review of the above captioned filing. In order to complete the review, we are requesting the following information. To facilitate a timely review, we request this information be provided within 5 business days of the date of this letter. If you have any questions or difficulties in providing the data within this time frame, please call me.

1. In Wksh 2 of the URRT, the AV Pricing Values should be equal to the total adjustment from the Market Adjusted Index Rate (MAIR) to the Plan Adjusted Index Rate (PAIR) for each plan (e.g. MAIR x AV Pricing Value $=$ PAIR). However, this does not appear to be the case. Please explain why this is not the case or correct the issue to follow the Part III URRT Instructions Section 4.7.2.
2. Please show a numerical development of the assumed annual trend used in projecting the experience period claims to the projected 2018 coverage year. Please include the trends based on historical experience for each benefit category for years 2014, 2015, 2016, and 2017 (year to date). We realize 2017 trends will be partially based on estimated claim costs.
3. Please explain and show support for the 'Change in Demographics' factor and the 'Change in Benefits' factors shown in the file [Exhibit A_Small Group.xIsx]. At a minimum, provide the numerical development of the 'Demo' factors and a detailed description of what is reflected in the 'SumOf2017_Base_Rate_rel' values, as well as a description of how those values were developed.
4. Please provide numerical support for the age calibration factor of 1.4466. In your support, please provide the projected 2018 distribution of membership by age.
5. We have the following questions regarding the benefit richness (induced demand) column in Table 10.
a. Please provide numerical support for the benefit richness (induced demand) factors shown in Table 10.
b. Please confirm and demonstrate in your support that health status was not taken into account when developing these factors.
c. Please explain why these values vary within a given metal if health status is not taken into account; specifically for Silver plans, where the factors range from 0.858 to 0.993 , Gold plans where the factors range from 0.995 to 1.088 , and Platinum plans where the factors range from 1.056 to 1.190 .
6. Please describe the methodology used to determine the provider network factor used in column N of Table 10.
7. Please provide the numerical development of the tobacco surcharge of 1.013 shown in column $P$ of Table 10.
8. Please provide the numerical development of the projected MLR calculation that shows compliance with
the $80 \%$ minimum MLR.
9. Please provide the numerical development of the average paid to allowed factor of 0.880 as entered in the URRT Wksh 1 Section III.
10. Please show support and explain the methodology used to project the quarterly member months shown in Table 5A.
11. We have the following questions regarding the risk adjustment PMPM value:
a. Please provide the quantitative development of the projected risk adjustment PMPM payment equal to \$9.05.
b. Please demonstrate quantitatively how the 0.86 factor which is to be applied to the statewide average premium in the 2018 risk adjustment calculation was taken into account in developing the projected risk adjustment payment PMPM of $\$ 9.05$
c. Please provide the actual 2014 and 2015 risk adjustment PMPM payments/receipts.

The following are additional questions from the PID:

1. Please confirm that a risk adjustment user fee of $\$ 0.14$ PMPM was included in the "Projected Risk Adjustment PMPM" of - $\$ 9.05$ shown in the Department's Table 5.
2. The 2017 administrative expenses PMPM were $\$ 52.75=(0.09891)^{*}(\$ 533.28)$ from Table 6 while the 2018 administrative expenses PMPM are $\$ 79.00=(0.1455) *(542.95)$. Please explain why the administrative expenses on a PMPM basis went up 50\% from 2017 to 2018.
3. Please show the development of the average commission and circumstances in which broker commissions will be paid and if they will vary based on geographic location, metal level, plan, open enrollment vs SEP enrollment, etc. Additionally, the current and 2018 broker agreements should be included and used to develop the percent shown in Table 6 as well as the associated PMPM amount.
4. Please confirm that you have tested to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, the PA Plan Design Summary and Rate Tables, the Federal Rates Template, and in the binder are identical.
5. For the KHPE Small Group expanded Bronze plans, please demonstrate that the $\$ 50$ PCP copay and $\$ 100$ specialists copay are less than or equal to $50 \%$ coinsurance for that category to comply with the CCIIO guidelines.

Conclusion: Upon receipt of your responses to the above requested data, the Department will continue to review your filing. Please note that there may be additional questions and/or requirements as the Department conducts a more in-depth review.

Should you have any questions regarding this correspondence, please contact me at (717) 783-2117 or email at jlaverty@pa.gov.

Sincerely,

James Laverty, ASA, MAAA
Actuary
Bureau of Accident \& Health Insurance

Conclusion:
Sincerely,
Jim Laverty

## KHPE SMALL GROUP

## JUNE 15 RESPONSES

1. In Wksh 2 of the URRT, the AV Pricing Values should be equal to the total adjustment from the Market Adjusted Index Rate (MAIR) to the Plan Adjusted Index Rate (PAIR) for each plan (e.g. MAIR x AV Pricing Value = PAIR). However, this does not appear to be the case. Please explain why this is not the case or correct the issue to follow the Part III URRT Instructions Section 4.7.2.

Please see Table 10 of the PA Actuarial Memo Rate Exhibits for the numeric demonstration of the calculation of Plan adjusted index rate from Market Adjusted Index Rates. The Market Adjusted Index Rate is in cell C11 on the "III- Plan rates" tab. The Plan Adjusted Index Rates are in column AA of this tab.

This also impacts our response to question 13, since we set the Pricing AV in the URRT to the expected Paid to Allowed.
2. Please show a numerical development of the assumed annual trend used in projecting the experience period claims to the projected 2018 coverage year. Please include the trends based on historical experience for each benefit category for years 2014, 2015, 2016, and 2017 (year to date). We realize 2017 trends will be partially based on estimated claim costs.

Please see below for information on the projected unit cost trends.

| 2017 | HMO | PA Small Group | Inpatient | Outpatient | Professional | Capitated |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | 3.6\% | 2.4\% | 0.7\% | 2.5\% |
| 2018 | HMO | PA Small Group | 2.7\% | 2.5\% | 1.4\% | 2.5\% |
| 2019 | HMO | PA Small Group | 2.7\% | 2.5\% | 1.4\% | 2.5\% |

3. Please explain and show support for the 'Change in Demographics' factor and the 'Change in Benefits' factors shown in the file [Exhibit A_Small Group.xIsx]. At a minimum, provide the numerical development of the 'Demo' factors and a detailed description of what is reflected in the 'SumOf2017_Base_Rate_rel' values, as well as a description of how those values were developed.

The change in demographics is based on the 2017 Federal age curve. Please see derivation below.

| 2017 | KHPE | Demo |
| :--- | :---: | :---: |
| $0-20$ | 26,696 | 0.635 |
| $21-29$ | 17,719 | 1.032 |
| $30-39$ | 21,307 | 1.202 |
| $40-49$ | 20,017 | 1.457 |
| $50-59$ | 23,904 | 2.182 |
| $60-63$ | 7,678 | 2.825 |
| $64+$ | 2,678 | 3.000 |
|  |  |  |


|  | 119,999 | 1.43 |
| :---: | :---: | :---: |
|  |  |  |
|  |  |  |
| 2016 | KHPE | Demo |
| $0-20$ | 27,595 | 0.635 |
| $21-29$ | 17,859 | 1.021 |
| $30-39$ | 21,113 | 1.191 |
| $40-49$ | 20,747 | 1.448 |
| $50-59$ | 24,742 | 2.173 |
| $60-63$ | 7,798 | 2.814 |
| $64+$ | 2,793 | 3.000 |
|  |  |  |
|  | 122,647 | 1.43 |

The change in benefit is being calculated using the 201721 year old rate by HIOS ID. (I.e. The base rate)

The 201721 year old rate by HIOS ID is weighted by 2016 enrollment and then compared to the 201721 year old rate by HIOS ID weighted by 2017 enrollment. The ratio of these two numbers is the benefit change. (Note: For this calculation each member is receiving the 21 year old rate, regardless of their age)
4. Please provide numerical support for the age calibration factor of 1.4466. In your support, please provide the projected 2018 distribution of membership by age.

Please see below. Note, as is appropriate, calibration uses the 2018 Federal age curve.

|  | 2018 Expected <br> Age distribution | 2018 Demo Factors |
| :--- | :---: | :---: |
| $0-20$ | $23 \%$ | 0.811 |
| $21-29$ | $15 \%$ | 1.032 |
| $30-39$ | $18 \%$ | 1.202 |
| $40-49$ | $17 \%$ | 1.457 |
| $50-59$ | $20 \%$ | 2.182 |
| $60-63$ | $6 \%$ | 2.825 |
| $64+$ | $1 \%$ | 3.000 |
| Total | $100 \%$ | 1.447 |

5. We have the following questions regarding the benefit richness (induced demand) column in Table 10.
a. Please provide numerical support for the benefit richness (induced demand) factors shown in Table 10.
b. Please confirm and demonstrate in your support that health status was not taken into account when developing these factors.
c. Please explain why these values vary within a given metal if health status is not taken into account; specifically for Silver plans, where the factors range from 0.858 to 0.993 , Gold plans where the factors range from 0.995 to 1.088 , and Platinum plans where the factors range from 1.056 to 1.190.

Our induced demand factors do not take into account health status. For 2018 we did not update the induced demand factors, rather we first solved for the induced demand factors that would generate the 2017 rates slope in 2018 before benefit changes.

We utilized this approach because we are trying to preserve the rate relationship we currently have in the market.
6. Please describe the methodology used to determine the provider network factor used in column $\mathbf{N}$ of Table 10.

The provider network factor is calculated based on the expected unit cost differences between the proactive and non-proactive networks. These differences are a combination of different contracting between the networks. (l.e. The same facilities contracted at different rates between the two networks) and facility mix. (I.e. Different facilities being utilized for the same services between the two networks.)

We expect the proactive network to be $10 \%$ less expensive than the Non-proactive network. We then normalized so that the weighted average of the factors equals 1.00.

This results in a factor of 0.935 for Proactive and 1.028 for Non-proactive. (I.e. $1.028 / 0.935=1.10$ or a $10 \%$ difference)
7. Please provide the numerical development of the tobacco surcharge of 1.013 shown in column $P$ of Table 10.

Please see table below. The calculation uses the expected age distribution and expected \% tobacco use by age, as well as our previously approved tobacco factors to determine the impact of tobacco rating.

|  | 2018 Expected <br> Age <br> distribution | Expected \% <br> tobacco use | Approved Tobacco <br> Factors |
| :--- | :--- | ---: | :---: |
| $0-20$ | $23 \%$ | $7.00 \%$ | - |
| $21-29$ | $15 \%$ | $7.00 \%$ | 0.125 |


| $30-39$ | $18 \%$ | $7.00 \%$ | 0.175 |
| :--- | :---: | :---: | :---: |
| $40-49$ | $17 \%$ | $7.00 \%$ | 0.225 |
| $50-59$ | $20 \%$ | $7.00 \%$ | 0.375 |
| $60-63$ | $6 \%$ | $7.00 \%$ | 0.375 |
| $64+$ | $1 \%$ | $7.00 \%$ | 0.375 |
| Total |  |  | $1.3 \%$ |

8. Please provide the numerical development of the projected MLR calculation that shows compliance with the $80 \%$ minimum MLR.

Projected Premium from table $6=\$ 542.95$
Projected Paid claims from table $=\$ 419.85$
Projected Risk adjustment = (\$9.05)
QI = 0.47\%; Taxes and fees = 3.69\% (From table 6)
$M L R=(419.85+(542.95 \times 0.0039)) /(542.95-9.05-(542.95 \times 0.0369))=82.1 \%>80 \%$ minimum
9. Please provide the numerical development of the average paid to allowed factor of 0.880 as entered in the URRT Wksh 1 Section III.

Please see column $K$ of table 10 for the derivation of the aggregate paid to allowed.
10. Please show support and explain the methodology used to project the quarterly member months shown in Table 5A.

The quarterly member months in table 5 A is based on the membership renewing by quarter. Specifically, we expect 524,796 of the 1,445,976 member months to be in groups that renew in the $1^{\text {st }}$ quarter of 2018 , etc.
11. We have the following questions regarding the risk adjustment PMPM value:
a. Please provide the quantitative development of the projected risk adjustment PMPM payment equal to $\$ 9.05$.

Please see below.
This is the risk adjustment calculation.
$T_{i}=\left[\frac{P L R S_{i} \cdot I D F_{i} \cdot G C F_{i}}{\sum_{i}\left(s_{i} \cdot P L R S_{i} \cdot I D F_{i} \cdot G C F_{i}\right)}-\frac{A V_{i} \cdot A R F_{i} \cdot I D F_{i} \cdot G C F_{i}}{\sum_{i}\left(s_{i} \cdot A V_{i} \cdot A R F_{i} \cdot I D F_{i} \cdot G C F_{i}\right)}\right] \bar{P}_{S}$
Where
PS = State average premium * 0.86; PLRSt = plan i's plan liability risk score; AVi = plan i's metal level $A V ; A R F i=$ allowable rating factor; IDFi = plan i's induced demand factor; GCFi = plan i's geographic cost factor;

| KHPE |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | State Avg |  |  |  |  | Product | Product |
| Issuer | Metal | BMMO | PLRS | Premium | ARF | GCF | IDF | AV | with Risk | w/o Risk |
| KHPE | Plat (1) | 347,968 | 1.8326 |  | 1.4256 | 1.1115 | 1.1500 | 90\% | 2.3425 | 1.6400 |
| KHPE | Gold (2) | 754,831 | 1.3461 |  | 1.4335 | 1.1115 | 1.0800 | 80\% | 1.6159 | 1.3766 |
| KHPE | Silver (3) | 357,120 | 1.1058 |  | 1.4849 | 1.1115 | 1.0300 | 70\% | 1.2659 | 1.1900 |
| KHPE | Bronze (4) | 34,729 | 0.8302 |  | 1.5471 | 1.1115 | 1.0000 | 60\% | 0.9228 | 1.0317 |
| Total |  | 1,494,648 | 1.3900 | \$538.18 | 1.4466 | 1.1115 | 1.0825 | 79\% | 1.6843 | 1.3818 |
|  |  |  |  |  |  |  |  |  |  |  |
| Statewide Average |  |  | 1.4140 | \$538.18 | 1.4360 | 1.0000 | 1.0800 | 79\% | 1.5271 | 1.2314 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | (9.05) |  |

(9.05) $=$ [ [ $1.6843 / 1.5271-1.3818 / 1.2314] \times 538.18 \times 0.86]-0.14$
(Per PID guidance, the 0.14 Risk adjustment user fee is included in the risk adjustment calculation)
b. Please demonstrate quantitatively how the 0.86 factor which is to be applied to the statewide average premium in the $\mathbf{2 0 1 8}$ risk adjustment calculation was taken into account in developing the projected risk adjustment payment PMPM of $\mathbf{\$ 9 . 0 5}$.

The 0.86 factor was taken into account by multiplying the expected statewide average premium by 0.86 when calculating the risk transfer amount. This is new for 2018.

$$
\bar{P}_{S}=\left(\sum_{i}\left(s_{i} \cdot P_{i}\right)\right) * 0.86
$$

c. Please provide the actual 2014 and 2015 risk adjustment PMPM payments/receipts.

The following are additional questions from the PID:

1. Please confirm that a risk adjustment user fee of $\mathbf{\$ 0 . 1 4}$ PMPM was included in the "Projected Risk Adjustment PMPM" of -\$9.05 shown in the Department's Table 5.

Confirmed, please see response to question 11 for the calculation.
2. The 2017 administrative expenses PMPM were $\$ 52.75=(0.09891)^{*}(\$ 533.28)$ from Table 6 while the 2018 administrative expenses PMPM are $\$ 79.00=(0.1455) *(542.95)$. Please explain why the administrative expenses on a PMPM basis went up 50\% from 2017 to 2018.

We have updated the admin allocation in the Pricing to align with the financials.
3. Please show the development of the average commission and circumstances in which broker commissions will be paid and if they will vary based on geographic location, metal level, plan, open enrollment vs SEP enrollment, etc. Additionally, the current and 2018 broker agreements should be included and used to develop the percent shown in Table 6 as well as the associated PMPM amount.

We have reached out to our Sales department to get the current and 2018 broker agreements.
4. Please confirm that you have tested to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, the PA Plan Design Summary and Rate Tables, the Federal Rates Template, and in the binder are identical.

Thank you for bringing this to our attention. We will update the PA Plan Design Summary and Rate Tables and the Federal Rate template for the on exchange plans, (The off exchange plans are not included in the Federal Rate template.)

When the rate grids were created the 45 year old rate was used as the index (i.e. the one rounded to the nearest dollar) and all rates were calculated off of that using the federal age curve. This causes the 21 year old rate to be slightly different from Table 11.

We are updating our rate grid to index off the 21 year old rate from Table 11 instead.
5. For the KHPE Small Group expanded Bronze plans, please demonstrate that the \$50 PCP copay and $\$ 100$ specialists copay are less than or equal to $\mathbf{5 0 \%}$ coinsurance for that category to comply with the CCIIO guidelines.

Our average allowed cost per visit for PCP is about $\$ 115$. Therefore $\$ 50$ PCP copay is less than $50 \%$ coinsurance. Specialist copay is set to $2 x$ PCP copay.

SERFF Tracking Number: INAC-131005809
Filing Company: Keystone Health Plan East, Inc.
State:

## State Tracking Number:

Company Tracking
KHPE SG 1-1-2018
Number:
TOI:
H15G Group Health - Hospital/Surgical/Medical
Expense
Sub-TOI: KHPE Small Group HMO eff 1-1-2018

## Project Name:

Objection Letter Status:Data Request Sent
Objection Letter Date:07/06/2017
Respond By Date:
Submitted Date:07/06/2017 04:15 PM
Dear David Walker,
Introduction:July 6, 2017

David Walker
Keystone Health Plan East, Inc.
1901 Market Street
Philadelphia, PA 19103

RE: Keystone Health Plan East Small Group HMO QHP Filing for 2018.
Pennsylvania Insurance Department ID \#: INAC-131005809

Dear David Walker:

The Pennsylvania Insurance Department has received and conducted a review of your responses to our June 15th data request letter. In order to complete the review, we are requesting the following information. To facilitate a timely review, we request this information be provided by July 14, 2017. If you have any questions or difficulties in providing the data within this time frame, please call me.

The following questions are from Oliver Wyman, our Actuarial Consultant:

1. Please provide the actual year-over-year trend rates which were observed over the time period of 20142016 based on the historical normalized single risk pool claims experience. To the extent the assumed annual trend rate utilized in the development of the proposed 2018 rates is significantly different than recent trend levels which have been observed provide the specific reason(s) future trend rates are expected to be different than historical levels.
2. The following questions are related to the Change in Benefits adjustment per your response to Question 3:
a. Please describe what the Change in Benefits adjustment is intended to account for in the development of the projected Index Rate.
b. It appears that the adjustment was developed by comparing the weighted average 21 year old 2017 premium rate by HIOS ID based on 2016 enrollment to that based on 2017 enrollment. Please confirm that this understanding is correct.
c. If so, given that this comparison would seem to reflect any changes in the average paid-to-allowed ratios between the 2016 and 2017 enrollment (e.g. a shift in membership to Gold plans, etc.) it is not clear why this adjustment is appropriate to apply in the projection of the 2018 Index Rate, which reflects allowed claims only. Please clarify.
3. Per your response to Question 5, it is our understanding that the induced demand factors for 2018 were solved for such that a similar pricing slope by plan would be used in 2018 as was used in 2017. a. Recognizing this, please describe in greater detail how the initial pricing slope filed for in 2017 was developed. In particular, please describe how the induced demand factors filed for in 2017 were developed. b. In original development of the induced demand factors (and corresponding slope of those factors) describe how it was ensured that health status was not taken into account.
4. The following questions are related to the Risk Adjustment payment PMPM calculation provided in response to Question 11:
a. Please provide additional detail regarding how the assumed statewide average PLRS, ARF, and AV values were determined.
b. Please reconcile the statewide average values used in the calculation provided to the statewide average values for these items which were recently released on 6/30/2017 by CMS in Appendix A of the Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2016 Benefit Year.
c. If significantly different, please explain why the differences are reasonable or specify how using the actual statewide average values for 2016 would change the risk adjustment transfer assumption.
d. Please demonstrate quantitatively how the statewide average premium amount equal to $\$ 538.18$ PMPM was developed.
e. Please provide the actual 2016 risk adjustment PMPM payment/receipt.

The following are additional questions or comments from the PID:

1. If you wish to make adjustments to the projected RA amount included in this rate submission and the URRT, based on the June 30, 2017 Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers, then you must do so by July 14th. Provide narrative and an Excel spreadsheet demonstrating the development and assumptions.
2. Please provide a PDF file for public review (Public Rate Filing PDF) in SERFF to show the updated rate request. The following updated supporting items must be included:

- Cover Letter
- Rate Change Request Summary (Attachment 1)
- Part 1 - Unified Rate Review Template (URRT)
- Part II - Consumer Friendly Justification
- Part III - Federal Actuarial Memorandum (redacted)
- PA Actuarial Memorandum (redacted)
- PA Actuarial Memorandum Rate Exhibits
- PA Plan Design Summary and Rate Tables
- Federal Rates Templates
- Service Area Maps
- Correspondence - Q\&A's

Please remain cognizant of the limited redactions as outlined on pages 3 and 4 of the 2018 Guidance. Only those specific items may be redacted. Since AV screenshots and commission schedules are proprietary, they should not be included in this public PDF. Additionally, please ensure that documents and spreadsheets are internally consistent and that the Excel exhibit with formula corrections emailed to you on June 15, 2017 is used. The deadline for the revised PDF is COB July 18, 2017.
3. Please note that all revisions must be reflected in this resubmission. The Department shall not allow any changes to the rates after this submission.

Conclusion: Upon receipt of your responses to the above requested data, the Department will continue to review your filing. Please note that there may be additional questions and/or requirements as the Department conducts a more in-depth review.

Should you have any questions regarding this correspondence, please contact me at (717) 783-2117 or email at jlaverty@pa.gov.

Sincerely,

James Laverty, ASA, MAAA
Actuary
Bureau of Accident \& Health Insurance

Conclusion:
Sincerely,
Jim Laverty

## KHPE SMALL GROUP

## JULY 6 RESPONSES

1. Please provide the actual year-over-year trend rates which were observed over the time period of 2014-2016 based on the historical normalized single risk pool claims experience. To the extent the assumed annual trend rate utilized in the development of the proposed 2018 rates is significantly different than recent trend levels which have been observed provide the specific reason(s) future trend rates are expected to be different than historical levels.

Please see the tables below.
Unit Cost

|  | Inpatient | Outpatient | Professional | Capitation |
| :---: | ---: | ---: | ---: | ---: |
| 2014 HMO PA Small Group | $7.8 \%$ | $4.3 \%$ | $1.9 \%$ | $0.6 \%$ |
| 2015 HMO PA Small Group | $5.9 \%$ | $3.1 \%$ | $0.7 \%$ | $-2.5 \%$ |
| 2016 HMO PA Small Group | $3.9 \%$ | $1.9 \%$ | $0.8 \%$ | $1.6 \%$ |

Utilization

|  | Inpatient | Outpatient | Professional | Capitation |
| :---: | ---: | ---: | ---: | ---: |
| 2014 HMO PA Small Group | $-21.5 \%$ | $-25.2 \%$ | $-20.4 \%$ |  |
| 2015 HMO PA Small Group | $-5.9 \%$ | $-4.1 \%$ | $-4.1 \%$ |  |
| 2016 HMO PA Small Group | $4.7 \%$ | $10.3 \%$ | $9.5 \%$ |  |

2. The following questions are related to the Change in Benefits adjustment per your response to Question 3
a. Please describe what the Change in Benefits adjustment is intended to account for in the development of the projected Index Rate.
b. It appears that the adjustment was developed by comparing the weighted average 21 year old 2017 premium rate by HIOS ID based on 2016 enrollment to that based on 2017 enrollment.
Please confirm that this understanding is correct.
c. If so, given that this comparison would seem to reflect any changes in the average paid-toallowed ratios between the 2016 and 2017 enrollment (e.g. a shift in membership to Silver plans, etc.) it is not clear why this adjustment is appropriate to apply in the projection of the 2018 Index Rate, which reflects allowed claims only. Please clarify.
a. It accounts for the benefit items not accounted for in paid to allowed. (E.g. Growth in alternative networks in the experience period etc.)
b. That is the start of the calculation, we have also adjusted for the change in paid to allowed.
c. An argument could be made for moving this adjustment into the utilization trend instead of carving it out as a separate factor. Note that it is not related to the paid to allowed.
3. Per your response to Question 9, it is our understanding that the induced demand factors for 2018 were solved for such that a similar pricing slope by plan would be used in 2018 as was used in 2017.
a. Recognizing this, please describe in greater detail how the initial pricing slope filed for in 2017 was developed. In particular, please describe how the induced demand factors filed for in 2017 were developed.
b. In original development of the induced demand factors (and corresponding slope of those factors) describe how it was ensured that health status was not taken into account.

This question is similar to the question we received on our 2017 filing that we responded to on July $22^{\text {nd }} 2016$ for the 2017 KHPE Individual filing. Below is the response that we provided on July 22 nd 2016.
"The attached exhibit shows our induced utilization calculation. We have deviated slightly from the format requested to demonstrate our calculations.

Included in this file are (1) an excel spreadsheet with formulas that shows the calculation of each Pricing AV and cost sharing factors for each plan.
(2) This file also demonstrates how our factors normalize to 1.000 as well as shows quantitatively that plan premiums are proportional to Plan AVs.

Note that this is based on information that was known at the time of the filing and does not reflect the updated risk transfer information that was received on June 30, 2016.

Our methodology incorporates the induced demand utilization factors from the risk adjustment model in the expected risk adjustment transfer payments. "

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*** REDACTED ***
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4. The following questions are related to the Risk Adjustment payment PMPM calculation provided in response to Question 14:
a. Please provide additional detail regarding how the assumed statewide average PLRS, ARF, and AV values were determined.
b. Please reconcile the statewide average values used in the calculation provided to the statewide
average values for these items which were recently released on 6/30/2017 by CMS in Appendix $A$ of the Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for the 2016 Benefit Year.
c. If significantly different, please explain why the differences are reasonable or specify how using the actual statewide average values for 2016 would change the risk adjustment transfer assumption.
d. Please demonstrate quantitatively how the statewide average premium amount equal to \$38.18 PMPM was developed.
a. They were calculated using the new methodology outlined in the 2018 Notice of Benefit and payment parameters. The changes affect the PLRS primarily. The major changes include that the PLRS will now include Pharmacy data in the calculation and coefficients were updated.
b. Please see below for the statewide average factors for PA by year since 2014.

As described in a. the PLRS is changing due to updates to the risk adjustment model in 2018. The ARF and $A V$ are in line with historic values.

|  | Small Group |  |  |  |  |  |  |  |
| ---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | $\frac{\text { Statewide }}{\text { PLRS }}$ |  | $\frac{\text { ARF }}{}$ | $\underline{\text { AV }}$ | $\underline{\text { avg Prem }}$ |
| 2014 | 1.458 | 1.449 | 0.811 | $\$$ |  |  |  |  |
| 2015 | 1.535 | 1.436 | 0.801 | $\$$ |  |  |  |  |
| 2016 | 1.514 | 1.438 | 0.794 | $\$$ |  |  |  |  |
|  |  |  | 471.10 |  |  |  |  |  |
| Expected 2018 | 1.414 | 1.436 | 0.794 | $\$$ |  |  |  |  |

c. ARF and AV are in line with historic values. If we were to do the calculation using 2016 AV and ARF. The resulting risk transfer PMPM would be 5.70 versus the 5.07 we have calculated using our expected 2018 ARF and AV.
d. $\$ 538.18=\$ 471.10 \times$ Average 2017 rate increase $\times$ Average 2018 rate increase $=\$ 471.10 \times 1.04 \times$ $1.1=\$ 538$
e. The 2016 payable was $(\$ 10,258,625.79)$, which is ( $\$ 6.98$ ) PMPM.

In response to the PID's questions and comments, we will submit an updated Public Rate Filing PDF in SERFF by Tuesday, July 18.


[^0]:    ${ }^{1}$ Note that insurers will have the opportunity to revise their rate change request in July, after they are scheduled to receive updated information about the impact of a federal program called risk adjustment. This document will be updated accordingly at that time.

[^1]:    Key (modify as needed)
    : 2017 on-exchange service area
    Z/ : 2017 off-exchange only service area

[^2]:    Key (modify as needed)
    : 2018 on-exchange service area
    : 2018 off-exchange only service area

