SERFF Tracking #:	*FEMC-130532688*	***State Tracking #:***	*FEMC-130532688*	***Company Tracking #:***	*PA2017RATES*

State:	*Pennsylvania*	***Filing Company:***	*Federated Mutual Insurance Company*
TOI/Sub-TOI:	*H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only*		
Product Name:	*Small Group Health*		
Project Name/Number:	*PA2017Rates/PA2017Rates*		

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Cherri Sanders-Jones	07/21/2016	07/21/2016
Pending Industry Response	Cherri Sanders-Jones	07/13/2016	07/13/2016
Pending Industry Response	Cherri Sanders-Jones	07/06/2016	07/06/2016
Pending Industry Response	Cherri Sanders-Jones	06/17/2016	06/17/2016

Response Letters

Responded By	Created On	Date Submitted
Michael Wolle	07/25/2016	07/26/2016
Michael Wolle	07/19/2016	07/19/2016
Kelly Rooks	07/13/2016	07/13/2016
Kelly Rooks	06/24/2016	06/24/2016

State: Pennsylvania **Filing Company:** Federated Mutual Insurance Company
TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only
Product Name: Small Group Health
Project Name/Number: PA2017Rates/PA2017Rates

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	07/21/2016
Submitted Date	07/21/2016
Respond By Date	07/26/2016

Dear Kelly Rooks,

Introduction:

As you know, on 7/15/18, the Department advised insurers that they could revise the projected risk adjustment transfer amount in small group filings, and that this revision is due Thursday 7/21. If you are going to or have filed a revised risk adjustment transfer estimate, you may ignore the following objection.

Given the difference between the Company's estimated risk adjustment for 2015 and actual 2015 amount, please provide narrative and quantitatively show the development of the pmpm impact this will have on the projected 2017 risk adjustment pmpm amount and the rate impact. Do not revise your filing because of this request; just provide the information requested. Provide by Tuesday July, 26, 2016

Cherri Sanders-Jones
(717) 787-5172

Conclusion:

Sincerely,
Cherri Sanders-Jones

State: Pennsylvania **Filing Company:** Federated Mutual Insurance Company
TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only
Product Name: Small Group Health
Project Name/Number: PA2017Rates/PA2017Rates

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	07/13/2016
Submitted Date	07/13/2016
Respond By Date	07/19/2016

Dear Kelly Rooks,

Introduction:

Please see the attachment below. The response is due by Tuesday, July 19, 2016.

Cherri Sanders-Jones
(717) 787-5172

Conclusion:

Sincerely,
Cherri Sanders-Jones

1. Induced Utilization
    a. Please complete the table below for all plans, and confirm that the ratio in column (8) represents the AV and Cost Sharing for each plan in your filing.[1]

Plan ID (1)	Metal Level (2)	Projected Membership (3)	Projected Allowed Claims (4)	Projected Paid Claims (5)	Company Determined AV Factor (6)	Induced Utilization[2] (7)	AV & Cost Sharing (6)*(7) (8)
xxxxxx xxxxxx xxxxxx Total							

    b. Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of each, the AV and the cost sharing factors for each plan. Also, provide narrative that explains the derivation.
    c. Please provide justification for relative induced utilization assumptions in the Company's pricing that exceed the federal factors used in the risk adjustment model proving that morbidity is not reflected.[3]
    d. Please confirm that each plan's induced utilization factor was normalized by an aggregate factor, and that the resulting sumproduct (against projected membership) produces a factor of 1.000. Please show the steps that demonstrate this.
2. Please show quantitatively that plan premiums are in proportion to the plan AV Pricing Values.

[1] If a tobacco factor is used in the AV and Cost Sharing please add a column for that amount and modify the formula.

[2] The Induced Demand is the amount used by the company to reflect increased demand. This may be called by another name in the filing

[3] The federal factors relative to the Bronze factors are Silver 1.03, Gold 1.08 and Platinum 1.15.

State: Pennsylvania **Filing Company:** Federated Mutual Insurance Company
TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only
Product Name: Small Group Health
Project Name/Number: PA2017Rates/PA2017Rates

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	07/06/2016
Submitted Date	07/06/2016
Respond By Date	07/13/2016

Dear Kelly Rooks,

Introduction:

July 6, 2016
Kelly Rooks, Actuarial Data Analyst
121 East Park Square
Owatonna, MN 55060

RE: Federated Mutual Insurance Company – 2017 Small Group ACA Compliant Plans
Received: May 10, 2016 SERFF Tracking# FEMC-130532688

Dear Ms. Rooks:

The Pennsylvania Insurance Department has received and conducted a 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 7 days of the date of this letter and be provided in pdf. If you have any questions or difficulties in providing the information within this time frame, please call me.
1.Please provide all tables, exhibits, etc. supporting actuarial memorandum in Excel format with formulas for each entry. The Department notes that the Tables included in the PA Actuarial Memorandum were not included in your response.
2.Regarding the calculation of the Age Curve Calibration Factor, please explain why the Company used 5-year age bands instead of each individual age. Please provide the calculation based on the age bands shown in Table 12.
3.Regarding the Large Claim Pooling adjustment:
a.What was the per member per month charge?
b.What was the overall effect on Pennsylvania policyholders?
4.Please provide a narrative justifying the use of a 7.0% trend rate in projecting the Experience Period data and an 8.1% trend rate in calculating the Small Group Index Rates Reflecting Quarterly Trends.
5.Please indicate if the Company included an adjustment to account for the regulation that prohibits charging for more than three children per family, and, if applicable, demonstrate how the adjustment was derived and where it is included in the filing.

Response to this request should be provided via SERFF in Microsoft Excel spreadsheets (version 2013 or less). Please retain all formulas.

Should you have any questions regarding this correspondence, please contact me at (717) 787-5172.

Sincerely,
Cherri Sanders-Jones
Actuarial Review Division

Conclusion:

Sincerely,
Cherri Sanders-Jones

State: Pennsylvania **Filing Company:** Federated Mutual Insurance Company
TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only
Product Name: Small Group Health
Project Name/Number: PA2017Rates/PA2017Rates

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	06/17/2016
Submitted Date	06/17/2016
Respond By Date	06/24/2016

Dear Kelly Rooks,

Introduction:

June 17, 2016
Kelly Rooks, Actuarial Data Analyst
121 East Park Square
Owatonna, MN 55060

RE: Federated Mutual Insurance Company – 2017 Small Group ACA Compliant Plans
Received: May 10, 2016SERFF Tracking# FEMC-130532688

Dear Ms. Rooks:

The Pennsylvania Insurance Department has received and conducted a 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 7 days of the date of this letter and be provided in pdf. If you have any questions or difficulties in providing the information within this time frame, please call me.

1.Please provide all tables, exhibits, etc. supporting actuarial memorandum in Excel format with formulas for each entry.

2.Please be advised that each time the URRT is changed in SERFF, the URRT in HIOS must also be updated. Please acknowledge your understanding and certify that you are in compliance.

3.Please provide the January 1, 2016 through April 30, 2016 emerging experience in an Excel worksheet formatted similar to Table 2.

4.Please provide a factor list (such as trend, morbidity changes, etc.) so that the compounded effect totals to the average rate increase of 33.3%. All factors should be justified and demonstrable.

5.Please describe quantitatively, including an Excel spreadsheet with formulas, the derivation of the 'Population Risk Morbidity' factors (0.947 Experience; 0.964 Manual) as shown in Table 13.1 of the Actuarial Memorandum.

6.Please explain the difference between the $472.78 Projected Allowed Experience Claims PMPM found in Section III, Worksheet 1 of the Unified Rate Review Template (URRT) and the $473.13 Base Allowed Claims found in Table 13.2 of the Actuarial Memorandum.

7.Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the -$39.78 'Projected Risk Adjustments PMPM' found in Section III, Worksheet 1 of the Unified Rate Review Template (URRT). When responding to this data call, you may redact this response as it will contain proprietary information.

8.Exhibit 10 of the Actuarial Memorandum states that the target profit margin is 4.95%, while Table 10.1 and the URRT indicate that it is 3.2%. Please explain the apparent discrepancy and make any necessary corrections.

9.Regarding the 'Taxes and Fees', please confirm compliance with URRT Part 1 instructions where carriers may only enter the portion of any load that is for taxes and fees that may be subtracted from premiums for purposes of calculating the medical loss ratio (MLR).

10.Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the Projected Member Months of 47,772.

11.Please provide an explanation for revising the Geographic Area Factors and describe quantitatively, including an Excel spreadsheet with formulas, the derivation of the revised factors.

12.Please confirm that pediatric vision benefits are included in all plans.

State: Pennsylvania **Filing Company:** Federated Mutual Insurance Company
TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only
Product Name: Small Group Health
Project Name/Number: PA2017Rates/PA2017Rates

13.Please provide the methodology the company intends to use for ensuring coverage of pediatric dental benefits.
14.Please provide the 2015 Statutory Annual Statement Five-Year Historical Data Exhibit.
15.Please provide a copy of the Supplemental Health Care Exhibit (SHCE) and describe the reason(s) for any differences between the SHCE and Worksheet 1, Section 1 of the Uniform Rate Review Template.
16.Provide support for all expenses that do not reflect payments made to providers under the contract for covered medical services. Describe the methodology used for developing the estimate of these non-benefit expenses expected during the projection period for the applicable market, including any allocation of corporate overhead.
17.Regarding broker commissions:
•Under what circumstances and in what geographic locations will commissions be paid?
•Are commissions paid for SEP?
•Provide a copy of the broker agreement - current and 2017.
•Show the calculation of the average commission - current and 2017.
Since this response should include detailed insight into the broker commission, you may redact this response.
18.Please provide the actual and projected (according to the approved rate filing) general administrative expense, claims expense, agent/broker fees and commissions, and Quality Improvement Initiatives for calendar years 2014 and 2015 and the year to date 2016. If aggregate numbers were provided and approved in prior year filings, show the allocated amount of each.
19.Does this filing propose Service Area changes relative to the last approved filing? If so, please discuss.
20.Does this filing propose any changes in your pricing model? If so, please discuss. This response may be redacted since it may contain confidential information.
21.Please discuss the impact SEP enrollees have had on your company's claims experience. If possible provide the 2015 loss ratio for SEP enrollees and non-SEP enrollees.
Please be advised that there may be additional questions as the Department does a more in depth review.

Response to this request should be provided via SERFF in Microsoft Excel spreadsheets (version 2013 or less). Please retain all formulas.

Should you have any questions regarding this correspondence, please contact me at (717) 787-5172.

Sincerely,
Cherri Sanders-Jones
Actuarial Review Division

Conclusion:

Sincerely,
Cherri Sanders-Jones

SERFF Tracking #:	*FEMC-130532688*	***State Tracking #:***	*FEMC-130532688*	***Company Tracking #:***	*PA2017RATES*

State:	*Pennsylvania*	***Filing Company:***	*Federated Mutual Insurance Company*
TOI/Sub-TOI:	*H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only*		
Product Name:	*Small Group Health*		
Project Name/Number:	*PA2017Rates/PA2017Rates*		

Supporting Document Schedules

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	
Attachment(s):	PA Actuarial Memorandum_20160711.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Unified Rate Review Template
Comments:	
Attachment(s):	2017_Unified_Rate_Review_Template_Pennsylvania_20160623.xlsm 2017_Unified_Rate_Review_Template_Pennsylvania_20160623.pdf
Item Status:	
Status Date:	

Satisfied - Item:	PA Actuarial Memorandum Rate Exhibits
Comments:	
Attachment(s):	FINAL 2017 PA Actuarial Memorandum Rate Exhibits_20160623.xlsx FINAL 2017 PA Actuarial Memorandum Rate Exhibits_20160623.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Pediatric Dental Information
Comments:	
Attachment(s):	dental disclosure.pdf Stand Alone Issue Response.pdf
Item Status:	
Status Date:	

Satisfied - Item:	2015 Five-Year Historical Data Exhibit
Comments:	
Attachment(s):	2015 Five-Year Historical Data Exhibit.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Differences between the SHCE and URRT Experience period
Comments:	
Attachment(s):	Differences between the SHCE and URRT Experience period.pdf

Item Status:	
Status Date:	

Satisfied - Item:	Exepense exhibit
Comments:	
Attachment(s):	Expense exhibit.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Response to objections dated 20160617 - Questions 2-3,12-19,21
Comments:	
Attachment(s):	20160617 PA objection - Response.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Redacted Response to objections dated 20160617 - Questions 1,4-11,20
Comments:	
Attachment(s):	Response to PA Objection dated 20160617 (Redacted)_20160623.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Redacted Excel response to objections dated 20160617 - Questions 1,4-5,7,10-11
Comments:	
Attachment(s):	Response to PA Objection dated 20160617 (Redacted)_20160623.xlsb
Item Status:	
Status Date:	

Satisfied - Item:	Part III - Actuarial Memorandum
Comments:	
Attachment(s):	Actuarial Memorandum_Pennsylvania_20160623.pdf
Item Status:	
Status Date:	

Satisfied - Item:	2015 Supplemental Healthcare Exhibit
Comments:	
Attachment(s):	2015 SHCE Pennsylvania.pdf
Item Status:	
Status Date:	

SERFF Tracking #:	*FEMC-130532688*	***State Tracking #:***	*FEMC-130532688*	***Company Tracking #:***	*PA2017RATES*

State:	*Pennsylvania*	***Filing Company:***	*Federated Mutual Insurance Company*
TOI/Sub-TOI:	*H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only*		
Product Name:	*Small Group Health*		
Project Name/Number:	*PA2017Rates/PA2017Rates*		

Satisfied - Item:	Response to objections dated 20160706
Comments:	
Attachment(s):	Response to PA Objection dated 20160706_20160711.pdf Response to PA Objection dated 20160706_20160711.xlsx
Item Status:	
Status Date:	

Satisfied - Item:	Response to Objection dated 20160713
Comments:	
Attachment(s):	Response to PA Objection dated 20160713_20160718.pdf Response to PA Objection dated 20160713_20160718.xlsx
Item Status:	
Status Date:	

Satisfied - Item:	Response to Objection dated 20160721
Comments:	
Attachment(s):	Response to PA Objection dated 20160721_20160725.pdf
Item Status:	
Status Date:	

Attachment 2017_Unified_Rate_Review_Template_Pennsylvania_20160623.xlsm is not a PDF document and cannot be reproduced here.

Attachment FINAL 2017 PA Actuarial Memorandum Rate Exhibits_20160623.xlsx is not a PDF document and cannot be reproduced here.

Attachment Response to PA Objection dated 20160617 (Redacted)_20160623.xlsb is not a PDF document and cannot be reproduced here.

Attachment Response to PA Objection dated 20160706_20160711.xlsx is not a PDF document and cannot be reproduced here.

Attachment Response to PA Objection dated 20160713_20160718.xlsx is not a PDF document and cannot be reproduced here.

Pennsylvania Actuarial Memorandum

Federated Mutual Insurance Company

Small Group Rate Filing
State of Pennsylvania
Policy Form Numbers GH 37 01 (01-17 ed.)

Prepared for:
Federated Mutual Insurance Company

Prepared by:
Hans K. Leida, PhD, FSA, MAAA
Principal & Consulting Actuary
Milliman, Inc.

8500 Normandale Lake Blvd.
Suite 1850
Minneapolis, MN 55437
USA

Tel +1 952 897 5300
Fax +1 952 897 5301

milliman.com

TABLE OF CONTENTS

SECTION 1. BASIC INFORMATION AND DATA

Document Overview

This document contains the Pennsylvania Actuarial Memorandum for Federated Mutual Insurance Company's (Federated's) small group block of business. The rates in this filing will apply to new and renewing ACA-compliant policies effective January 1, 2017. This actuarial memorandum is submitted in conjunction with the Pennsylvania Actuarial Memorandum Rate Exhibits. It is intended to replace the previous version dated May 10, 2016.

The purpose of the actuarial memorandum is to provide certain information related to the submission, including support for the values entered Pennsylvania Actuarial Memorandum Rate Exhibits. This information may not be appropriate for other purposes.

This information is intended for use by the State of Pennsylvania Insurance Department to assist in the review of Federated's small group rate filing. However, we recognize that this memorandum may become a public document. Milliman makes no representations or warranties regarding the contents of this memorandum to other users. Likewise, other users of this memorandum should not place reliance upon this actuarial memorandum that would result in the creation of any duty or liability for Milliman under any theory of law.

Variability of Results

Differences between projections in this analysis and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent the assumptions in this memorandum are not realized.

Interpretation of Law/Regulations

The analysis in this report is based on our current understanding of federal and state rules and regulations. To the extent that these rules and regulations continue to evolve, our work may be subject to change. Milliman is not a law firm. Nothing in this correspondence should be construed as legal advice. In the event a legal interpretation is required, we recommend review by legal counsel.

Data Reliance

In performing this analysis, I relied on data and other information provided by Federated Mutual Insurance Company. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

I performed a limited review of the data used directly in the analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of the assignment.

A data reliance letter is attached to the Part III Actuarial Memorandum included in this filing.

A. Company Information

1. Company Legal Name: Federated Mutual Insurance Company
   NAIC #: 13935
2. Market: Small Group
3. Exchange status: Off only
4. Effective Date: January 1, 2017
5. Average rate change request: 33.3% (calculated in Table 10 of the PA Rate Exhibits, see Table 1.3 below)

6. Range of rate change request: 19.6%-34.9% (plan level increases calculated in Table 10 of the PA Rate Exhibits)
7. Product: PPO
8. Rating Areas: 9 (Federal rating regions)
9. Metal Levels: Platinum, Gold, Silver, Bronze
10. Current number of covered lives: 4,542
    Current number of policyholders: 253 (groups)
11. Number of plans offered in 2017: 31
12. Corresponding contract form #: GH 37 01 (01-17 ed.)
    SERFF Tracking#: FEMC-130532688
    Binder SERFF Filing #: FEMC-PA17-125059197
13. HIOS Issuer ID: 80148

Company Contact Information

Primary Contact Name: Kelly Rooks
Primary Contact Telephone Number: 1-800-533-04-72 ext. 444-6871
Primary Contact Email: groupratefiling@fedins.com

B. Rate History and Proposed Variations in Rate Changes

The historical rate adjustments for Federated's ACA-compliant block of small group business from 2014-2016 are illustrated below in Table 1.1 (2014 was the first year that ACA-compliant policies were sold.) Note that there have been product terminations, plan modifications, and new plans introduced over this time period. Rate changes for plans that were terminated were calculated assuming that members would choose to enroll in the most similar ACA plan offered by Federated upon renewal.

The proposed 2017 rate increase provided in Table 1.1 was calculated for members enrolled in an ACA-compliant plan as of January 2016. Some of those members have not yet renewed onto a 2016 rate level. The increase assumes that those members will renew at their next renewal date onto the most similar 2016 plan design. The average rate increase reflects the weighted average 2017 table rate over the weighted average 2016 table rate (including the impact of the third quarter 2016 rate filing on third and fourth quarter enrollees) for those members. The proposed 2017 rate increase will be lower for members renewing in third and fourth quarter, and higher for members renewing in the first and second quarter.

Note that the rate increase reported in Table 1.1 is consistent with the rate increase reported in the Part III Actuarial Memorandum, but does not equal the rate increase shown in SERFF and Table 10 of the Pennsylvania Actuarial Memorandum Rate Exhibits (PA Rate Exhibits). This is due to differences in the methodology used in the PA Rate Exhibits and the methodology prescribed in the Unified Rate Review (URR) instructions (some of the key differences are described throughout this memorandum).

Table 1.1
Federated Mutual Insurance Company
Historical and Proposed Rate Adjustments

Date	Rate Adjustment	SERFF Tracking #
January 1, 2015	-6.6%	FEMC-129616121
January 1, 2016	6.7%	FEMC-130017955
July 1, 2016	15.0%	FEMC-130466230
Proposed January 1, 2017[1]	28.6%	FEMC-130532688

[1] Increase shown represents a blend of the increase for members who received the July 1, 2016 increase and those who did not (i.e. those sold or renewed in the first two quarters of the year).

The 2017 proposed rate adjustment varies by plan because there were uniform modifications in benefit designs for some plans, the benefit factors were re-priced, and the area factors were revised. Table 1.2 shows how the rate increase varies by plan. The average rate increase reflects the weighted average 2017 table rate over the weighted average 2016 table rate (including the impact of the third quarter 2016 rate filing on third and fourth quarter enrollees) for members enrolled as of January 2016. To be clear, the rate increases by plan will reflect a blend of the rate increase over rates filed for January 1, 2016 (for first and second quarter enrollees), and the additional increase over the third quarter filing effective July 1, 2016 (for third and fourth quarter enrollees). For plans that don't have any membership as of January 2016, the rate increase reflects the statewide average mix of members by area and enrollment quarter as of January 2016. The average rate increases reported in Table 1.2 are consistent with the proposed rate increase reported in Table 1.1, and will differ from the average increases by plan in the PA Rate Exhibits as those also use a different methodology.

Table 1.2
Federated Mutual Insurance Company
Proposed Rate Increase by Plan

Plan	HIOS ID	Jan. 2016 Members	Avg. Rate Increase
1601A	80148PA0040001	20	34.6%
1602A	80148PA0040002	74	21.9%
1603A	80148PA0040003	-	28.8%
1604A	80148PA0040004	10	23.1%
1701A	80148PA0040005	-	25.4%
1606A	80148PA0040006	11	20.6%
1607A	80148PA0040007	8	11.9%
1608A	80148PA0040008	-	22.9%
1609A	80148PA0040009	14	37.6%
1610A	80148PA0040010	-	27.8%
1611A	80148PA0040011	-	26.3%
1612A	80148PA0040012	-	26.3%
1613A	80148PA0040013	-	25.2%
1702A	80148PA0040014	-	19.1%
1615A	80148PA0040015	-	26.0%
1616A	80148PA0040016	110	20.6%
1617A	80148PA0040017	-	25.7%
1703A	80148PA0040018	9	20.9%
1619A	80148PA0040019	-	27.5%
1620A	80148PA0040020	-	27.7%
1621A	80148PA0040021	6	17.6%
1704A	80148PA0040023	-	18.6%
1705A	80148PA0040024	199	6.9%
1706A	80148PA0040025	3	17.6%
1707A	80148PA0040026	7	18.2%
1628A	80148PA0040028	2,154	31.4%
1629A	80148PA0040029	1,338	29.3%
1708A	80148PA0040030	509	26.4%
1709A	80148PA0040031	70	29.8%
1710A	80148PA0040032	-	New in 2017
1711A	80148PA0040033	-	New in 2017

C. Average Rate Change

Table 1.3 provides the average proposed rate increase effective January 1, 2017 calculated using three different methodologies: 1) based on the URR instructions, 2) based on the methodology in Table 10 of the PA Rate Exhibits, and 3) based on the methodology in Table 11 of the PA Rate Exhibits. There are several reasons why the rate increases differ under these methodologies, including:

1. The rate increase in the PA Rate Exhibits is calculated based on the ratio of the calibrated plan adjusted index rates (CPAIR) in 2016 and 2017 (weighted on January 2016 membership), while the URR instructions direct you to calculate the average rate increase using the weighted average current and revised table rates across the current mix of membership as of January 2016.
2. The 2016 and 2017 normalization factors reflected in the CPAIRs in Table 10 of the PA Rate Exhibits are calculated across the projected mix of membership in 2016 and 2017, respectively. When rating factors change from one year to the next (e.g., area factors, plan factors), the calibration factors used to normalize the 2016 and 2017 rates may not fully account for mix differences between the two years.
3. The CPAIRs reflect an age 21 rate level, while the average rate increase under the URR methodology reflects the mix of membership by age as of January 2016. Even though the rating age factors are prescribed by law and are not changing, plan and area mix varies by age, and so the average rate increase calculated will differ depending on whether it is weighted by revenue or by membership. The average rate increase calculated according to the URR instructions is revenue weighted, and the average rate increase in Table 11 of the PA Rate Exhibits is member weighted.

All rate increases shown in Table 1.3 reflect a blend of the rate increase over rates from the 2016 filing effective January 1, 2016 and rates from the third quarter filing effective July 1, 2016. The rate increase for third and fourth quarter enrollees will be lower and the rate increase for first and second quarter enrollees will be higher.

Table 1.3
Federated Mutual Insurance Company
Proposed Rate Increase

Description	Rate Increase
Average Percent Rate Change Requested[1]	28.6%
Rate Increase – PA Rate Exhibits methodology, Table 10[2]	33.3%
Rate Increase – PA Rate Exhibits methodology, Table 11[3]	29.1%

[1] Consistent with the URR instructions.
[2] Consistent with Table 10 in the PA Rate Exhibits and the SERFF Rate Review Detail screen.
[3] Consistent with the rate increase calculated in Table 11 in the PA Rate Exhibits.

D. Membership Count

There are 4,542 members and 253 policies (i.e., groups) enrolled in Federated's ACA-compliant plans in Pennsylvania as of January 31, 2016. See Table 1 of PA Rate Exhibits for the distribution of membership by age for the experience period (2015), as of January 31, 2016, and for the projection period.

E. Benefit Changes

We understand from Federated that there were no material changes in covered benefits from the experience period to the projection period, and that the plans in this filing provide coverage for the Essential Health Benefits (EHBs) required by the 2017 EHB Benchmark Plan. Cost sharing changes (i.e., uniform modifications) are being made to the following plans (by HIOS ID) in 2017 so that they remain within the actuarial value (AV) de minimis range.

- 80148PA0040005
- 80148PA0040014
- 80148PA0040018
- 80148PA0040023

- 80148PA0040024
- 80148PA0040025
- 80148PA0040026
- 80148PA0040030
- 80148PA0040031

The cost sharing changes were valued as part of the benefit pricing model used to create the AV and Cost Sharing Values (i.e., induced utilization and pricing AVs) for 2017. The model was calibrated to Federated's average nationwide small group allowed experience in 2015 and trended forward to the midpoint of 2017. Note that the pricing estimates from this model exclude expected differences in the health status of members expected to choose a particular plan. Specifically, every benefit plan was valued assuming the same cohort of members was enrolled in it.

A more detailed explanation of the benefit analysis is provided in Section 3.

F. Experience Period Claims and Premium

Table 2 in the PA Rate Exhibits provides Federated's Pennsylvania small group experience data (including ACA and transitional) for calendar year 2015, with claims paid through January 31, 2016. An adjustment was made for estimated IBNR. The data reported in Table 2 is consistent with the data reported in Section I of Worksheet I in the URRT.

Key details on the data included in Table 2 include:

- Earned premiums were provided by Federated from their internal systems. Federated has stated that it does not expect to pay any minimum medical loss ratio (MLR) rebates for 2015 incurrals. The sum of earned premiums and estimated risk adjustment transfers in Table 2 will tie to earned premium entered in Section I of the URRT.
- Medical and prescription drug allowed and paid claim experience was provided by Federated. Medical claims are processed by Federated using their internal data systems. Prescription drug claims are generally processed by a Pharmacy Benefit Manager (PBM). Allowed and paid claims in Table 2 will tie to Section I of the URRT once they are reduced for the prescription drug rebates shown.
- Federated does not have private reinsurance.
- Federated does not offer any benefits in addition to EHBs.
- Federated has no capitation arrangements for these products.
- Experience period risk adjustment payments were estimated by Federated, and reflect risk adjustment accruals reported in the 2015 financial statements.
- There were no Federal reinsurance recoveries in the experience period, since reinsurance benefits are not offered in the small group market.

G. Credibility of Data

The method used to determine credibility of the base period experience was based on an internal Milliman study of commercial credibility. The study uses an approach similar to the one used by CMS to develop a credibility formula for Medicare Advantage/Prescription Drug plans, where:

$$\text{Credibility} = \sqrt{\frac{\text{Experience Member Months}}{\text{Full Credibility Threshold}}}$$

The full credibility threshold was set to 48,000 member months. This threshold was estimated to have a similar level of predictive accuracy as the CMS requirement for prediction accuracy in the Medicare Advantage space (i.e., within 10% of the actual value, 95% of the time, if the only source of variability is random fluctuations in claim costs).

The single risk pool data reported in Table 2 of the PA Rate Exhibits includes experience for members enrolled in both ACA plans and transitional plans. Since Federated does not expect any members enrolled in a transitional plan

in the base period to enroll in an ACA plan in the projection period, we only counted base period ACA member months when determining the credibility to apply.

Since base period experience for Pennsylvania is also included in the nationwide credibility manual rate, a downward adjustment was applied to the experience period credibility in order to avoid double counting the base period experience. This adjustment was calculated by taking into consideration the proportion of the manual rate experience that is from the Pennsylvania base experience.

The calculation of the credibility of the base period experience is shown below in Table 1.4.

Table 1.4
Federated Mutual Insurance Company
Credibility of Base Period Experience

Description	Value	Annotation
Member Months - Base Experience	31,010	(a)
Member Months - Manual Rate	444,959	(b)
Full Credibility Threshold – Member Months	48,000	(c)
% Base Experience in the Manual Rate	7.0%	(d) = (a)/(b)
Credibility of Base Experience (no adjustment)	80.4%	(e) = sqrt[(a)/(c)]
Adjusted Credibility of Base Experience	**78.9%**	**(f) = [(e)-(d)] / [1-(d)]**

Table 2b in the PA Rate Exhibits shows the experience period manual rate data. Nationwide calendar year 2015 experience for members enrolled in Federated's small group ACA-compliant plans was combined to develop a fully credible manual rate. Adjustments were made to the manual rate to account for trend (as shown in Table 3b), expected changes in Rx rebates, and anticipated differences between the demographics, area, benefits, provider network mix, and morbidity in the experience period and the projection period.

The experience rate from Table 2 (adjusted to a PMPM basis) was blended with the manual rate from Table 2b (adjusted to a PMPM basis) to calculate the rate shown in Table 2c. The following formula was used to blend the two PMPM rates.

Blended Rate PMPM (Table 2c) = Experience Rate PMPM (Table 2) × 78.9% + Manual rate PMPM (Table 2b) × 21.1%

Note that the member month value in Table 2c was set to 1 so that the values are reported are on a PMPM basis.

Table 4b shows Federated's historical nationwide small group ACA experience. Transitional experience was not included in Table 4b since only ACA experience was used in the development of the manual rate.

H. Trend Identification

Table 3 in the PA Rate Exhibits shows the proposed annual medical and prescription drug allowed claim cost and utilization trends. The service category trends are consistent with those entered in Worksheet I, Section II of the URRT.

The annual allowed trend used to project claims from 2015 to 2017 was 7.0%, made up of 1.4% utilization trend and 5.5% cost trend. Note that the trend factors shown in Table 3 and the URRT reflect an additional adjustment to shift the midpoint from a calendar year basis to the average rate effective period for first quarter rates (based on Federated's anticipated mix of enrollment by month throughout the year). Since Federated applies quarterly rate increases (described below), this adjustment will reflect the average number of months deviation from the midpoint of each quarter (July 1, October 1, January 1, April 1).

Trends were developed based on historical trends in Federated's nationwide commercial group experience data (small and large group), Milliman internal benchmark trends, and actuarial judgment.

Federated's historical nationwide allowed trends were in the range of 3-4% in 2012 and 2014, and in the range of 7-8% in 2015. Network changes occurring during 2013 caused trends to decrease materially in that year, but Federated does not expect to experience network effects of the same magnitude going forward (moreover, prospective network changes are accounted for separately in each state's rate development where applicable).

We referenced two of Milliman's internal sources for benchmark trends: the 2016 Commercial Health Cost Guidelines™ (HCGs), and the Standard & Poor's Healthcare Claim Index Database (S&P). Nationwide 2016 benchmark allowed claim cost trends from the HCGs were in the range of 4-12%, and nationwide small group benchmark allowed claim cost trends from the S&P have been in the range of 2-8% over the last several years.

Based on our review of these sources and Federated's historical trend data, our annual prospective allowed claim cost trend assumption was set at 7% for 2015-2017.

I believe that the approach used to develop the trend rate used in this filing provides the best estimate of prospective secular trends for 2015 to 2017. These trends are then further adjusted through the use of the other projection factors described in the filing to be specific to each of Federated's risk pools (i.e., each state).

Federated intends to recognize trend on a quarterly basis. The quarterly trend adjustment will be 1.96%. The quarterly trend adjustment reflects the assumed annual trend of 7.0%, with an upward adjustment of 1.0% to account for the leveraging impact of fixed cost sharing.

I. Historical Experience

Historical experience for Federated's small group business in Pennsylvania (including non-ACA and ACA business) is shown in Table 4 of the PA Actuarial Memorandum Exhibits. As described above, medical and prescription drug allowed and paid claim experience was provided by Federated. Medical claims are processed by Federated using their internal data systems. Allowed claims are reported directly in the system, and are not calculated from other fields. Prescription drug claims are processed by a Pharmacy Benefit Manager.

Federated's historical experience shown in Tables 4 and 4b was not used directly in the development of trend assumptions for a variety of reasons. In general, Federated's data shows volatility when it is broken down at the service category level. Furthermore, we believe it is difficult to accurately adjust for confounding factors reflected in each plan's historical trends such as the following:

- Marketplace and behavioral changes in response to reforms under the Affordable Care Act;
- Population changes, including demographics, geography, and morbidity;
- Changes in benefit design and seasonality; and
- Contracted reimbursement changes with providers, including the significant network changes that occurred in 2013. Section 1.H above provides a more detailed explanation and support for the assumptions used.

SECTION 2. RATE DEVELOPMENT & CHANGE

A. Development of Projected Index Rate, Market-Adjusted Index Rate, & Total Allowed Claims

Table 5 in the PA Rate Exhibits shows the development of the Projection Period Index Rate, the Market Adjusted Index Rate, and total allowed claims.

The Experience Period Index Rate shown in Table 5 reflects the blended experience and manual rate from Table 2c. The experience period index rate was then adjusted to reflect the demographics, area, benefits, provider network cost level, and morbidity level anticipated in the projection period. Note that the projection factors shown in Table 5 reflect a blend of the adjustments applied to the Pennsylvania experience period data and the nationwide manual rate data. In rate development, the two rates were adjusted to the projection period separately. The projected values were then blended together and trended to the average rate effective period to calculate the index rate for the projection period.

The adjustment factors for the Pennsylvania experience rate and the manual rate are described in more detail below.

Pennsylvania Experience Rate Adjustments

Change in Morbidity

The “Change in Morbidity" factor includes two adjustments.

The first adjustment reflects the impact of removing transitional experience from the single risk pool in the projection period, since Federated does not expect its transitional population to enroll in ACA-compliant plans in 2017. This factor is calculated as the ratio of experience period allowed claims PMPM for the ACA population over experience period allowed claims PMPM for the entire single risk pool.

The second adjustment reflects anticipated differences between the average morbidity of the ACA population in the experience period and the average morbidity of the population anticipated to be enrolled in ACA plans in the projection period. This factor is calculated as the ratio of the estimated morbidity level of the projected population over the estimated morbidity level of the ACA population in the experience period.

The morbidity level of the ACA population in the experience period was estimated using age/gender adjusted silver HHS-HCC risk scores calculated using data provided by Federated. An adjustment was made to high risk scores to mirror a pooling adjustment made to allowed claims (essentially, truncating and pooling risk scores across Federated’s nationwide small group block). The large claim pooling adjustment is described in more detail below under *Large Claim Pooling*.

Morbidity in the projection period was estimated based on the volume and morbidity levels of persisting ACA members and expected new sales. The following assumptions were used to estimate morbidity for these cohorts:

- The morbidity of Federated’s existing ACA members in Pennsylvania will not change materially from the experience period to the projection period, and 80% of existing members will persist at each annual renewal.
- New sales in 2016 and 2017 will follow the average morbidity level across Federated’s existing ACA members nationwide that were new enrollees in 2015 (those not previously enrolled in one of Federated’s non-ACA plans).

Change in Benefits

An adjustment was made to reflect anticipated changes in utilization due to cost sharing from the experience period to the projection period. This includes the impact of plan design changes (that is, uniform modifications made to cost sharing to remain within the actuarial value (AV) de minimis range), as well as changes in the mix of membership by plan from the experience period to the projection period.

The impact of differences in utilization due to cost sharing between the experience period and the projection period was calculated using induced utilization factors from Milliman's 2016 Commercial HCGs. The adjustment factor was calculated as the average induced utilization factor across the anticipated plan mix in the projected period over the average induced utilization factor across the plan mix in the experience period. The induced utilization factors from the HCGs reflect expected differences in utilization due to cost sharing for a standard population, and exclude expected differences in the health status of members expected to choose a particular plan.

Changes in Demographics and Geography

Adjustments were made to reflect the anticipated impact of differences between the average age, gender, and geographic mix in the experience period and projection period. The impact of changes in demographics is shown as the "Change in Demographics" factor in Table 5, while the impact of geography changes is shown in the "Change in Other" factor.

The demographic change factor was developed by calculating the ratio of the average age/gender factor for the population anticipated to be enrolled in the projection period to the average age/gender factor for the population in the experience period. The age/gender factors used in this calculation were from Milliman's 2016 Commercial HCGs.

The geographic change factor was calculated by taking the ratio of the average area factor expected in the projection period over the average area factor in the experience period. The area factors have been updated for 2017, and are described in Section 5.

Change in Network

Federated had two network options in 2015, and will have one network in 2017. The "Change in Network" adjustment factor includes the impact of cost differences between the average mix of enrollment across the two networks in the experience period and the single network offered in the projection period.

Cost level information for each network was provided by Federated based on their network contracting arrangements. The network change factor was calculated as the ratio of the average network cost level expected in the projection period over the average network cost level in the experience period.

Changes in Rx rebates

A small adjustment was made to account for anticipated differences in Rx rebates in the experience period and projection period. This adjustment is reflected in the "Change in Other" factor in Table 5.

Large Claim Pooling

An adjustment was made to account for the impact of pooling large claims in the experience period.

Federated's ACA claims (allowed charges) above an annual threshold of $250,000 per member (for medical and prescription drug services combined) were pooled and spread across Federated's 2015 nationwide small group ACA block on a per member per month basis.

This adjustment is reflected in the "Change in Other" factor in Table 5.

Manual Rate Adjustments

Change in Morbidity

Population morbidity adjustments were made to account for anticipated differences between the morbidity underlying the manual rate and the morbidity of the projected population. The morbidity adjustment was calculated as the ratio of the estimated morbidity level of the projected ACA population in Pennsylvania over the estimated morbidity level of

the manual rate ACA population in the experience period, and is reflected in the "Change in Morbidity" factor in Table 5.

Experience period morbidity was estimated using age/gender adjusted silver HHS-HCC risk scores, as described above for the Pennsylvania experience rate adjustment. Assumptions made to estimate the morbidity level in the projection period were also described above.

Change in Benefits

The manual rate was adjusted for the anticipated differences in utilization due to cost sharing from the data underlying the manual rate in the experience period to the population anticipated to be enrolled in the projection period. This includes the impact of differences in plan designs, as well as changes in the mix of membership by plan from the experience period to the projection period. The impact of this adjustment is reflected in the "Change in Benefits" factor in Table 5.

The impact of differences in utilization due to cost sharing between the experience period manual rate and the projection period was calculated using induced utilization factors from Milliman's 2016 Commercial HCGs (see Section 3). The adjustment was calculated as the average induced utilization factor across the anticipated plan mix in the projected period over the average induced utilization factor across the plan mix underlying the manual rate data in the experience period. The induced utilization factors from the HCGs reflect expected differences in utilization due to cost sharing for a standard population, and exclude expected differences in the health status of members expected to choose a particular plan.

Changes in Demographic and Geography

Population adjustments were made to account for differences between the age/gender and geographic mix underlying the manual rate data, and the age/gender and geographic mix of members anticipated to be enrolled in 2017. The impact of changes in demographics is shown as the "Change in Demographics" factor in Table 5, while the impact of geography changes is shown in the "Change in Other" factor.

The demographic adjustment was calculated as the ratio of the average age/gender factor for the population anticipated to be enrolled in the projection period to the average age/gender factor for the manual rate population in the experience period. The age/gender factors used in this calculation were from Milliman's 2016 Commercial HCGs.

Geographic area adjustments were made to account for differences between expected cost levels due to area in the manual rate data, and expected cost levels due to area for the members anticipated to be enrolled in Pennsylvania in 2017. Area adjustments were applied at two different levels in the manual rate development:

- *State adjustment.* The nationwide manual rate was first adjusted to reflect the cost and utilization level in Pennsylvania in the experience period. This adjustment was developed using Milliman's 2016 Commercial HCGs and state provider discount information provided by Federated. It reflects differences in Federated's network contracting arrangements as well as differences in utilization and practice patterns in Pennsylvania relative to the nationwide average.
- *Rating area adjustment.* The manual rate was further adjusted to account for anticipated changes in the distribution of membership by rating region within the state from the experience period to the projection period. The adjustment was calculated as the average area factor for the population anticipated to be enrolled in the projection period to the average area factor for the population in Pennsylvania in the experience period. The intra-state area factors were updated for 2017, and are described in Section 5. These factors do not reflect differences in morbidity, demographics, or benefits.

Changes in Network

The nationwide manual rate was adjusted to reflect the network cost level anticipated in the projection period using two steps.

- The nationwide manual rate was first adjusted to reflect the network cost level in Pennsylvania in the experience period (using the *state adjustment* described above in the Demographic and Geography Adjustments section).
- Next, we applied an adjustment to account for anticipated changes in network cost level in Pennsylvania between the experience period and the projection period. Cost level information used for this purpose was provided by Federated based on their network contracting arrangements.

This adjustment is reflected in the "Change in Other" factor in Table 5.

Changes in Rx Rebates

A small adjustment was made to account for anticipated differences in Rx rebates in the experience period and projection period. This adjustment is reflected in the "Change in Other" factor in Table 5.

Projected Index Rate

Table 2.1 summarizes the adjustments described above for the experience rate and the manual rate to develop projected EHB allowed claims for Federated's small group single risk pool in Pennsylvania. The allowed claims shown in Table 2.1 are trended to the first quarter rate effective period (that is, it has not yet been trended to the midpoint of the average rate effective period – this adjustment is applied in Table 2.2).

Note that the "Change in Other" factor in Table 5 of the PA Rate Exhibits includes an adjustment to reflect the impact of a difference between the allowed cost trend used to project the base period experience to the rate effective period (shown in Table 3), and the trend factor used to develop the quarterly rate adjustment. These trend factors will be different for the following reasons:

- The trend factor calculated in Table 5A is not an annual rate. It references the trend from Table 3, which includes an adjustment to shift the midpoint from a calendar year basis to the average rate effective period for first quarter rates (based on Federated's anticipated mix of enrollment by month throughout the year). Since Federated applies quarterly rate increases (described below), this adjustment will reflect the average number of months deviation from the midpoint of each quarter (July 1, October 1, January 1, April 1). The average annual allowed trend assumed in pricing is 7.0%.
- The quarterly trend factor used in rate development includes an adjustment to account for the leveraging impact of fixed cost sharing, while the calculated trend factor in Table 5A of the PA Rate Exhibits does not include this adjustment.

Table 2.1 Federated Mutual Insurance Company Projected EHB Allowed Claims – First Quarter Rate Effective Period			
Description	**Experience**	**Manual[1]**	**Total**
2015 Index Rate PMPM	$470.41	$464.26	
Single Risk Pool Adjustments			
Trend to Projection Period (2.09 years)[2]	1.152	1.152	
Population Morbidity[3]	0.947	0.964	
State Adjustment (manual rate only)[4]	1.000	0.985	
Net Pooling Charge	0.909	1.000	
Demographics	1.011	1.002	
Geographic Area	0.999	0.999	
Induced Utilization	0.981	1.012	
Provider Network	0.999	0.999	
Rx Rebates	0.999	0.999	
Adjusted Index Rate PMPM	$462.13	$514.27	
Credibility	78.9%	21.1%	100.0%
Projected EHB Allowed Claims PMPM			**$473.13**
Difference between allowed trend and the quarterly trend factor [5]			1.003
Projected Allowed EHB Claims PMPM – Table 5			***$474.54***

[1] The manual rate reflects Federated's nationwide calendar year 2015 ACA small group experience.
[2] Reflects an additional adjustment to shift the midpoint from a calendar year basis to the average rate effective period for first quarter rates (based on Federated's anticipated mix of enrollment by month throughout the year). Since Federated applies quarterly rate increases (described below), this adjustment will reflect the average number of months deviation from the midpoint of each quarter (July 1, October 1, January 1, April 1).
[3] Includes adjustments for: 1) the impact of removing transitional experience from the single risk pool in the projection period, and 2) anticipated morbidity differences between the ACA population included in the experience period index rate, and the projected ACA population.
[4] For the manual rate, reflects the *state adjustment* described below under Credibility Manual Rate Development. The *rating area adjustment* (also described below under Credibility Manual Rate Development) is reflected in the Geographic Area projection factor.
[5] Reflects the difference between the allowed cost trend used to project the base period experience to the rate effective period (shown in Table 3), and the trend factor used to develop the quarterly rate adjustment. The quarterly trend adjustments used in pricing are shown in Table 2.2 below.

Table 2.2 shows an illustration of the quarterly Index Rates, as well as the Projection Period Index Rate.

Table 2.2 Federated Mutual Insurance Company Small Group Index Rates Reflecting Quarterly Trends					
Description	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total SRP**
Member Months	14,517	5,852	7,466	19,937	47,772
Base Allowed Claims PMPM[1]	$473.13	$473.13	$473.13	$473.13	$473.13
Months of Trend	0.00	3.00	6.00	9.00	5.06
Annual Trend Rate[2]	8.1%	8.1%	8.1%	8.1%	8.1%
Projection Period Index Rate PMPM[3]	$473.13	$482.40	$491.85	$501.49	**$489.03**

[1] Base allowed claims PMPM are consistent with the Projected EHB Allowed Claims shown in Table 2.1.
[2] Includes the leveraging impact of fixed cost sharing.
[3] Reflects the Index Rate for Projection Period shown on Worksheet 1, Section III of the URRT, and the Adjusted Allowed EHB Claims PMPM in Table 5 of the PA Rate Exhibits.

Market-Adjusted Index Rate

The Index Rate was adjusted for the allowable market-wide modifiers to develop the Market Adjusted Index Rate, as shown below in Table 2.3. This includes an adjustment for the expected net risk adjustment transfer in 2017 (the development of this assumption is described in Section 1.F). Because Federated is not offering plans on the exchange, there are no marketplace user fees.

Since the 2017 Index Rate PMPM is on an allowed basis and reflects the average quarterly trend, the net risk adjustment value was divided by the average paid-to-allowed ratio for the single risk pool and trended to the midpoint of the rate effective period.

The Market Adjusted Index Rate is not calibrated. That is, it reflects the expected average demographic and area characteristics of the single risk pool in 2017.

Table 2.3 Federated Mutual Insurance Company Market Adjusted Index Rate		
Description	**Value**	**Annotation**
2017 Index Rate PMPM	$489.03	(a)
Market Adjustments (paid basis)		
Net Risk Adjustment	$39.78	(b)
Average quarterly trend adjustment[1]	1.034	(c)
Market Adjustments (rate effective period)		
Net Risk Adjustment	$41.11	(d)=(b)*(c)
Paid-to-Allowed Ratio	0.843	(e)
Market Adjustments (allowed basis)		
Net Risk Adjustment	$48.75	(f)=(d)/(e)
Market Adjusted Index Rate PMPM	**$537.77**	**(g)=(a)+(f)**

[1] Trend to the midpoint of the average rate effective period (including the impact of leveraging due to fixed cost sharing).

B. Retention Items

Non-benefit expenses, profit, and risk load were provided by Federated.

Administrative Expense Load

The load for administrative expenses, excluding taxes and fees, is 11.0%. This load consists of 10.0% in general administrative expenses and 1.0% in commission expenses.

Profit (or Contribution to Surplus) & Risk Margin

Federated is targeting a profit margin of 4.95% before federal income tax (FIT) for Pennsylvania.

Taxes and Fees

Taxes and fees for 2017 include Pennsylvania state premium taxes, ACA fees for the Patient Centered Outcomes Research Trust Fund (PCORTF), and the risk adjustment user fee.

Note that the Health Insurer Tax for 2017 is zero, consistent with CMS guidance. The prorated impact of the Health Insurer Tax for plans that provide coverage in 2018 has not been included, nor has the prorated impact of the Health Insurer Tax for 2016 plans that provide coverage in 2017. Federated is assuming that the impact of the Health Insurer Tax after accounting for these offsetting adjustments will be immaterial over the 2017 rate effective period.

As Federated does not intend to offer any products on the exchange, there are no marketplace user fees.

Federated has chosen to allocate all administrative expenses, taxes, fees, and profit as an equal percentage of premium across all plans.

The following table illustrates the development of the administrative expense load, profit and risk load, and taxes and fees entries in Worksheet 1, Section III of the URRT and in Table 6 in the PA Rate Exhibits. Note that the risk adjustment user fee is reported separately in the URRT and in Table 6, so it is not shown in Table 2.4.

Table 2.4
Federated Mutual Insurance Company
Illustration of Retention Expenses

Retention Description	PMPM	% Premium	Basis	Annotation
Administrative Expense Load				
General Administrative Load	$53.37	10.0%	% of Premium	(a)
Commission Expense	$5.50	1.0%	% of Premium	(b)
Subtotal: Administrative Expense Load	$58.86	11.0%		(c)=(a)+(b)
Profit and Risk Load				
Target Profit (after FIT)	$17.23	3.2%	% of Premium	(d)
Subtotal: Profit and Risk Load	$17.23	3.2%		(d)
Taxes and Fees				
Pennsylvania State Premium Taxes[1]	$11.20	2.1%	% of Premium	(e)
PCORTF	$0.19	0.0%	PMPM	(f)
Health Insurer Fee	$0.00	0.0%	% of Premium	(g)
Federal Income Taxes	$9.28	1.7%	% of Premium	(h)
Subtotal: Taxes and Fees	$20.66	3.9%		(i)=(e)+(f)+(g)+(h)
Total Retention	**$96.76**	**18.1%**		**(j)=(c)+(d)+(i)**

[1] Includes state and local taxes, licenses, and fees.

C. Normalized Market-Adjusted Projected Allowed Total Claims

Table 7 of the PA Rate Exhibits provides the requested normalization factors weighted by projected membership for 2016 and 2017, respectively. To be clear, the normalization factors for 2016 reflect the projected mix of membership assumed in 2016 pricing, and the normalization factors for 2017 reflect the projected mix of membership expected for 2017. As described above in Section 1, the rate increase calculated after normalization may still reflect mix differences if the rating factors change between 2016 and 2017.

Age Calibration Factor

The age curve calibration factors were calculated as the weighted average age factor based on the projected distribution of membership by age and the standard age curve, applying an age factor of 0 for children in excess of the rating limit. The average whole number age was then determined by finding the age of a member that would have the closest factor to the weighted average age curve factor.

The age curve calibration factors and the average whole number ages for 2016 and 2017 are shown below in Table 2.5.

Table 2.5 Federated Mutual Insurance Company Calculation of the Age Curve Calibration Factor			
	Projected Age Distribution[1]		Average Age
Age Band	2016	2017	Rating Factors
0-20 (first 3)[2]	21.2%	21.5%	0.635
0-20 (4+)[3]	1.6%	1.6%	0.000
21-24	5.9%	5.9%	1.000
25-29	7.3%	7.7%	1.056
30-34	8.3%	8.2%	1.178
35-39	7.7%	7.8%	1.240
40-44	8.3%	8.2%	1.332
45-49	9.9%	9.2%	1.570
50-54	12.1%	11.5%	1.956
55-59	10.6%	11.0%	2.430
60-63	5.8%	6.1%	2.837
64+	1.4%	1.4%	3.000
Total	100.0%	100.0%	
Age Curve Calibration	**1.430**	**1.430**	
Weighted Average Age	**45**	**45**	

[1] Assuming membership is evenly distributed within each age band.
[2] Reflects the first three children on a family contract.
[3] Reflects the fourth and greater children on a family contract.

Prior to applying the allowable rating factors for age and geography, the Plan Adjusted Index Rates need to be divided by the age curve calibration factor.

Geographic Calibration Factor

The geographic calibration factors are equal to the weighted average geographic rating factor based on the projected distribution of membership by geographic area, and the area factors. Table 2.6 below shows the calculation of the geographic calibration factors for 2016 and 2017. Note that the 2017 area factors are updated from 2016. The development of these factors is described in Section 5.

Table 2.6 Federated Mutual Insurance Company Calculation of the Geographic Calibration Factor				
	2016		2017	
Rating Area	Distribution	Area Factor	Distribution	Area Factor
Rating Area 1	3.0%	0.970	2.1%	0.890
Rating Area 2	0.0%	0.970	1.5%	0.920
Rating Area 3	3.4%	1.000	2.5%	0.920
Rating Area 4	5.9%	0.970	11.4%	0.950
Rating Area 5	2.6%	0.970	0.5%	0.820
Rating Area 6	38.2%	1.000	33.9%	1.030
Rating Area 7	10.4%	1.000	11.9%	0.880
Rating Area 8	25.8%	1.130	28.5%	1.090
Rating Area 9	10.8%	1.000	7.9%	0.890
Calibration Factor	100.0%	**1.030**	100.0%	**1.001**

Prior to applying the allowed rating factors for age and geography, the Plan Adjusted Index Rates need to be divided by the geographic calibration factor.

Tobacco and Network Factors

Federated has chosen not to rate by tobacco use. Federated only offers one network in Pennsylvania, so the provider network adjustment is 1.00 for all plans.

Benefit Richness

The Projected Allowed Total Claims are already normalized around the single risk pool in the projection period, so no additional adjustment is required here.

D. Components of Rate Change

Table 8 shows the components of the change in the proposed 2017 Calibrated Plan Adjusted Index Rate PMPM (CPAIR) over the 2016 CPAIR. Note that the 2016 CPAIRs in Table 10 of the PA Rate Exhibits have been adjusted to reflect the impact of the third quarter rate increase filing. However, the build-up illustrated in Table 8 is based on base period allowed claims and the projection adjustments used in the original 2016 filing.

Base period allowed claims before normalization (row B in Table 8) for 2016 reflect blended base period allowed claims for the 2016 Pennsylvania experience based rate and the 2016 nationwide manual rate. This is consistent with the calculation of total base period allowed claims for 2017 (from Table 5).

For 2017, the Change in Miscellaneous Items (row G in Table 8) reflects the difference between the average quarterly trend adjustment used in pricing and the trend values calculated in Table 5A. See Section 2A of this memo for a more detailed explanation of this difference.

For 2016, the Change in Miscellaneous Items reflects the following adjustments:

- The full impact of the average quarterly trend adjustment, including the average impact of leveraging of fixed cost sharing.
- The difference between the retention calculated from the CPAIR in row A of Table 8 and the retention assumed in the original 2016 filing. The retention components are calculated based on the percentage of premium values from Table 9 and the CPAIR in row A. As described above, the CPAIR in Table 8 reflects the rate increase implemented in the third quarter of 2016, so the PMPM retention components calculated in the

table are overstated from the original 2016 filing. The Change in Miscellaneous Items includes an adjustment to remove the impact of the third quarter filing from the retention values reported.

The values in row H of Table 8 are different from row A for the following reasons:

- The 2016 CPAIR reflects the impact of the third quarter rate increase filing, while the values in row H reflect the original 2016 filing. That is, the rate increase displayed in row H approximates the cumulative rate change over the prior 12 months, while the rate increase in row A approximates the rate change that will be experienced by members on average (with the first and second quarter members receiving the impact of both the quarterly filing and the 2017 annual filing and the third and fourth quarter members only receiving the annual filing increase).
- The average 2016 and 2017 CPAIRs (row A) are weighted on the mix of members by plan in January 2016, but they are normalized around projected mix of membership assumed in pricing.
- The adjustments under row D (Change in Normalized Allowed Claims Adjustment Components) and row E (Change in Allowable Plan Adjusted Level Components) reflect the projected mix of membership assumed in pricing for 2016 and 2017, while the adjustments under row F (Change in Retention Components) reflect the mix of membership by plan as of January 2016 for both years (since they're calculated as a percentage of the average CPAIR in row A).

SECTION 3. PLAN RATE DEVELOPMENT

The development of the Calibrated Plan Adjusted Index Rates from the Market Adjusted Index Rate is provided in Table 10 of the PA Rate Exhibits. Note that the rate increase calculated in Table 10 will not equal the rate increase calculated according to the URR instructions for the following reasons:

- The calculated 2016 and 2017 CPAIRs reflect first quarter rates for a 21 year old. That is, they are member weighted, not revenue weighted.
- The overall average rate increase will vary by region, since the area factors are changing in 2017. The breakdown of the rate increase by region does not happen until Table 11 in the PA Rate Exhibits.
- The 2016 CPAIRs are trended to the average rate effective period assumed in pricing for 2016, and do not reflect the actual distribution of enrollment by quarter as of January 2016. Since the quarterly trend factor is changing from 2016 to 2017, the rate increase will vary by quarter and will be impacted by the assumed mix of membership by quarter.

Support for the allowable plan level adjustments shown in columns K through P and R through T is provided below.

Induced Demand and Pricing AV

Induced demand factors (i.e., Benefit Richness) and paid-to-allowed ratios (i.e., Pricing AVs) for each plan were developed using Milliman's 2016 Commercial HCGs. The data underlying the HCGs corresponds to large employer experience.

Data from Milliman's HCGs were calibrated to Federated's average nationwide small group allowed experience in 2015 for the ACA plan with the most enrollment, and trended forward to the midpoint of 2017. An adjustment was made to reflect regional cost and utilization levels. The regional adjustment reflects anticipated differences in network contracting arrangements and the underlying cost level of services provided in Pennsylvania relative to the other states where Federated operates. For clarity, this adjustment reflects geographic variations expected among groupings of states with similar cost levels, and was developed using the *state adjustments* and network change adjustments described in Section 2A.

Allowed and paid estimates for each plan were then developed by applying Federated's plan designs, including adjustments for coverage and cost sharing, at the detailed service category level. The induced demand factors shown in Table 10 reflect expected differences in allowed values by plan, and the Pricing AVs reflect the expected paid-to-allowed ratio for each plan. The allowed and paid estimates from this analysis exclude expected differences in the health status of members expected to choose a particular plan. Specifically, every benefit plan was effectively valued assuming the same cohort of members was enrolled in it.

Note that the overall average Pricing AV calculated in Table 10 does not equal the average paid-to-allowed value shown in Worksheet 1, Section III of the URRT for two reasons:

- The value in the URRT is weighted on induced utilization and membership, while the value in Table 10 is weighted on membership only.
- The value in the URRT reflects the projected mix of membership by plan over the rate effective period, while the value in Table 10 is weighted on the mix of membership as of January 2016.

Similarly, the overall average Induced Demand factor does not equal 1.00 because it is weighted on membership as of January 2016 instead of projected membership over the 2017 rate effective period.

Benefits in Addition to EHBs

Federated does not offer any benefits in addition to EHBs.

Provider Network Adjustment

Federated will only offer one network in Pennsylvania in 2017, so the provider network adjustment is 1.00 for all plans.

Catastrophic Eligibility

This adjustment is not applicable to the small group market.

Tobacco Surcharge Adjustment

Federated has chosen not to apply a tobacco surcharge.

Admin Costs, Taxes, Fees, and Profit

Federated has chosen to allocate administrative expenses, taxes, and fees as an equal percentage of premium for all plans. Support for these retention items was provided in Section 2B.

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

Table 11 in the PA Rate Exhibits calculates the average change in the age 21-year old premium rate. Since the CPAIRs entered in Table 10 reflect the impact of the third quarter rate increase filing, this rate increase approximates the change over current rates.

SECTION 5. PLAN FACTORS

A. Age and Tobacco Factors

Federated's age rating factors follow the age rating curve prescribed by CMS. Federated has chosen not to rate by tobacco use.

B. Geographic Factors

Federated's geographic rating factors have been updated for 2017 based on Federated's historical allowed claim cost data (risk-adjusted to remove the impact of morbidity differences by area) and benchmark area factors from Milliman's HCGs. In order to mitigate the rate change experienced by members due to changes in area rating factors, an adjustment was also made to partially dampen the transition from Federated's current area factors to the new factors.

The original and revised area factors are shown below in Table 5.1.

Table 5.1
Federated Mutual Insurance Company
Geographic Rating Factors

	Area Factor		Normalized Area Factor[1]	
Rating Area	**2016**	**2017**	**2016**	**2017**
Rating Area 1	0.970	0.890	0.940	0.889
Rating Area 2	0.970	0.920	0.940	0.919
Rating Area 3	1.000	0.920	0.969	0.919
Rating Area 4	0.970	0.950	0.940	0.949
Rating Area 5	0.970	0.820	0.940	0.819
Rating Area 6	1.000	1.030	0.969	1.029
Rating Area 7	1.000	0.880	0.969	0.879
Rating Area 8	1.130	1.090	1.095	1.089
Rating Area 9	1.000	0.890	0.969	0.889

[1] Normalized around projected 2017 membership.

C. Network Factors

Federated will only offer one network in Pennsylvania in 2017, so the provider network adjustment is 1.00 for all plans.

D. Service Area Composition

The plans included in this filing will be offered in all rating areas (in their entirety).

E. Composite Rating

Federated does not use composite rating.

SECTION 6. ACTUARIAL CERTIFICATIONS

I am a Principal & Consulting Actuary with the firm of Milliman, Inc. Federated Mutual Insurance Company engaged me to provide the opinion herein.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.

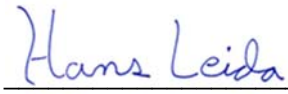
I certify to the best of my knowledge and judgment:

1. All factor, benefit, and other changes from the prior approved filing have been disclosed in the actuarial memorandum.

2. New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.

3. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2017 Rate Filing Justification.

Differences between the projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Signed: 

Name: Hans K. Leida, PhD, FSA, MAAA

Title: Principal & Consulting Actuary

Date: July 11, 2016

Unified Rate Review v3.3

Company Legal Name: **Federated Mutual Insurance C** State: **PA**
HIOS Issuer ID: **80148** Market: **Small Group**
Effective Date of Rate Change(s): **01/01/2017**

Market Level Calculations (Same for all Plans)

Section I: Experience period data

Experience Period: 01/01/2015 to 12/31/2015

	Experience Period Aggregate Amount	PMPM	% of Prem
Premiums (net of MLR Rebate) in Experience Period:	$10,133,033	$322.34	100.00%
Incurred Claims in Experience Period	$12,840,546	408.47	126.72%
Allowed Claims:	$14,787,945	470.41	145.94%
Index Rate of Experience Period		$470.00	
Experience Period Member Months	31,436		

Section II: Allowed Claims, PMPM basis

Projection Period: 01/01/2017 to 12/31/2017 Mid-point to Mid-point, Experience to Projection: 24 months

	Experience Period on Actual Experience Allowed				Adj't. from Experience to Projection Period		Annualized Trend Factors		Projections, before credibility Adjustment			Credibility Manual		
Benefit Category	**Utilization Description**	**Utilization per 1,000**	**Average Cost/Service**	**PMPM**	**Pop'l risk Morbidity**	**Other**	**Cost**	**Util**	**Utilization per 1,000**	**Average Cost/Service**	**PMPM**	**Utilization per 1,000**	**Average Cost/Service**	**PMPM**
Inpatient Hospital	Days	183.97	$4,843.11	$74.25	0.947	0.901	1.044	1.008	177.02	$4,756.10	$70.16	236.15	$5,365.85	$105.60
Outpatient Hospital	Visits	2,211.71	1,168.39	215.35	0.947	0.901	1.056	1.016	2,162.05	1,173.93	211.51	1573.50	1,346.64	176.58
Professional	Visits	9,657.02	104.02	83.71	0.947	0.901	1.044	1.012	9,366.00	102.15	79.73	12701.17	116.19	122.97
Other Medical	Other	638.05	164.66	8.76	0.947	0.901	1.044	1.012	618.82	161.70	8.34	628.74	183.92	9.64
Capitation	Other	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00
Prescription Drug	Prescriptions	10,493.98	101.03	88.35	0.947	0.896	1.089	1.017	10,278.56	107.36	91.96	9642.73	123.80	99.48
Total				$470.41							$461.69			$514.27

Section III: Projected Experience:			**After Credibility**	**Projected Period Totals**
Projected Allowed Experience Claims PMPM (w/applied credibility if applicable)	78.91%	21.09%	$472.78	$22,585,747
Paid to Allowed Average Factor in Projection Period			0.843	
Projected Incurred Claims, before ACA rein & Risk Adj't, PMPM			$398.56	$19,039,785
Projected Risk Adjustments PMPM			-39.78	(1,900,370)
Projected Incurred Claims, before reinsurance recoveries, net of rein prem, PMPM			$438.34	$20,940,155
Projected ACA reinsurance recoveries, net of rein prem, PMPM			0.00	0
Projected Incurred Claims			$438.34	$20,940,155
Administrative Expense Load		10.99%	58.80	2,808,889
Profit & Risk Load		3.22%	17.23	822,987
Taxes & Fees		3.86%	20.65	986,562
Single Risk Pool Gross Premium Avg. Rate, PMPM			$535.01	$25,558,592
Index Rate for Projection Period			$489.03	
% increase over Experience Period			65.98%	
% Increase, annualized:			28.83%	
Projected Member Months				47,772

Product-Plan Data Collection

Company Legal Name: **Federated Mutual Insurance Company** State: **PA**
HIOS Issuer ID: **80148** Market: **Small Group**
Effective Date of Rate Change(s): **01/01/2017**

Product/Plan Level Calculations

Section I: General Product and Plan Information

Product		Terminated Product																		
Product ID:		80148PA002																		
Metal:		Not Applicable	Platinum	Gold	Gold	Silver	Silver	Bronze	Platinum	Gold	Gold	Gold	Silver	Gold	Silver	Silver	Bronze	Platinum	Gold	Silver
AV Metal Value		0.000	0.886	0.791	0.790	0.692	0.689	0.608	0.891	0.791	0.790	0.787	0.717	0.792	0.689	0.689	0.589	0.888	0.789	0.692
AV Pricing Value		0.000	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010
Plan Category		Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated
Plan Type:		PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO
Plan Name		2015 Experience	140116	140216	140316	140416	140516	140616	140716	140816	140916	141016	141116	141216	141316	141416	141516	141616	141716	141816
Plan ID (Standard Component ID):		80148PA0020019	80148PA0030001	80148PA0030002	80148PA0030003	80148PA0030004	80148PA0030005	80148PA0030006	80148PA0030007	80148PA0030008	80148PA0030009	80148PA0030010	80148PA0030011	80148PA0030012	80148PA0030013	80148PA0030014	80148PA0030015	80148PA0030016	80148PA0030017	80148PA0030018
Exchange Plan?		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Historical Rate Increase - Calendar Year - 2		0.00%																		
Historical Rate Increase - Calendar Year - 1		0.00%																		
Historical Rate Increase - Calendar Year 0		0.00%																		
Effective Date of Proposed Rates		01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017	01/01/2017
Rate Change % (over prior filing)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cum'tive Rate Change % (over 12 mos prior)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proj'd Per Rate Change % (over Exper. Period)		#DIV/0!	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
Product Rate Increase %		0.00%																		

Section II: Components of Premium Increase (PMPM Dollar Amount above Current Average Rate PMPM)

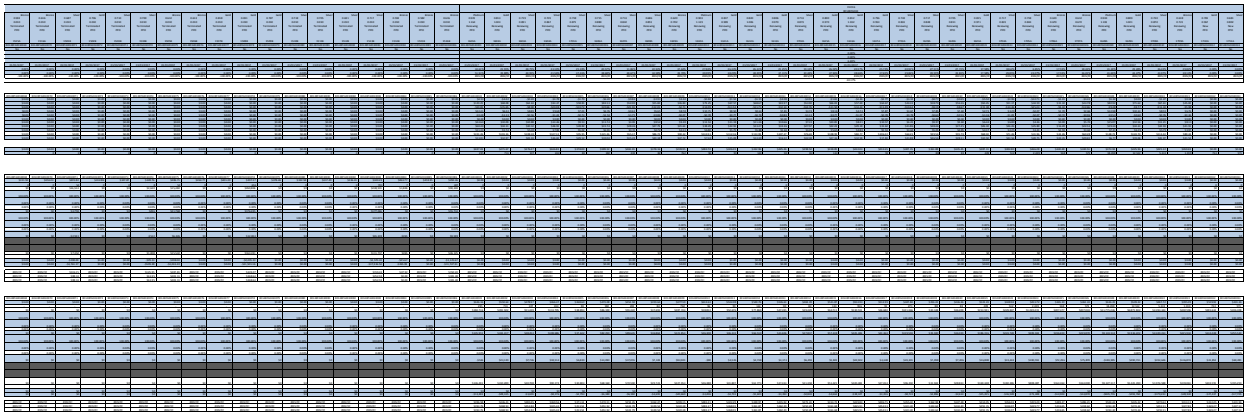
Plan ID (Standard Component ID):	Total	80148PA0020019	80148PA0030001	80148PA0030002	80148PA0030003	80148PA0030004	80148PA0030005	80148PA0030006	80148PA0030007	80148PA0030008	80148PA0030009	80148PA0030010	80148PA0030011	80148PA0030012
Inpatient	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Outpatient	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Professional	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Prescription Drug	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Capitation	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Administration	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Taxes & Fees	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Risk & Profit Charge	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Rate Increase	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Member Cost Share Increase	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Average Current Rate PMPM	$427.05	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Projected Member Months	47,772	0	0	0	0	0	0	0	0	0	0	0	0	0

Section III: Experience Period Information

	Plan ID (Standard Component ID):	Total	80148PA0020019	80148PA0030001	80148PA0030002	80148PA0030003	80148PA0030004	80148PA0030005	80148PA0030006	80148PA0030007	80148PA0030008	80148PA0030009	80148PA0030010	80148PA0030011	80148PA0030012
Premium Information	Plan Adjusted Index Rate	$402.91	$0.00	$520.84	$442.71	$434.03	$381.95	$377.61	$325.52	$499.13	$442.71	$434.03	$434.03	$381.95	$442.71
	Member Months	31,436	426	0	0	0	0	0	0	0	0	0	0	0	0
	Total Premium (TP)	$12,665,824	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	EHB Percent of TP, [see instructions]	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Other benefits portion of TP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Claims Information	Total Allowed Claims (TAC)	$14,787,945	$240,155	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	EHB Percent of TAC, [see instructions]	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Other benefits portion of TAC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Allowed Claims which are not the issuer's obligation:	$192,398	$32,480	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Portion of above payable by HHS's funds on behalf of insured person, in dollars	$0													
	Portion of above payable by HHS on behalf of insured person, as %	0.00%													
	Total incurred claims, payable with issuer funds	$14,595,546	$207,675	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Net Amt of Rein	-$115,265.33	-$1,562.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	Net Amt of Risk Adj	-$1,757,480.80	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	Incurred Claims PMPM	$464.29	$487.50	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Allowed Claims PMPM	$470.41	$563.74	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	EHB portion of Allowed Claims, PMPM	$470.41	$563.74	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Section IV: Projected (12 months following effective date)

	Plan ID (Standard Component ID):	Total	80148PA0020019	80148PA0030001	80148PA0030002	80148PA0030003	80148PA0030004	80148PA0030005	80148PA0030006	80148PA0030007	80148PA0030008	80148PA0030009	80148PA0030010	80148PA0030011	80148PA0030012
Premium Information	Plan Adjusted Index Rate	$553.57	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	Member Months	47,772	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Premium (TP)	$26,445,137	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	EHB Percent of TP, [see instructions]	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Other benefits portion of TP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Claims Information	Total Allowed Claims (TAC)	$22,602,394	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	EHB Percent of TAC, [see instructions]	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Other benefits portion of TAC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Allowed Claims which are not the issuer's obligation	$1,645,765	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Portion of above payable by HHS's funds on behalf of insured person, in dollars	$0													
	Portion of above payable by HHS on behalf of insured person, as %	0.00%													
	Total incurred claims, payable with issuer funds	$20,956,629	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Net Amt of Rein	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Net Amt of Risk Adj	-$1,900,203	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Incurred Claims PMPM	$438.68	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Allowed Claims PMPM	$473.13	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	EHB portion of Allowed Claims, PMPM	$473.13	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!



PA Rate Template Part I
Data Relevant to the Rate Filing

Table 1. Number of Members

	Member-months	Members	Member-months
	Experience Period	Current Period (as of Feb. 1, 2016)	Projected Rating Period
Total	31,010	4,542	47,772
<18	6,387	841	9,660
18-24	2,872	475	4,185
25-29	2,388	343	3,666
30-34	2,478	364	3,900
35-39	2,262	342	3,723
40-44	2,412	366	3,921
45-49	2,893	414	4,377
50-54	3,690	527	5,475
55-59	3,514	518	5,271
60-63	1,757	284	2,905
64+	357	68	688

Table 2. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
$ 11,888,032.70	$ 12,052,794.14	$ 13,107,564.76	31,436	$ 1,947,398.32	$ 15,054,963.08	$ -	$ (267,018.56)	$ -	$ -	($1,755,000.00)	$ -
2015 Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											**$ 470.41**
Loss Ratio											**126.72%**

**Express Prescription Drug Rebates as a negative number*

Table 3. Trend Components

Service Category	Cost*	Utilization*	Composite	Weight*
Inpatient Hospital	4.41%	0.82%	5.26%	15.78%
Outpatient Hospital	5.62%	1.65%	7.36%	45.78%
Professional	4.41%	1.23%	5.69%	17.80%
Other Medical	4.41%	1.23%	5.69%	1.86%
Capitation			0.00%	0.00%
Prescription Drugs	8.88%	1.67%	10.70%	18.78%
Total Annual Trend			7.32%	100.00%
2 Year Trend Projection Factor			1.152	

<- Annualized Trend Factors on URRT

** Express Cost, Utilization, and Weight as percentages*

Table 4. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-13		$ 18,798.51	1.0000	$ 18,798.51	122	$ 154.09		$ (1,689.43)	$ 23,776.52	$ 194.89
Feb-13		$ 81,958.43	1.0000	$ 81,958.43	125	$ 655.67		$ (1,689.43)	$ 90,637.36	$ 725.10
Mar-13		$ 28,472.92	1.0000	$ 28,472.92	120	$ 237.27		$ (1,361.63)	$ 32,613.70	$ 271.78
Apr-13		$ 59,829.10	1.0000	$ 59,829.10	115	$ 520.25		$ (2,117.43)	$ 63,967.20	$ 556.24
May-13		$ 53,242.48	1.0000	$ 53,242.48	113	$ 471.17		$ (2,117.43)	$ 56,063.26	$ 496.14
Jun-13		$ 36,316.02	1.0000	$ 36,316.02	94	$ 386.34		$ (1,822.27)	$ 40,748.53	$ 433.50
Jul-13		$ 37,762.54	1.0000	$ 37,762.54	93	$ 406.05		$ (1,419.83)	$ 46,066.13	$ 495.33
Aug-13		$ 36,325.99	1.0000	$ 36,325.99	91	$ 399.19		$ (3,131.87)	$ 39,180.13	$ 430.55
Sep-13		$ 22,472.73	1.0000	$ 22,472.73	76	$ 295.69		$ (2,275.85)	$ 26,832.99	$ 353.07
Oct-13		$ 48,360.27	1.0000	$ 48,360.27	76	$ 636.32		$ (793.92)	$ 54,152.54	$ 712.53
Nov-13		$ 31,516.11	1.0000	$ 31,516.11	76	$ 414.69		$ (793.92)	$ 33,248.63	$ 437.48
Dec-13	$505,574.44	$ 26,944.06	1.0000	$ 26,944.06	77	$ 349.92	$ 53,503.83	$ (793.92)	$ 28,216.00	$ 366.44
Jan-14		$ 39,004.77	1.0000	$ 39,004.77	77	$ 506.56		$ (1,563.08)	$ 46,630.95	$ 605.60
Feb-14		$ 6,089.41	1.0000	$ 6,089.41	61	$ 99.83		$ (524.11)	$ 7,512.25	$ 123.15
Mar-14		$ 3,582.49	1.0000	$ 3,582.49	48	$ 74.64		$ (113.70)	$ 6,304.75	$ 131.35
Apr-14		$ 6,237.64	1.0000	$ 6,237.64	48	$ 129.95		$ (602.79)	$ 7,601.17	$ 158.36
May-14		$ 9,803.64	1.0000	$ 9,803.64	49	$ 200.07		$ (540.47)	$ 17,281.48	$ 352.68
Jun-14		$ 14,238.71	1.0000	$ 14,238.71	48	$ 296.64		$ (595.65)	$ 18,074.47	$ 376.55
Jul-14		$ 8,897.60	1.0000	$ 8,897.72	48	$ 185.37		$ (592.95)	$ 9,894.46	$ 206.13
Aug-14		$ 30,643.39	1.0000	$ 30,643.88	69	$ 444.11		$ (757.65)	$ 34,369.96	$ 498.12
Sep-14		$ 33,011.54	0.9999	$ 33,014.35	143	$ 230.87		$ (1,101.40)	$ 42,297.83	$ 295.79
Oct-14		$ 37,125.85	0.9999	$ 37,129.31	168	$ 221.01		$ (1,061.62)	$ 49,498.74	$ 294.64
Nov-14		$ 48,287.71	0.9998	$ 48,296.45	320	$ 150.93		$ (1,550.97)	$ 69,292.05	$ 216.54
Dec-14	$918,270.44	$ 215,127.84	0.9996	$ 215,212.32	1,212	$ 177.57	$ 137,001.45	$ (5,319.32)	$ 280,394.02	$ 231.35
Jan-15		$ 346,753.94	0.9993	$ 347,012.65	1,505	$ 230.57		$ (10,738.92)	$ 439,973.74	$ 292.34
Feb-15		$ 332,957.77	0.9989	$ 333,330.70	1,773	$ 188.00		$ (9,768.08)	$ 431,959.16	$ 243.63
Mar-15		$ 531,729.11	0.9983	$ 532,622.25	2,050	$ 259.82		$ (15,607.19)	$ 681,491.20	$ 332.43
Apr-15		$ 871,258.35	0.9974	$ 873,543.29	2,017	$ 433.09		$ (20,184.18)	$ 1,012,075.85	$ 501.77
May-15		$ 912,532.19	0.9954	$ 916,732.07	2,221	$ 412.76		$ (19,892.39)	$ 1,081,777.55	$ 487.07
Jun-15		$ 981,381.55	0.9933	$ 988,020.69	2,463	$ 401.15		$ (21,715.50)	$ 1,120,826.19	$ 455.07
Jul-15		$ 1,011,448.08	0.9890	$ 1,022,735.24	2,824	$ 362.16		$ (23,612.06)	$ 1,243,617.72	$ 440.37
Aug-15		$ 1,142,638.36	0.9845	$ 1,160,666.36	2,890	$ 401.61		$ (26,733.26)	$ 1,362,166.77	$ 471.34
Sep-15		$ 891,307.28	0.9781	$ 911,278.02	3,021	$ 301.65		$ (30,606.96)	$ 1,087,178.23	$ 359.87
Oct-15		$ 1,211,716.99	0.9569	$ 1,266,329.64	3,076	$ 411.68		$ (27,830.92)	$ 1,442,684.47	$ 469.01
Nov-15		$ 2,002,424.22	0.9131	$ 2,193,075.41	3,303	$ 663.96		$ (27,463.27)	$ 2,344,005.37	$ 709.66
Dec-15	$11,888,032.70	$ 1,816,646.27	0.7915	$ 2,295,199.88	4,293	$ 534.64	$ 1,947,398.32	$ (32,865.86)	$ 2,540,188.28	$ 591.70

** Express Completion Factor as a percentage*

***Express Prescription Drug Rebates as a negative number*

Table 2b. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
##########	##########	##########	444,959	$ 39,554,128.78	##########	$ -	##########	$ -	$ -	##########	$ -
2015 Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											**$ 464.26**
Loss Ratio											**108.19%**

**Express Prescription Drug Rebates as a negative number*

Table 3b. Trend Components

Service Category	Cost*	Utilization*	Composite	Weight*
Inpatient Hospital	4.41%	0.82%	5.26%	15.78%
Outpatient Hospital	5.62%	1.65%	7.36%	45.78%
Professional	4.41%	1.23%	5.69%	17.80%
Other Medical	4.41%	1.23%	5.69%	1.86%
Capitation			0.00%	0.00%
Prescription Drugs	8.88%	1.67%	10.70%	18.78%
Total Annual Trend			7.32%	100.00%
2 Year Trend Projection			1.152	

<- Annualized Trend Factors on URRT

** Express Cost, Utilization, and Weight as percentages*

Table 4b. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-13				#DIV/0!		#DIV/0!				#DIV/0!
Feb-13				#DIV/0!		#DIV/0!				#DIV/0!
Mar-13				#DIV/0!		#DIV/0!				#DIV/0!
Apr-13				#DIV/0!		#DIV/0!				#DIV/0!
May-13				#DIV/0!		#DIV/0!				#DIV/0!
Jun-13				#DIV/0!		#DIV/0!				#DIV/0!
Jul-13				#DIV/0!		#DIV/0!				#DIV/0!
Aug-13				#DIV/0!		#DIV/0!				#DIV/0!
Sep-13				#DIV/0!		#DIV/0!				#DIV/0!
Oct-13				#DIV/0!		#DIV/0!				#DIV/0!
Nov-13				#DIV/0!		#DIV/0!				#DIV/0!
Dec-13				#DIV/0!		#DIV/0!				#DIV/0!
Jan-14		$ 214,590.65	1.0000	$ 214,590.65	624	$ 343.90		$ (3,207.32)	$ 284,634.44	$ 456.14
Feb-14		$ 403,832.55	1.0000	$ 403,849.95	975	$ 414.21		$ (6,101.69)	$ 503,449.48	$ 516.36
Mar-14		$ 594,543.67	1.0000	$ 594,557.83	1,962	$ 303.04		$ (10,133.69)	$ 826,358.51	$ 421.18
Apr-14		$ 833,106.46	1.0000	$ 833,125.75	2,881	$ 289.18		$ (12,788.31)	##########	$ 390.95
May-14		$ 881,806.88	1.0000	$ 881,816.03	3,534	$ 249.52		$ (15,166.19)	##########	$ 344.32
Jun-14		##########	1.0000	$ 1,880,807.36	4,810	$ 391.02		$ (25,666.90)	##########	$ 484.90
Jul-14		##########	1.0000	$ 1,708,055.08	5,703	$ 299.50		$ (31,205.27)	##########	$ 392.39
Aug-14		##########	1.0000	$ 2,887,774.68	6,475	$ 445.99		$ (40,329.14)	##########	$ 539.64
Sep-14		##########	0.9999	$ 2,541,707.80	7,778	$ 326.78		$ (38,010.51)	##########	$ 411.14
Oct-14		##########	0.9998	$ 2,935,730.90	8,979	$ 326.96		$ (51,153.66)	##########	$ 435.70
Nov-14		##########	0.9998	$ 2,841,619.80	10,734	$ 264.73		$ (51,983.70)	##########	$ 342.98
Dec-14	##########	##########	0.9992	$ 9,670,762.71	26,390	$ 366.46	##########	##########	##########	$ 459.38
Jan-15		##########	0.9990	$ 9,845,676.88	30,048	$ 327.66		##########	##########	$ 452.17
Feb-15		##########	0.9985	$ 10,231,727.72	32,221	$ 317.55		##########	##########	$ 415.35
Mar-15		##########	0.9979	$ 11,092,812.25	33,494	$ 331.19		##########	##########	$ 429.96
Apr-15		##########	0.9971	$ 12,038,094.23	33,998	$ 354.08		##########	##########	$ 449.60
May-15		##########	0.9951	$ 12,927,015.88	35,205	$ 367.19		##########	##########	$ 454.87
Jun-15		##########	0.9927	$ 15,009,498.11	36,651	$ 409.52		##########	##########	$ 498.95
Jul-15		##########	0.9887	$ 14,483,058.83	37,625	$ 384.93		##########	##########	$ 473.72
Aug-15		##########	0.9844	$ 13,944,692.06	38,058	$ 366.41		##########	##########	$ 450.97
Sep-15		##########	0.9752	$ 14,250,434.15	39,132	$ 364.16		##########	##########	$ 443.68
Oct-15		##########	0.9565	$ 15,448,012.84	39,846	$ 387.69		##########	##########	$ 468.95
Nov-15		##########	0.9117	$ 16,534,261.87	40,900	$ 404.26		##########	##########	$ 477.79
Dec-15	##########	##########	0.7810	$ 21,215,882.46	47,781	$ 444.02	##########	##########	##########	$ 524.10

** Express Completion Factor as a percentage*

***Express Prescription Drug Rebates as a negative number*

Table 2c. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
$ 384.51	$ 378.03	$ 409.90	1	$ 67.63	$ 477.53	$ -	$ (8.41)	$ -	$ -	$ (56.98)	$ -
2015 Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											**$ 469.12**
Loss Ratio											**122.58%**

**Express Prescription Drug Rebates as a negative number*

PA Rate Template Part II
Rate Development and Change

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

2015 Total Allowed EHB Claims PMPM + EHB Capitation PMPM (net of prescription drug rebates)	$ 469.12	<- Index Rate of Experience Period on URRT
2 Year Trend Projection Factor	1.152	
Unadjusted Projected Allowed EHB Claims PMPM	$ 540.51	
Single Risk Pool Adjustment Factors		<- Adj't. from Experience to Projection Period - Pop'l risk Morbidity on URRT
Change in Morbidity	0.951	<- Adj't. from Experience to Projection Period - Other on URRT
Change in Other	0.923	
Change in Demographics	1.009	
Change in Network	0.999	
Change in Benefits	0.988	
Change in Other	0.926	
Adjusted Projected Allowed EHB Claims PMPM	$ 474.54	<- Index Rate for Projection Period on URRT - Individual (Small Group 1rst Qtr)
Adjusted Projected Allowed EHB Claims PMPM [will only populate for small group filings]	$ 489.03	<- Index Rate for Projection Period on URRT - Small Group
Projected Paid to Allowed Ratio	0.843390125	<- Paid to Allowed Average Factor in Projection Period on URRT
Projected Paid EHB Claims PMPM	412.4397358	
Market-wide Adjustments		
Projected Paid Net Risk Adjustment PMPM	$ 41.11	
Projected Paid Exchange User Fees PMPM	$ -	
Market-Adjusted Projected Paid EHB Claims PMPM	$ 453.55	
Market-Adjusted Projected Allowed EHB Claims PMPM	$ 537.77	<- Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM	$ -	
Market-Adjusted Projected Paid Total Claims PMPM	$ 453.55	
Market-Adjusted Projected Allowed Total Claims PMPM	$ 537.77	

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

	January	April	July	October	Total Single Risk Pool
# of Member Months Renewing in Quarter	14,517	5,852	7,466	19,937	47,772.00
Percent of Members Months Renewing in Quarter	30%	12%	16%	42%	100%
Base Allowed Claims	$ 474.54	$ 474.54	$ 474.54	$ 474.54	$ 474.54
Months of Trend	-	3	6	9	5
Annual Trend	7.32%	7.32%	7.32%	7.32%	7.32%
Single Risk Pool Projected Allowed Claims	$ 474.54	$ 483.00	$ 491.61	$ 500.38	$ 489.03

Table 6. Retention

Retention Items - *Express in percentages*	
Administrative Expenses	11%
General and Claims	9.96%
Agent/Broker Fees and Commissions	1.03%
Quality Improvement Initiatives	0.00%
Taxes and Fees	3.86%
PCORI Fees (Enter $ amount here: $_____)	0.04%
Pa Premium Tax (if applicable)	2.09%
Federal Income Tax	1.73%
Health Insurance Providers Fee (only for small group market, prorated for coverage in 2018)	0.00%
Profit/Contingency	3%
Total Retention	18%
	<- Single Pool Gross Premium Avg. Rate, PMPM on URRT
Projected Required Revenue PMPM	$ 553.56

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2016	2017
Average Age Factor	1.430	1.430
Average Geographic Factor	1.030	1.001
Average Tobacco Factor	1.000	1.000
Average Benefit Richness (induced demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	$372.82	$ 537.77
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	$ 253.05	$ 375.61

Table 8. Components of Rate Change

Rate Components	2016	2017	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	300.4895892	400.6589839	$100.17	33.3%
B. Base period allowed claims before normalization	$409.30	$ 469.12	$59.82	20%
C. Normalization factor component of change	$ (131.49)	-141.4587216	-$9.97	-$0.03
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	$ 277.81	$ 327.66	$ 49.85	17%
D2. URRT Trend	$ 28.66	$ 49.76	$ 21.10	7%
D3. URRT Morbidity	$ (6.11)	$ (18.42)	$ (12.31)	-4%
D4. URRT Other	$ (54.61)	$ (27.64)	$ 26.97	9%
D5. Normalized URRT RA/RI on an allowed basis	$ 1.96	$ 34.05	$ 32.09	11%
D6. Normalized Exchange User Fee on an allowed basis	$ -	$ -	$ -	0%
D7. Subtotal - Sum(D1:D6)	$ 247.70	$ 365.40	$ 117.69	39%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	$ -	0	$ -	0%
E2. Pricing AV	$ (41.61)	$ (50.81)	$ (9.19)	-3%
E3. Benefit Richness	$ -	$ 3.75	$ 3.75	1%
E4. Catastrophic Eligibility	$ -	$ -	$ -	0%
E5. Subtotal - Sum(E1:E4)	$ (41.61)	$ (47.06)	$ (5.45)	-2%
F. Change in Retention Components				
F1. Administrative Expenses	$ 33.84	$ 44.04	$ 10.20	3%
F2. Taxes and Fees	$ 17.70	$ 15.46	$ (2.24)	-1%
F3. Profit and/or Contingency	$ 8.14	$ 12.89	$ 4.75	2%
F4. Subtotal - Sum(F1:F3)	$ 59.68	$ 72.39	$ 12.71	4%
G. Change in Miscellaneous Items	$ (0.45)	$ 8.71	$ 9.16	3%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	$ 265.31	$ 399.43	$ 134.12	45%

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

	2016	2017	
Paid-to-Allowed	0.832	0.843390125	
URRT Trend (2-Year Trend Factor)	1.103160432	1.15	<- URRT W1, S2
URRT Morbidity	0.980067849	0.951	<- URRT W1, S2
URRT "Other"	0.818171646	0.923	<- URRT W1, S2
Risk Adjustment	$ 0.15	$ 41.11	<- URRT W1, S3
Reinsurance	$ 2.25	$ -	<- URRT W1, S3
Exchange User Fee	$ -	$ -	<- URRT W1, S3
Capitation	$ -	$ -	<- URRT W1, S2
Network	1.000	1	
Pricing AV	0.832	0.860949711	
Benefit Richness	1.000	1.011916761	
Catastrophic Eligibility	1.000	1	
Administrative Expenses	11.26%	10.99%	
Taxes and Fees	5.89%	3.86%	
Profit and/or Contingency	2.71%	3.22%	

PA Rate Template Part III

Table 10. Plan Rates

Calibration	
Age Calibration Factor	1.430443557
Geographic Calibration Factor	1.001
Aggregate Calibration Factor	1.432

Carrier Name: Federated Mutual Insurance Company
Plan Type(s): PPO
Market Segment: Small Group
Rate Effective Date: 1/1/2017
Market Adjusted Index Rate: $ 537.77

										45 CFR Part 156.8 (d) (2) Allowable Factors															
Plan Number	HIOS Plan ID (Standard Component)	Plan Type (HMO, POS, PPO, EPO, Indemnity, Other)	1/1/16 Plan Marketing Name	Discontinued, New, Modified, Existing (D,N,M,E) for 2017	1/1/17 Plan Marketing Name (if 1/1/16 Plan Discontinued)	Metallic Tier	Metallic Tier Actuarial Value	Standard AV, Approach (1), Approach (2)	Exchange On/Off or Off	Pricing AV (company-determined AV)	Benefit Richness (induced demand)	Benefits in addition to EHB	Provider Network	Catastrophic Eligibility	Tobacco Surcharge Adjustment	Pure Premium	Admin Costs	Taxes & Fees (not including Exchange fees)	Profit or Contingency	Total Covered Lives @ 2/1/2016	Total Policyholders @ 2/1/2016	2016 Calibrated Plan Adjusted Index Rate PMPM	2017 Calibrated Plan Adjusted Index Rate PMPM	Change Compared to Prior 12 months	% of Total Covered Lives
Totals							0.836			0.861	1.012	1.000	1.000	1.000	1.000	$ 470.00	11.0%	3.9%	3.2%	4,542	2,544	$ 300.49	$ 400.66	33.34%	
Plan 1	80148PA0040001	PPO	1601A	E	1601A	Platinum	0.905	Standard AV	Off	0.913	1.045	1.000	1.000	1.000	1.000	$513.03	11.0%	3.9%	3.2%	20	14	$ 325.12	$437.34	34.5%	0.4%
Plan 2	80148PA0040002	PPO	1602A	E	1602A	Gold	0.813	Standard AV	Off	0.847	0.991	1.000	1.000	1.000	1.000	$451.15	11.0%	3.9%	3.2%	74	47	$ 291.27	$384.60	32.0%	1.6%
Plan 3	80148PA0040003	PPO	1603A	E	1603A	Silver	0.719	Standard AV	Off	0.764	0.955	1.000	1.000	1.000	1.000	$392.43	11.0%	3.9%	3.2%	-	-	$ 251.11	$334.54	33.2%	0.0%
Plan 4	80148PA0040004	PPO	1604A	E	1604A	Silver	0.705	Standard AV	Off	0.755	0.942	1.000	1.000	1.000	1.000	$382.11	11.0%	3.9%	3.2%	10	6	$ 242.37	$325.74	34.4%	0.2%
Plan 5	80148PA0040005	PPO	1605A	M	1701A	Silver	0.718	Standard AV	Off	0.744	0.959	1.000	1.000	1.000	1.000	$383.94	11.0%	3.9%	3.2%	-	-	$ 252.27	$327.29	29.7%	0.0%
Plan 6	80148PA0040006	PPO	1606A	E	1606A	Silver	0.715	Standard AV	Off	0.754	0.956	1.000	1.000	1.000	1.000	$387.61	11.0%	3.9%	3.2%	11	8	$ 252.79	$330.43	30.7%	0.2%
Plan 7	80148PA0040007	PPO	1607A	E	1607A	Silver	0.713	Standard AV	Off	0.737	0.936	1.000	1.000	1.000	1.000	$370.82	11.0%	3.9%	3.2%	8	5	$ 237.79	$316.11	32.9%	0.2%
Plan 8	80148PA0040008	PPO	1608A	E	1608A	Silver	0.686	Standard AV	Off	0.733	0.955	1.000	1.000	1.000	1.000	$376.60	11.0%	3.9%	3.2%	-	-	$ 252.38	$321.04	27.2%	0.0%
Plan 9	80148PA0040009	PPO	1609A	E	1609A	Bronze	0.62	Standard AV	Off	0.644	0.893	1.000	1.000	1.000	1.000	$309.37	11.0%	3.9%	3.2%	14	14	$ 197.59	$263.73	33.5%	0.3%
Plan 10	80148PA0040010	PPO	1610A	E	1610A	Platinum	0.903	Standard AV	Off	0.911	1.024	1.000	1.000	1.000	1.000	$501.94	11.0%	3.9%	3.2%	-	-	$ 323.48	$427.89	32.3%	0.0%
Plan 11	80148PA0040011	PPO	1611A	E	1611A	Gold	0.817	Standard AV	Off	0.821	0.988	1.000	1.000	1.000	1.000	$435.95	11.0%	3.9%	3.2%	-	-	$ 284.31	$371.64	30.7%	0.0%
Plan 12	80148PA0040012	PPO	1612A	E	1612A	Gold	0.82	Standard AV	Off	0.845	0.975	1.000	1.000	1.000	1.000	$443.06	11.0%	3.9%	3.2%	-	-	$ 288.95	$377.70	30.7%	0.0%
Plan 13	80148PA0040013	PPO	1613A	E	1613A	Gold	0.806	Standard AV	Off	0.818	0.980	1.000	1.000	1.000	1.000	$431.46	11.0%	3.9%	3.2%	-	-	$ 283.80	$367.81	29.6%	0.0%
Plan 14	80148PA0040014	PPO	1614A	M	1702A	Silver	0.713	Standard AV	Off	0.754	0.948	1.000	1.000	1.000	1.000	$384.59	11.0%	3.9%	3.2%	-	-	$ 265.97	$327.85	23.3%	0.0%
Plan 15	80148PA0040015	PPO	1615A	E	1615A	Gold	0.8	Standard AV	Off	0.817	0.973	1.000	1.000	1.000	1.000	$427.58	11.0%	3.9%	3.2%	-	-	$ 279.53	$364.50	30.4%	0.0%
Plan 16	80148PA0040016	PPO	1616A	E	1616A	Gold	0.812	Standard AV	Off	0.859	0.985	1.000	1.000	1.000	1.000	$454.67	11.0%	3.9%	3.2%	110	48	$ 298.96	$387.60	29.6%	2.4%
Plan 17	80148PA0040017	PPO	1617A	E	1617A	Gold	0.796	Standard AV	Off	0.814	0.960	1.000	1.000	1.000	1.000	$420.31	11.0%	3.9%	3.2%	-	-	$ 275.38	$358.30	30.1%	0.0%
Plan 18	80148PA0040018	PPO	1618A	M	1703A	Silver	0.718	Standard AV	Off	0.732	0.932	1.000	1.000	1.000	1.000	$366.93	11.0%	3.9%	3.2%	9	5	$ 242.30	$312.80	29.1%	0.2%
Plan 19	80148PA0040019	PPO	1619A	E	1619A	Silver	0.717	Standard AV	Off	0.744	0.934	1.000	1.000	1.000	1.000	$373.80	11.0%	3.9%	3.2%	-	-	$ 241.50	$318.65	31.9%	0.0%
Plan 20	80148PA0040020	PPO	1620A	E	1620A	Silver	0.705	Standard AV	Off	0.728	0.913	1.000	1.000	1.000	1.000	$357.44	11.0%	3.9%	3.2%	-	-	$ 230.55	$304.71	32.2%	0.0%
Plan 21	80148PA0040021	PPO	1621A	E	1621A	Gold	0.815	Standard AV	Off	0.827	0.962	1.000	1.000	1.000	1.000	$427.88	11.0%	3.9%	3.2%	6	6	$ 299.32	$364.75	21.9%	0.1%
Plan 22	80148PA0040023	PPO	1623A	M	1704A	Silver	0.717	Standard AV	Off	0.741	0.923	1.000	1.000	1.000	1.000	$367.81	11.0%	3.9%	3.2%	-	-	$ 255.46	$313.55	22.7%	0.0%
Plan 23	80148PA0040024	PPO	1624A	M	1705A	Silver	0.718	Standard AV	Off	0.744	0.930	1.000	1.000	1.000	1.000	$371.75	11.0%	3.9%	3.2%	199	122	$ 265.06	$316.90	19.6%	4.4%
Plan 24	80148PA0040025	PPO	1625A	M	1706A	Bronze	0.619	Standard AV	Off	0.632	0.881	1.000	1.000	1.000	1.000	$299.14	11.0%	3.9%	3.2%	3	1	$ 205.40	$255.01	24.2%	0.1%
Plan 25	80148PA0040026	PPO	1626A	M	1707A	Bronze	0.612	Standard AV	Off	0.622	0.885	1.000	1.000	1.000	1.000	$296.05	11.0%	3.9%	3.2%	7	2	$ 210.24	$252.37	20.0%	0.2%
Plan 26	80148PA0040028	PPO	1628A	E	1628A	Platinum	0.904	Standard AV	Off	0.928	1.045	1.000	1.000	1.000	1.000	$521.38	11.0%	3.9%	3.2%	2,154	1,174	$ 329.54	$444.46	34.9%	47.4%
Plan 27	80148PA0040029	PPO	1629A	E	1629A	Gold	0.809	Standard AV	Off	0.834	1.003	1.000	1.000	1.000	1.000	$449.99	11.0%	3.9%	3.2%	1,338	731	$ 287.46	$383.61	33.4%	29.5%
Plan 28	80148PA0040030	PPO	1630A	M	1708A	Silver	0.72	Standard AV	Off	0.740	0.963	1.000	1.000	1.000	1.000	$383.22	11.0%	3.9%	3.2%	509	327	$ 247.39	$326.68	32.0%	11.2%
Plan 29	80148PA0040031	PPO	1631A	M	1709A	Bronze	0.618	Standard AV	Off	0.666	0.904	1.000	1.000	1.000	1.000	$323.71	11.0%	3.9%	3.2%	70	34	$ 211.71	$275.95	30.3%	1.5%
Plan 30	80148PA0040032	PPO		N	1710A	Gold	0.781	Standard AV	Off	0.799	0.991	1.000	1.000	1.000	1.000	$426.06	11.0%	3.9%	3.2%	-	-		$363.15	#DIV/0!	0.0%
Plan 31	80148PA0040033	PPO		N	1711A	Silver	0.681	Standard AV	Off	0.695	0.946	1.000	1.000	1.000	1.000	$353.43	11.0%	3.9%	3.2%	-	-		$301.29	#DIV/0!	0.0%
Plan 32																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 33																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 34																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 35																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 36																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 37																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 38																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 39																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 40																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 41																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 42																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 43																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 44																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 45																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 46																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 47																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 48																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 49																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 50																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 51																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 52																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 53																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 54																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 55																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 56																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 57																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 58																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 59																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 60																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 61																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 62																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 63																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 64																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 65																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 66																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 67																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 68																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 69																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 70																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 71																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 72																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 73																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 74																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 75																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 76																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 77																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 78																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 79																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 80																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 81																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 82																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 83																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 84																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 85																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 86																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 87																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 88																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 89																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 90																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 91																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 92																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 93																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 94																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 95																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 96																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 97																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 98																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 99																$0.00				-			$0.00	#DIV/0!	0.0%
Plan 100																$0.00				-			$0.00	#DIV/0!	0.0%

PA Rate Template Part IV

Table 11. Plan Premium Development for 21-Year-Old Non-Tobacco User

Carrier Name: Federated Mutual Insurance Company
Plan Type(s): PPO
Market Segment: Small Group
Rate Effective Date: 1/1/2017

Plan Number	HIOS Plan ID (Standard Component)	1/16 Plan Marketing Name	Discontinued, New, Modified, Existing (D,N,M,E) for 2017	1/1/17 Plan Marketing Name (If 1/1/16 Plan Discontinued)	Metallic Tier	Exchange On/Off or Off	2/1/16 Number of Covered Lives										2016 21-year-old Non-Tobacco Individual Premium (in small group market, average month				
							1	2	3	4	5	6	7	8	9	Total	1	2	3	4	5
Totals	**These cells auto-fill using the data entered in Table 9.**						94	67	114	512	20	1,548	526	1,305	356	4,542	$ 286.62	$ 314.23	$ 324.03	$ 298.44	$ 319.66
Plan 1	80148PA0040001	1601A	E	1601A	Platinum	Off	-	-	-	-	-	20	-	-	-	20	$ -	$ -	$ -	$ -	$ -
Plan 2	80148PA0040002	1602A	E	1602A	Gold	Off	-	-	-	1	-	41	32	-	-	74	$ -	$ -	$ -	$ 282.53	$ -
Plan 3	80148PA0040003	1603A	E	1603A	Silver	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 4	80148PA0040004	1604A	E	1604A	Silver	Off	-	-	-	-	-	-	-	10	-	10	$ -	$ -	$ -	$ -	$ -
Plan 5	80148PA0040005	1605A	M	1701A	Silver	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 6	80148PA0040006	1606A	E	1606A	Silver	Off	-	-	-	-	-	-	-	11	-	11	$ -	$ -	$ -	$ -	$ -
Plan 7	80148PA0040007	1607A	E	1607A	Silver	Off	-	-	-	-	-	-	8	-	-	8	$ -	$ -	$ -	$ -	$ -
Plan 8	80148PA0040008	1608A	E	1608A	Silver	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 9	80148PA0040009	1609A	E	1609A	Bronze	Off	-	-	-	13	-	-	-	-	1	14	$ -	$ -	$ -	$ 191.66	$ -
Plan 10	80148PA0040010	1610A	E	1610A	Platinum	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 11	80148PA0040011	1611A	E	1611A	Gold	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 12	80148PA0040012	1612A	E	1612A	Gold	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 13	80148PA0040013	1613A	E	1613A	Gold	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 14	80148PA0040014	1614A	M	1702A	Silver	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 15	80148PA0040015	1615A	E	1615A	Gold	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 16	80148PA0040016	1616A	E	1616A	Gold	Off	-	-	-	110	-	-	-	-	-	110	$ -	$ -	$ -	$ 289.99	$ -
Plan 17	80148PA0040017	1617A	E	1617A	Gold	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 18	80148PA0040018	1618A	M	1703A	Silver	Off	-	-	-	9	-	-	-	-	-	9	$ -	$ -	$ -	$ 235.03	$ -
Plan 19	80148PA0040019	1619A	E	1619A	Silver	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 20	80148PA0040020	1620A	E	1620A	Silver	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 21	80148PA0040021	1621A	E	1621A	Gold	Off	-	-	-	-	-	-	-	-	6	6	$ -	$ -	$ -	$ -	$ -
Plan 22	80148PA0040023	1623A	M	1704A	Silver	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 23	80148PA0040024	1624A	M	1705A	Silver	Off	2	-	2	-	-	61	106	1	27	199	$ 257.11	$ -	$ 265.06	$ -	$ -
Plan 24	80148PA0040025	1625A	M	1706A	Bronze	Off	-	-	-	-	-	-	3	-	-	3	$ -	$ -	$ -	$ -	$ -
Plan 25	80148PA0040026	1626A	M	1707A	Bronze	Off	-	-	-	-	-	7	-	-	-	7	$ -	$ -	$ -	$ -	$ -
Plan 26	80148PA0040028	1628A	E	1628A	Platinum	Off	19	60	103	275	20	624	206	608	239	2,154	$ 319.66	$ 319.66	$ 329.54	$ 319.66	$ 319.66
Plan 27	80148PA0040029	1629A	E	1629A	Gold	Off	73	5	6	81	-	547	125	452	49	1,338	$ 278.83	$ 278.83	$ 287.46	$ 278.83	$ -
Plan 28	80148PA0040030	1630A	M	1708A	Silver	Off	-	2	3	23	-	212	46	211	12	509	$ -	$ 239.97	$ 247.39	$ 239.97	$ -
Plan 29	80148PA0040031	1631A	M	1709A	Bronze	Off	-	-	-	-	-	36	-	12	22	70	$ -	$ -	$ -	$ -	$ -
Plan 30	80148PA0040032	0	N	1710A	Gold	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 31	80148PA0040033	0	N	1711A	Silver	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -
Plan 32	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 33	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 34	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 35	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 36	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 37	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 38	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 39	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 40	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 41	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 42	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 43	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 44	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 45	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 46	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 47	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 48	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 49	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 50	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 51	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 52	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 53	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 54	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 55	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 56	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 57	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 58	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 59	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 60	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 61	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 62	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 63	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 64	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 65	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 66	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 67	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 68	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 69	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 70	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 71	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 72	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 73	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 74	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 75	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 76	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 77	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 78	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 79	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 80	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 81	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 82	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 83	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 84	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 85	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 86	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 87	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 88	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 89	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 90	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 91	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 92	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 93	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 94	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 95	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 96	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 97	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 98	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 99	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -
Plan 100	0	0	0	0	0	0										-	$ -	$ -	$ -	$ -	$ -

Tobacco Premium PMPM *ly premium weighted for quarterly trend)*				
6	7	8	9	Average (weighted by enrollment by rating area)
$ 296.53	$ 294.93	$ 338.14	$ 307.93	**$ 310.26**
$ 325.12	$ -	$ -	$ -	$ 325.12
$ 291.27	$ 291.27	$ -	$ -	$ 291.15
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ 273.88	$ -	$ 273.88
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ 285.65	$ -	$ 285.65
$ -	$ 237.79	$ -	$ -	$ 237.79
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ 197.59	$ 192.08
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ 289.99
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ 235.03
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ 299.32	$ 299.32
$ -	$ -	$ -	$ -	$ -
$ 265.06	$ 265.06	$ 299.52	$ 265.06	$ 265.16
$ -	$ 205.40	$ -	$ -	$ 205.40
$ 210.24	$ -	$ -	$ -	$ 210.24
$ 329.54	$ 329.54	$ 372.38	$ 329.54	$ 339.92
$ 287.46	$ 287.46	$ 324.83	$ 287.46	$ 299.06
$ 247.39	$ 247.39	$ 279.55	$ 247.39	$ 260.36
$ 211.71	$ -	$ 239.23	$ 211.71	$ 216.42
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -

2017 21-year-old Non-Tobacco Premium PMPM *(in small group market, average monthly premium weighted for quarterly trend)*									
1	2	3	4	5	6	7	8	9	Average (weighted by enrollment by rating area)
$ 351.09	$ 401.49	$ 401.05	$ 389.79	$ 364.46	$ 407.20	$ 340.84	$ 436.90	$ 365.06	**$ 401.19**
$ -	$ -	$ -	$ -	$ -	$ 450.46	$ -	$ -	$ -	$ 450.46
$ -	$ -	$ -	$ 365.37	$ -	$ 396.13	$ 338.44	$ -	$ -	$ 370.77
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 355.06	$ -	$ 355.06
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 360.16	$ -	$ 360.16
$ -	$ -	$ -	$ -	$ -	$ -	$ 278.18	$ -	$ -	$ 278.18
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ 250.54	$ -	$ -	$ -	$ -	$ 234.72	$ 249.41
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ 368.22	$ -	$ -	$ -	$ -	$ -	$ 368.22
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ 297.16	$ -	$ -	$ -	$ -	$ -	$ 297.16
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 324.63	$ 324.63
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 282.04	$ -	$ 291.55	$ -	$ -	$ 326.41	$ 278.87	$ 345.42	$ 282.04	$ 294.37
$ -	$ -	$ -	$ -	$ -	$ -	$ 224.41	$ -	$ -	$ 224.41
$ -	$ -	$ -	$ -	$ -	$ 259.95	$ -	$ -	$ -	$ 259.95
$ 395.57	$ 408.91	$ 408.91	$ 422.24	$ 364.46	$ 457.80	$ 391.13	$ 484.47	$ 395.57	$ 442.39
$ 341.41	$ 352.92	$ 352.92	$ 364.43	$ -	$ 395.11	$ 337.57	$ 418.13	$ 341.41	$ 390.41
$ -	$ 300.55	$ 300.55	$ 310.35	$ -	$ 336.48	$ 287.48	$ 356.08	$ 290.75	$ 337.57
$ -	$ -	$ -	$ -	$ -	$ 284.23	$ -	$ 300.79	$ 245.60	$ 274.93
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Change in 21-year-old Non-Tobacco Premium PMPM									
1	2	3	4	5	6	7	8	9	Average (weighted by enrollment by rating area)
22.4%	27.7%	23.7%	30.5%	14.0%	37.1%	15.2%	29.1%	18.3%	**29.1%**
0.0%	0.0%	0.0%	0.0%	0.0%	38.6%	0.0%	0.0%	0.0%	38.6%
0.0%	0.0%	0.0%	29.3%	0.0%	36.0%	16.2%	0.0%	0.0%	27.3%
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%	29.6%	0.0%	29.6%
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%	26.1%	0.0%	26.1%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	17.0%	0.0%	0.0%	17.0%
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%	30.7%	0.0%	0.0%	0.0%	0.0%	18.8%	29.8%
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%
0.0%	0.0%	0.0%	27.0%	0.0%	0.0%	0.0%	0.0%	0.0%	27.0%
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%	26.4%	0.0%	0.0%	0.0%	0.0%	0.0%	26.4%
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%	8.5%	8.5%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9.7%	0.0%	10.0%	0.0%	0.0%	23.1%	5.2%	15.3%	6.4%	11.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.3%	0.0%	0.0%	9.3%
0.0%	0.0%	0.0%	0.0%	0.0%	23.6%	0.0%	0.0%	0.0%	23.6%
23.7%	27.9%	24.1%	32.1%	14.0%	38.9%	18.7%	30.1%	20.0%	30.1%
22.4%	26.6%	22.8%	30.7%	0.0%	37.5%	17.4%	28.7%	18.8%	30.5%
0.0%	25.2%	21.5%	29.3%	0.0%	36.0%	16.2%	27.4%	17.5%	29.7%
0.0%	0.0%	0.0%	0.0%	0.0%	34.3%	0.0%	25.7%	16.0%	27.0%
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%
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%
0.0%	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%	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%	0.0%	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%	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%	0.0%	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%	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%	0.0%	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%	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%	0.0%	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%	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%

PA Rate Template Part V
Consumer Factors

Table 12. Age and Tobacco Factors

2017 Age and Tobacco Factors					
Age Band	Age Factor	Tobacco Factor	Age Band	Age Factor	Tobacco Factor
0-20	0.635		43	1.357	1
21	1.000	1	44	1.397	1
22	1.000	1	45	1.444	1
23	1.000	1	46	1.500	1
24	1.000	1	47	1.563	1
25	1.004	1	48	1.635	1
26	1.024	1	49	1.706	1
27	1.048	1	50	1.786	1
28	1.087	1	51	1.865	1
29	1.119	1	52	1.952	1
30	1.135	1	53	2.040	1
31	1.159	1	54	2.135	1
32	1.183	1	55	2.230	1
33	1.198	1	56	2.333	1
34	1.214	1	57	2.437	1
35	1.222	1	58	2.548	1
36	1.230	1	59	2.603	1
37	1.238	1	60	2.714	1
38	1.246	1	61	2.810	1
39	1.262	1	62	2.873	1
40	1.278	1	63	2.952	1
41	1.302	1	64+	3.000	1
42	1.325	1			

*PA follows the federal default age curve.

Table 13. Geographic Factors

Geographic Area Factors			
Area	Counties	Current Factor	Proposed Factor
Rating Area 1	All Counties	0.970	0.890
Rating Area 2	All Counties	0.970	0.920
Rating Area 3	All Counties	1.000	0.920
Rating Area 4	All Counties	0.970	0.950
Rating Area 5	All Counties	0.970	0.820
Rating Area 6	All Counties	1.000	1.030
Rating Area 7	All Counties	1.000	0.880
Rating Area 8	All Counties	1.130	1.090
Rating Area 9	All Counties	1.000	0.890

Table 14. Network Factors

2017 Network Factors				
Network Name	Rating Area	Current Factor	Proposed Factor	DOH Approval Date
A	All	1.000	1	

FEDERATED MUTUAL INSURANCE COMPANY (FEDERATED)
DISCLOSURE REGARDING PEDIATRIC DENTAL COVERAGE

This group health policy does not include coverage for pediatric dental services as required under the federal Patient Protection and Affordable Care Act. However, coverage for pediatric dental services is provided to you by Federated through a separate group dental insurance policy sold in combination with this group health policy.

- If your employer purchased group dental coverage for all employees the required coverage for pediatric dental services is found in that group dental policy.
- If your employer did not purchase group dental coverage for all employees Federated has issued to your employer a special group dental policy that covers all children age 18 or younger who are enrolled in this group health coverage. This special group dental policy provides coverage only for the required pediatric dental services.

Federated Mutual Insurance Company
Explanation of coverage providing pediatric dental benefits required by ACA

Federated Mutual Insurance Company (Federated) has been writing group dental insurance for over 20 years. Federated sells group dental coverage to employers who purchase group health coverage for their employees as an additional benefit in their employee benefit plan. When an employer includes group dental coverage in their employee benefit plan, the dental policy provides coverage for all members of the employee's family (children and adults) who are covered for group health. Federated intends to continue offering group dental insurance to employers that includes coverage for both children and adults. Federated offers a variety of benefit designs for dental coverage so that employers can chose the benefit level they wish to provide to their employees as part of their employee benefit plans.

Because of the ACA requirements for pediatric dental coverage changes are needed in the dental policy Federated offers to employers for their employees. These changes affect the coverage provided for those under age 19 but do not affect the coverage provided to other people covered by the policy (whether they have children or not). Proposed changes to meet the ACA requirements have been made in the dental policy that is the subject of this SERFF filing. The language in the filed dental policy will provide the ACA required coverage for those under age 19 for "pediatric dental services" while at the same time continuing to provide general dental coverage to those age 19 and older.

Federated does not intend to participate in the Health Care Exchanges (either state or federally operated) and does not intend to offer our group dental policy as a "stand alone dental policy" that could be used to meet the essential health benefit requirements (EHB) of ACA by other carriers offering health insurance coverage. The dental policy issued by Federated will only be issued to employers that purchase group health coverage through Federated for their employee benefit plan. This dental coverage will only be offered "off Exchange".

Embedding dental coverage into the group health policy offered by Federated would require a complete restructuring and rewriting of our claim payment systems (we have one for dental claims and one for health claims). Because we have always offered dental coverage our systems are designed to handle dental claims in the dental system and exclude them from the health system (and vice versa). Putting dental benefits in the group health policy means merging these 2 systems, which is a major undertaking that could not be accomplished by 1-1-14, if at all. Additionally, adding dental coverage to the group health policy would create duplicate coverage for children under age 19 if the employer chose dental coverage for all employees and dependents to supplement the group health coverage purchased.

To meet the requirements of ACA for dental coverage without causing these problems, Federated will be "bundling" a dental policy with all group health coverage sold. A dental policy that covers only "covered persons" under age 19 will be <u>automatically</u> added to each group health policy sold unless the employer chooses a specific dental plan for all employees and their dependents. If the employer chooses to purchase a specific dental benefit package for all employees and their dependents that dental policy includes the ACA mandated pediatric coverage along with coverage for adults. Federated is not simply relying on the availability of Exchange certified coverage and the promise of the member to purchase it to provide dental coverage to children. Federated is <u>guaranteeing</u> that every child under age 19 that is covered

for group health has coverage for pediatric dental services (without coverage limits) that meet ACA requirements.

Without approval of this filing Federated will no longer be able to offer dental coverage to anyone (adults or children) since we will not have policy language that meets ACA requirements approved for use. The current dental policy language includes coverage for children but that coverage is not ACA compliant. Our proposed policy language and procedures for issuing policies will mean that dental coverage is provided to children and available to adults covered by Federated's group products and that the coverage provided to children meets ACA requirements.

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

		1 2015	2 2014	3 2013	4 2012	5 2011
	Gross Premiums Written (Page 8, Part 1B Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	687,362,589	619,542,724	559,892,058	482,510,828	436,421,721
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	222,509,437	202,630,882	187,805,787	158,122,942	140,986,133
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	90,441,757	86,378,440	78,990,729	70,594,625	66,021,077
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	435,678,882	380,665,010	360,940,630	346,229,493	351,574,879
5.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	67,895,231	76,019,668	62,842,763	30,044,312	16,780,098
6.	Total (Line 35)	1,503,887,896	1,365,236,724	1,250,471,967	1,087,502,200	1,011,783,908
	Net Premiums Written (Page 8, Part 1B, Col. 6)					
7.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	610,605,157	553,127,604	501,176,921	431,505,586	389,595,888
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	196,954,296	179,407,326	166,270,499	139,559,783	124,225,405
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	70,814,015	68,073,261	62,210,754	55,650,056	52,103,448
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	392,110,994	342,598,509	324,846,567	311,606,544	316,417,391
11.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	30,536,193	40,709,026	29,010,396	3,951,070	(6,468,185)
12.	Total (Line 35)	1,301,020,655	1,183,915,727	1,083,515,137	942,273,039	875,873,947
	Statement of Income (Page 4)					
13	Net underwriting gain (loss) (Line 8)	91,191,834	106,621,050	(5,030,712)	(49,232,370)	(102,497,377)
14.	Net investment gain or (loss) (Line 11)	163,233,286	160,904,466	170,471,770	161,108,326	158,425,381
15.	Total other income (Line 15)	1,390,942	1,929,415	2,376,432	826,338	811,784
16.	Dividends to policyholders (Line 17)	4,477,998	3,899,437	3,105,491	2,465,377	892,931
17.	Federal and foreign income taxes incurred (Line 19)	62,263,186	78,003,510	36,811,250	4,128,308	3,339,220
18.	Net income (Line 20)	189,074,878	187,551,983	127,900,749	106,108,609	52,507,636
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	5,076,209,615	4,783,738,220	4,523,516,730	4,233,760,432	4,075,135,217
20.	Premiums and considerations (Page 2, Col. 3)					
	20.1 In course of collection (Line 15.1)	92,133,948	84,168,522	65,228,112	50,347,059	46,821,324
	20.2 Deferred and not yet due (Line 15.2)	311,925,308	288,363,167	263,133,664	225,813,803	199,852,296
	20.3 Accrued retrospective premiums (Line 15.3)	0	221,130	40,500		
21.	Total liabilities excluding protected cell business (Page 3, Line 26)	2,213,784,601	2,126,640,941	2,005,260,489	1,868,319,414	1,837,920,370
22.	Losses (Page 3, Line 1)	1,162,396,096	1,120,896,414	1,127,232,659	1,072,186,723	1,047,815,405
23.	Loss adjustment expenses (Page 3, Line 3)	213,956,526	215,531,230	222,663,476	219,131,017	223,115,638
24.	Unearned premiums (Page 3, Line 9)	445,997,779	415,367,338	373,623,965	308,538,666	270,192,086
25.	Capital paid up (Page 3, Lines 30 & 31)					
26.	Surplus as regards policyholders (Page 3, Line 37)	2,862,425,014	2,657,097,279	2,518,256,241	2,365,441,018	2,237,214,847
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	234,965,344	159,868,765	175,483,241	39,457,254	35,082,127
	Risk-Based Capital Analysis					
28.	Total adjusted capital	2,873,632,975	2,668,864,471	2,527,853,444	2,371,937,992	2,238,132,886
29.	Authorized control level risk-based capital	141,077,534	134,613,784	135,090,186	123,713,733	122,250,663
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 12, Col. 3) x100.0					
30.	Bonds (Line 1)	73.7	74.5	74.1	75.3	74.4
31.	Stocks (Lines 2.1 & 2.2)	21.3	21.2	20.9	19.7	21.2
32.	Mortgage loans on real estate (Lines 3.1 and 3.2)					
33.	Real estate (Lines 4.1, 4.2 & 4.3)	1.2	1.4	1.5	1.6	1.6
34.	Cash, cash equivalents and short-term investments (Line 5)	2.2	2.1	3.3	3.2	2.7
35.	Contract loans (Line 6)					
36.	Derivatives (Line 7)					
37.	Other invested assets (Line 8)	1.5	0.7	0.2	0.2	0.2
38.	Receivables for securities (Line 9)	0.0	0.1	0.0	0.0	0.0
39.	Securities lending reinvested collateral assets (Line 10)					
40.	Aggregate write-ins for invested assets (Line 11)					
41.	Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
	Investments in Parent, Subsidiaries and Affiliates					
42.	Affiliated bonds (Schedule D, Summary, Line 12, Col. 1)					
43.	Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)					
44.	Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)	647,427,730	601,649,232	579,823,339	549,384,027	530,513,975
45.	Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46.	Affiliated mortgage loans on real estate					
47.	All other affiliated					
48.	Total of above Lines 42 to 47	647,427,730	601,649,232	579,823,339	549,384,027	530,513,975
49.	Total Investment in Parent included in Lines 42 to 47 above					
50.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	22.6	22.6	23.0	23.2	23.7

FIVE-YEAR HISTORICAL DATA

(Continued)

		1 2015	2 2014	3 2013	4 2012	5 2011
	Capital and Surplus Accounts (Page 4)					
51.	Net unrealized capital gains (losses) (Line 24)	33,062,484	30,132,623	33,873,857	24,446,979	8,790,021
52.	Dividends to stockholders (Line 35)					
53.	Change in surplus as regards policyholders for the year (Line 38)	205,327,735	138,841,038	152,815,223	128,226,171	46,276,593
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	269,635,945	270,233,104	220,850,382	228,809,375	230,729,106
55.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	111,049,376	138,983,225	81,412,904	87,012,805	102,854,321
56.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	35,327,516	32,598,581	28,180,969	33,955,317	36,730,998
57.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	364,168,021	300,044,271	274,081,562	290,947,528	281,542,175
58.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	15,042,988	14,405,939	11,706,477	(1,622,001)	13,809,894
59.	Total (Line 35)	795,223,846	756,265,119	616,232,294	639,103,024	665,666,492
	Net Losses Paid (Page 9, Part 2, Col. 4)					
60.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	240,170,837	241,047,430	197,267,232	203,349,291	206,295,416
61.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	99,736,902	124,977,250	73,271,614	78,311,525	92,568,346
62.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	27,825,409	26,215,470	21,779,992	27,889,846	31,006,884
63.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	327,751,827	270,040,451	246,674,013	261,853,333	253,388,514
64.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	8,460,793	(26,464,801)	9,019,159	(18,157,044)	4,481,293
65.	Total (Line 35)	703,945,768	635,815,800	548,012,010	553,246,950	587,740,454
	Operating Percentages (Page 4) (Line divided by Page 4, Line 1) x 100.0					
66.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67.	Losses incurred (Line 2)	58.6	55.1	59.2	63.8	68.0
68.	Loss expenses incurred (Line 3)	8.3	8.1	10.4	10.7	11.6
69.	Other underwriting expenses incurred (Line 4)	26.0	27.5	30.9	30.9	32.4
70.	Net underwriting gain (loss) (Line 8)	7.2	9.3	(0.5)	(5.4)	(12.0)
	Other Percentages					
71.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	25.3	26.4	28.8	29.6	31.6
72.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	66.8	63.2	69.6	74.6	79.6
73.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	45.5	44.6	43.0	39.8	39.2
	One Year Loss Development (000 omitted)					
74.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(130,389)	(162,989)	(121,751)	(96,950)	(84,564)
75.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(4.9)	(6.5)	(5.1)	(4.3)	(3.9)
	Two Year Loss Development (000 omitted)					
76.	Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(252,532)	(212,139)	(162,180)	(160,726)	(180,094)
77.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(10.0)	(9.0)	(7.2)	(7.3)	(8.9)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]

If no, please explain:

The Premium in the SHCE and the URRT Experience period will differ for a variety of reasons.

- The SHCE is reported on an Accounting period basis, meaning any premiums earned in 2015 will be reported, regardless of the exposure period of the premium. The premiums used in the URRT reflect the true Exposure period amounts, including retroactive member additions and terminations. Both the SHCE and the URRT will include and exclude premium that varies from the other.
- The SHCE includes an adjustment to premium due to the fact that Federated was under-reserved for its 2014 Risk Adjustment Transfer. Federated was a net payor into Pennsylvania's Risk Adjustment pool, and the payment was larger than the reserve established for year-end 2014 financial reporting. The difference between Federated's 2014 year-end reserve and the actual 2014 Risk Adjustment transfer (made during 2015) did cause the 2015 SHCE premium to be reduced. This was not included in the URRT premium levels as the reporting needs were different.
- Additionally, the classification of large group and small group employers is collected from two separate data systems for purposes of completing the SHCE versus the URRT. The SHCE is classified according to employer size (small versus large). The URRT classification is done according to plan designs and plan numbers, which unintentionally tends to overstate transitional small group business. A small amount of transitional business that is of a large employer size is included in the transitional small group premium in the URRT, due to identical plan designs and an inability to differentiate within the available data elements. This does not impact the ACA-compliant premium levels.

The Incurred Claims in the SHCE and the URRT Experience period will also differ for similar reasons.

- The SHCE claims are calculated based upon claim payments made through December 31st, and reserve levels set as of that same date. The URRT incurred claims are calculated with additional claims payment runout and a later reserve level estimate.
- The SHCE incurred claims as of December 31st may include reserves for time periods prior to the URRT experience period (which the URRT will not), and the SHCE incurred claims will include claim payments made for several different years, including multiple years prior to the URRT experience period (which the URRT will not).
- The reserve levels used in the SHCE are based upon a Statutory view, where the "Change in Reserve" is added into the Incurred Claims calculation. This "Change in Reserve" is based upon the difference between the current reporting period's reserve levels and the prior reporting period's reserve levels. The URRT incurred claims will only include the reserve levels for the experience period.
- The SHCE incurred claims are calculated using "financial reporting reserve levels" which include a margin for adverse deviation, in order to protect the solvency of the company. The URRT Experience period incurred claims are calculated using "Pricing reserve levels" which do not include a margin for adverse deviation, as the incurred claims need to be closer to expected outcomes for pricing projections.
- The URRT incurred claims will include additional pharmaceutical rebate amounts, reserves, and reallocation of these amounts, occurring after the SHCE reporting period.
- Additionally, the classification of large group and small group employers is collected from two separate data systems for purposes of completing the SHCE versus the URRT. The SHCE is classified according to employer size (small versus large). The URRT classification is done

according to plan designs and plan numbers, which unintentionally tends to overstate transitional small group business. A small amount of transitional business that is of a large employer size is included in the transitional small group premium in the URRT, due to identical plan designs and an inability to differentiate within the available data elements. This does not impact the ACA-compliant incurred claims levels.

Projected rate filing expenses

	2014 Filing	2015 Filing	2016 Filing	2017 Filing
Administrative Expenses	14.1%	13.8%	10.2%	10.0%
Claims expense	Federated does not break out its loss adjustment expenses from its overall administrative expenses on the line above			
Agent/broker fees and commissions***	Included in Administrative Expenses for the 2014 filing.	1.2%	1.0%	1.0%
Quality Improvement Initiatives	N/A	N/A	N/A	N/A

***Please see response to objection number 17. Federated does not utilize broker relationships, therefore these expenses are entirely an approximation of employee sales compensation.

Actual expenses from the Supplemental Healthcare Exhibit

		2014 SHCE	2015 SHCE		
	Taken from Part I of the Supplemental Healthcare Exhibit				
6	Improving Health Care Quality Expenses Incurred:				
6.1	Improve health outcome	N/A	N/A		
6.2	Activities to prevent hospital readmissions	N/A	N/A		
6.3	Improve patient safety and reduce medical errors	N/A	N/A		
6.4	Wellness and health prmotion activities	N/A	N/A		
6.5	Health Information technology expenses related to health improvement	N/A	N/A		
6.6	Total of Defined epxnses incurred for Improving Health Care Quality	N/A	N/A		
8	Claims Adjustment Expenses			2016 actuals are not available at this time.	
8.1	Cost containment expenses not included in quality of care expenses in Line 6.6	1.1%	2.9%		
8.2	All other claims adjustment expenses	1.7%	3.6%		
10	General and Administrative (G&A) Expenses:				
10.1	Direct sales salaries and benefits	1.8%	2.7%		
10.2	Agents and brokers fees and commissions	N/A	N/A		
10.3	Other taxes (excluding taxes on Lines 1.5 through 1.7 and Line 14 below)	N/A	N/A		
10.4	Other general and administrative expenses	5.4%	5.3%		
10.4a	Community Benefit Expenditures (informational only)	N/A	N/A		

The 2014 SCHE expenses levels were dependent on both the 2014 filed rate levels and the 2013 filed rate levels. A direct comparison of filed expenses to SHCE expenses is only a rough comparison.

The 2015 SCHE expenses levels were dependent on both the 2015 filed rate levels and the 2014 filed rate levels. A direct comparison of filed expenses to SHCE expenses is only a rough comparison.

SERFF Tracking Number:	FEMC-130532688	State:	Pennsylvania
Filing Company:	Federated Mutual Insurance Company	State Tracking Number:	FEMC-130532688
Company Tracking Number:	PA2017RATES		
TOI:	H15G Group Health - Hospital/Surgical/Medical Expense	Sub-TOI:	H15G.003 Small Group Only
Product Name:	Small Group Health		
Project Name:	PA2017Rates		

Objection Letter Status:Pending Industry Response

Objection Letter Date:06/17/2016

Respond By Date:06/24/2016

Submitted Date:06/17/2016 09:02 AM
Dear Kelly Rooks,

Introduction: June 17, 2016

Kelly Rooks, Actuarial Data Analyst

121 East Park Square

Owatonna, MN 55060

RE: Federated Mutual Insurance Company – 2017 Small Group ACA Compliant Plans

Received: May 10, 2016 SERFF Tracking# FEMC-130532688

Dear Ms. Rooks:

The Pennsylvania Insurance Department has received and conducted a 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 7 days of the date of this letter and be provided in pdf. If you have any questions or difficulties in providing the information within this time frame, please call me.

1. Please provide all tables, exhibits, etc. supporting actuarial memorandum in Excel format with formulas for each entry.

Response: Milliman has provided a response to this objection. See the document titled Response to PA Objection dated 20160617_20160623.pdf.

2. Please be advised that each time the URRT is changed in SERFF, the URRT in HIOS must also be updated. Please acknowledge your understanding and certify that you are in compliance.

Response: Federated acknowledges they will keep HIOS up to date as changes are made in SERFF.

3. Please provide the January 1, 2016 through April 30, 2016 emerging experience in an Excel worksheet formatted similar to Table 2.

Response: Please see the attachment Excel Response to PA Objection dated 20160617 – Question 3.xlsx

4. Please provide a factor list (such as trend, morbidity changes, etc.) so that the compounded effect totals to the average rate increase of 33.3%. All factors should be justified and demonstrable.

Response: Milliman has provided a response to this objection. See the document titled Response to PA Objection dated 20160617_20160623.pdf.

5. Please describe quantitatively, including an Excel spreadsheet with formulas, the derivation of the 'Population Risk Morbidity' factors (0.947 Experience; 0.964 Manual) as shown in Table 13.1 of the Actuarial Memorandum.

Response: Milliman has provided a response to this objection. See the document titled Response to PA Objection dated 20160617_20160623.pdf.

6. Please explain the difference between the $472.78 Projected Allowed Experience Claims PMPM found in Section III, Worksheet 1 of the Unified Rate Review Template (URRT) and the $473.13 Base Allowed Claims found in Table 13.2 of the Actuarial Memorandum.

Response: Milliman has provided a response to this objection. See the document titled Response to PA Objection dated 20160617_20160623.pdf.

7. Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the -$39.78 'Projected Risk Adjustments PMPM' found in Section III, Worksheet 1 of the Unified Rate Review Template (URRT). When responding to this data call, you may redact this response as it will contain proprietary information.

Response: Milliman has provided a response to this objection. See the document titled Response to PA Objection dated 20160617_20160623.pdf.

8. Exhibit 10 of the Actuarial Memorandum states that the target profit margin is 4.95%, while Table 10.1 and the URRT indicate that it is 3.2%. Please explain the apparent discrepancy and make any necessary corrections.

Response: Milliman has provided a response to this objection. See the document titled Response to PA Objection dated 20160617_20160623.pdf.

9. Regarding the 'Taxes and Fees', please confirm compliance with URRT Part 1 instructions where carriers may only enter the portion of any load that is for taxes and fees that may be subtracted from premiums for purposes of calculating the medical loss ratio (MLR).

Response: Milliman has provided a response to this objection. See the document titled Response to PA Objection dated 20160617_20160623.pdf.

10. Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the Projected Member Months of 47,772.

Response: Milliman has provided a response to this objection. See the document titled Response to PA Objection dated 20160617_20160623.pdf.

11. Please provide an explanation for revising the Geographic Area Factors and describe quantitatively, including an Excel spreadsheet with formulas, the derivation of the revised factors.

Response: Milliman has provided a response to this objection. See the document titled Response to PA Objection dated 20160617_20160623.pdf.

12. Please confirm that pediatric vision benefits are included in all plans.

Response: Federated confirms that pediatric vision benefits are included in all plans.

13. Please provide the methodology the company intends to use for ensuring coverage of pediatric dental benefits.

Response: Please see the attached documents titled Stand Alone Issue Response.pdf and dental disclosure.pdf explaining how dental coverage is provided and the notice that is included with each policy and certificate.

14. Please provide the 2015 Statutory Annual Statement Five-Year Historical Data Exhibit.

Response: Please see the attached document titled 2015 Five-Year Historical Data Exhibit.pdf which has been included on the Supporting Documentation tab.

15. Please provide a copy of the Supplemental Health Care Exhibit (SHCE) and describe the reason(s) for any differences between the SHCE and Worksheet 1, Section 1 of the Uniform Rate Review Template.

Response: Please see attached document titled Differences between the SHCE and URRT Experience period.pdf.

16. Provide support for all expenses that do not reflect payments made to providers under the contract for covered medical services. Describe the methodology used for developing the estimate of these non-benefit expenses expected during the projection period for the applicable market, including any allocation of corporate overhead.

Response: Federated Insurance is a multi-line insurer and the Health product is a portion of the Mutual and Life insurance companies. Each year, Federated's Accounting department projects overall company expenses for the following year, some at a corporate level and others at the product level. For many expenses, the level of expenses are allocated among the multiple product lines according to projected premium levels and staffing needs for the projected year, with the Health expense being dependent on the other product lines at Federated. Please note that the Heath product is the 3rd largest product at Federated, thus our expense allocation is truly dependent on the relative size of two larger products. Within the Health product, the expense allocation among the Health states is relational to the positive and negative membership growth in each state. The expenses vary by growing membership in some states and shrinking membership in other states. (Federated sells its health product in numerous different states.) Taxes specific to the state are allocated specifically, but various company allocated expenses to health are then further allocated by premium levels for each health state. Specific expenses, such as PCORI and Risk Adjustment User Fees are not allocated but instead assigned the fixed cost levels. Loss Adjustment expenses are based upon the historical expenses as a percent of claims. Commissions are not broker commissions, but instead are a portion of the direct employee salesforce compensation levels. Since all sales are done by company representatives only, all costs for those employees (benefits, salary, travel, etc.) are not attributed to commissions and can fall under General Administrative.

17. Regarding broker commissions:

- Under what circumstances and in what geographic locations will commissions be paid?
- Are commissions paid for SEP?
- Provide a copy of the broker agreement - current and 2017.
- Show the calculation of the average commission - current and 2017.

Since this response should include detailed insight into the broker commission, you may redact this response.

Response: Federated markets exclusively in the off-exchange small group marketplace. Additionally Federated markets its products exclusively through its own captive sales force. Federated has no broker relationships, meaning Federated's products can only be sold by a company employee. The Federated employee sales force is compensated through various compensation plans. Federated's employees sales force exclusively markets a variety of products other than Small Group Health, including Life, Disability, and numerous Property and Casualty coverages. As part of Federated's compensation, it does provide varying commissions for new business and renewal business that can fluctuate from year to year. Other incentive programs do exist that combine varying products. Federated does not rely on its commission rates to market its products, it utilizes an overall compensation and benefit program to incent its direct employee sales force.

18. Please provide the actual and projected (according to the approved rate filing) general administrative expense, claims expense, agent/broker fees and commissions, and Quality Improvement Initiatives for calendar years 2014 and 2015 and the year to date 2016. If aggregate numbers were provided and approved in prior year filings, show the allocated amount of each.

Response: Please see the document titled Expense exhibit.pdf.

19. Does this filing propose Service Area changes relative to the last approved filing? If so, please discuss.

Response: Federated is not proposing Service Area changes in this filing compared to the last approved filing. Federated has used the same Service Area in Pennsylvania for the last few years.

20. Does this filing propose any changes in your pricing model? If so, please discuss. This response may be redacted since it may contain confidential information.

Response: Milliman has provided a response to this objection. See the document titled Response to PA Objection dated 20160617_20160623.pdf.

21. Please discuss the impact SEP enrollees have had on your company's claims experience. If possible provide the 2015 loss ratio for SEP enrollees and non-SEP enrollees.

Response: Federated does not track SEP enrollees. Federated adds and removes members in its small group block according to appropriate policy language and required ACA regulation, however Federated does not track the reason for necessary membership adjustments. Federated believes that SEP enrollees have a minimal impact in the Small Group Off-Exchange marketplace, which is where Federated exclusively markets

its small group product. In Federated's opinion, the financial impact of SEP enrollees is incurred in the individual marketplace, primarily in the Federal Exchange and State Exchanges due to the timing of enrollment, premium collection, eligibility verification, and claims payments.

Please be advised that there may be additional questions as the Department does a more in depth review.

Response to this request should be provided via SERFF in Microsoft Excel spreadsheets (version 2013 or less). Please retain all formulas.

Should you have any questions regarding this correspondence, please contact me at (717) 787-5172.

Sincerely,
Cherri Sanders-Jones
Actuarial Review Division

Conclusion:
Sincerely,
Cherri Sanders-Jones

8500 Normandale Lake Blvd.
Suite 1850
Minneapolis, MN 55437
USA

Tel +1 952 897 5300
Fax +1 952 897 5301

milliman.com

June 23, 2016

Mr. Scott Haglund, FSA, MAAA, FLMI
Vice President & Director of Actuarial Services – Life & Health
Federated Mutual Insurance Company
O301
121 East Park Square
Owatonna, MN 55060-3046

Re: Response to Objection Received from Pennsylvania on June 17, 2016 - Redacted

Dear Scott:

Thank you for asking Milliman to assist Federated Mutual Insurance Company (Federated) with its 2017 commercial rate filings. The purpose of this letter is to provide a response to the objection letter received from the Pennsylvania Insurance Department on June 17 for the small group rate filing. *The requests stated in the objection letter are restated in italics for reference.* This letter may not be appropriate for other purposes.

We've enclosed a revised actuarial memorandum, URRT, and PA Actuarial Memorandum Rate Exhibits workbook (PA Rate Exhibits) with this response. It came to our attention after the initial submission that historical premium values were overstated in the data we received, so we took this opportunity to revise them in the enclosed documents. This revision did not affect pricing or the reported rate increase, as that had been calculated using table rates and not the premium values in the data.

1. *Please provide all tables, exhibits, etc. supporting actuarial memorandum in Excel format with formulas for each entry.*

   Worksheet *Response #1* of the enclosed Excel spreadsheet *Response to PA Objection dated 20160617_20160624.xlsx* (spreadsheet) provides the tables from the Part III Actuarial Memorandum.

2. *Please be advised that each time the URRT is changed in SERFF, the URRT in HIOS must also be updated. Please acknowledge your understanding and certify that you are in compliance.*

   Federated will be responding to this question.

3. *Please provide the January 1, 2016 through April 30, 2016 emerging experience in an Excel worksheet formatted similar to Table 2.*

   Federated will be responding to this question.

4. *Please provide a factor list (such as trend, morbidity changes, etc.) so that the compounded effect totals to the average rate increase of 33.3%. All factors should be justified and demonstrable.*

   Exhibit 4 on worksheet *Response #4* of the enclosed spreadsheet provides a breakdown of the average rate increase of 28.6% into each of the contributing factors listed in the actuarial memorandum. The average 2016 premium reflects a snapshot of current enrollment as of January 2016. The adjustment factors bring the average 2016 premium rate, which reflects the rate increase of 15% on third and fourth quarter renewals, to the average 2017 premium rate for that same cohort of members. A description of each factor is provided below.

   - *Estimated changes in Experience, Morbidity, and Mix*. Reflects the impact of morbidity and mix differences between the 2016 and 2017 premium rates, including the impact of new members anticipated for 2017 and existing members as of January 2016. The factor also includes the impact of changes in the underlying Pennsylvania experience data and the nationwide data used to develop the manual rate.
   - *Impact of Trend*. Reflects the impact of cost and utilization trend from 2016-2017, as well as the impact of differences between the 2016 and 2017 quarterly trend factors.
   - *Impact of area factor changes*. Reflects the impact on the January 2016 mix of membership of changes in area factors. Note that area factor changes do not impact the overall rate level because they are normalized around the projected population as part of the calibration step. The impact reflected here represents the change in the average area factor across the mix of membership as of January 2016.
   - *Change in Market Level Adjustments*. Reflects the difference between the risk adjustment transfer estimate reflected in 2016 premium rates and the risk adjustment transfer estimate reflected in 2017 premium rates. This also reflects the impact of changes in Federal Transitional Reinsurance contributions (which are zero for 2017) and Risk Adjustment user fees (as prescribed by regulation) between 2016 and 2017.
   - *Changes in Plan Designs & Pricing*. Reflects the impact of differences in plan designs and pricing between 2016 and 2017.
   - *Changes in Retention*. Reflects the impact of changes in administrative costs, taxes and fees (excluding reinsurance contributions and risk adjustment user fees), and profit between 2016 and 2017.

   The rate increase of 28.6% as shown in Exhibit 4 does not match the 33.3% increase as shown in Table 10 of the PA Actuarial Memorandum Rate Exhibits for the following reasons:

   - The calculated 2016 and 2017 Calibrated Plan Adjusted Index Rates (CPAIRs) reflect first quarter rates for a 21 year old. That is, they are member weighted, not revenue weighted.

- The overall average rate increase will vary by region, since the area factors are changing in 2017. The breakdown of the rate increase by region does not happen until Table 11 in the PA Rate Exhibits.
- The 2016 CPAIRs are trended to the average rate effective period assumed in pricing for 2016, and do not reflect the actual distribution of enrollment by quarter as of January 2016. Since the quarterly trend factor is changing from 2016 to 2017, the rate increase will vary by quarter and will be impacted by the assumed mix of membership by quarter.

5. *Please describe quantitatively, including an Excel spreadsheet with formulas, the derivation of the 'Population Risk Morbidity' factors (0.947 Experience; 0.964 Manual) as shown in Table 13.1 of the Actuarial Memorandum.*

Worksheet *Response* #5 of the enclosed Excel spreadsheet provides quantitative support for the Population Risk Morbidity factors described in Exhibits 5 and 6 and shown in Table 13.1 of the actuarial memorandum. The development of these factors is described below.

Experience

Exhibit 5.1 in the enclosed spreadsheet provides quantitative support for the morbidity adjustment applied to adjust the base period experience data to the projection period.

As described in the actuarial memorandum, the population morbidity factor includes two adjustments. The first adjustment (the "population adjustment" shown in Exhibit 5.1) reflects the impact of removing transitional experience from the single risk pool in the projection period, since Federated does not expect its transitional population to enroll in ACA-compliant plans in 2017. The second adjustment reflects anticipated differences between the average morbidity of the ACA population in the experience period and the average morbidity of the population anticipated to be enrolled in ACA plans in the projection period (the "morbidity level adjustment" in Exhibit 5.1).

The morbidity level of the ACA population in the experience period was estimated using age/gender adjusted silver HHS-HCC risk scores calculated using data provided by Federated (an adjustment was applied to high risk scores to mirror the impact of large claim pooling). Morbidity in the projection period was estimated based on the volume and morbidity levels of persisting ACA members and expected new sales.

The measured morbidity of the existing ACA population in 2015 was calculated as the member month weighted average morbidity factor (i.e., age/gender adjusted HHS-HCC risk score) for the experience period. The morbidity factors were weighted on member months so that the measured morbidity level would be consistent with the average claim cost level reflected in the experience period.

For the projection period, the morbidity of persisting ACA members is assumed to remain the same as in the experience period, but the average morbidity level will change due to the impact of partial year enrollment in the experience period. For example, if a member enrolled in July 2015, their morbidity factor would be given six months weight in the

calculation of experience period morbidity and would be given twelve months weight in the calculation of expected morbidity in the projection period.

The morbidity of new members enrolling in 2016 and 2017 is expected to follow the morbidity of Federated's nationwide new sales in 2015. The average morbidity of new sales in 2015 was calculated as the member weighted average morbidity factor for those members in the experience period.

Manual Rate

Exhibit 5.2 in the enclosed spreadsheet provides quantitative support for the morbidity adjustment applied to adjust the manual rate data to reflect the population anticipated to be enrolled in Pennsylvania in the projection period.

The population morbidity factor reflects anticipated differences between the average morbidity of the ACA population underlying the manual rate in the experience period and the average morbidity of the population anticipated to be enrolled in ACA plans in Pennsylvania in the projection period.

The morbidity level of the manual rate ACA population in the experience period was estimated using age/gender adjusted silver HHS-HCC risk scores calculated using data provided by Federated. Morbidity for Pennsylvania in the projection period was estimated based on the volume and morbidity levels of persisting ACA members and expected new sales.

The measured morbidity of the nationwide manual rate ACA population in 2015 was calculated as the member month weighted average morbidity factor (i.e., age/gender adjusted HHS-HCC risk score) for the experience period. The morbidity factors were weighted on member months so that the measured morbidity level would be consistent with the average claim cost level reflected in the experience period.

The calculation of the anticipated morbidity level of the Pennsylvania ACA population in the projection period was described above in the Experience section.

6. *Please explain the difference between the $472.78 Projected Allowed Experience Claims PMPM found in Section III, Worksheet 1 of the Unified Rate Review Template (URRT) and the $473.13 Base Allowed Claims found in Table 13.2 of the Actuarial Memorandum.*

   The value of $473.13 shown in Tables 13.1 and 13.2 in the actuarial memorandum is different than the *Projected Allowed Experience Claims PMPM (w/ applied credibility if applicable)* value in the URRT because the projection factors are rounded in the URRT (as required by the URR instructions), while full precision is used in pricing. If unrounded values were used in the URRT, the values would be equal.

7. *Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the -$39.78 'Projected Risk Adjustments PMPM' found in Section III, Worksheet 1 of the Unified Rate Review Template (URRT). When responding to this data call, you may redact this response as it will contain proprietary information.*

   The response to this question has been redacted because it contains proprietary information.

8. *Exhibit 10 of the Actuarial Memorandum states that the target profit margin is 4.95%, while Table 10.1 and the URRT indicate that it is 3.2%. Please explain the apparent discrepancy and make any necessary corrections.*

   The stated profit margin target of 4.95% in Exhibit 10 of the actuarial memorandum is reported on a pre-federal income tax basis, while the profit margin in Table 10.1 of the actuarial memorandum and in the URRT are on a post-federal income tax basis as required by the URR instructions.

9. *Regarding the 'Taxes and Fees', please confirm compliance with URRT Part 1 instructions where carriers may only enter the portion of any load that is for taxes and fees that may be subtracted from premiums for purposes of calculating the medical loss ratio (MLR).*

   The Taxes and Fees included in Worksheet 1 of the URRT only reflect the taxes and fees that may be subtracted from premiums for purposes of calculating the medical loss ratio (MLR). The only difference between the Premium-Related Retention (Taxes & Fees) PMPM of $20.79 shown in Table 11.1 of the actuarial memorandum and the Taxes & Fees of $20.65 shown in Worksheet 1 of the URRT is the risk adjustment user fee of $0.13 (the risk adjustment user fee is required to be reported in the Projected Risk Adjustments, PMPM line of the URRT per the URR instructions).

10. *Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the Projected Member Months of 47,772.*

    Worksheet *Response #10* of the enclosed Excel spreadsheet provides quantitative support for the development of projected membership.

    Federated projected membership was developed using the following process:
    - We started with actual membership by plan as of January 2016, and assumed that 20% of members would lapse at each annual renewal. We assumed that members will only lapse at renewal, and that they won't change benefit plans (if their plan terminates we are assuming they will renew onto the most similar plan design offered).
    - Federated provided new sales assumptions for 2016 and an assumed distribution of new sales by plan. We assumed that 20% of those members would lapse at their 2017 renewal date (again, we assumed that members will only lapse at renewal and will not change plans).

- Federated provided new sales assumptions for 2017 and an assumed distribution of new sales by plan. We assumed that members would not lapse in their first policy year.
- Projected membership is calculated as the sum of persisting current members, persisting new 2016 sales, and new 2017 sales.

11. *Please provide an explanation for revising the Geographic Area Factors and describe quantitatively, including an Excel spreadsheet with formulas, the derivation of the revised factors.*

    The response to this question has been redacted because it contains proprietary information.

12. *Please confirm that pediatric vision benefits are included in all plans.*

    Federated will be responding to this question.

13. *Please provide the methodology the company intends to use for ensuring coverage of pediatric dental benefits.*

    Federated will be responding to this question.

14. *Please provide the 2015 Statutory Annual Statement Five-Year Historical Data Exhibit.*

    Federated will be responding to this question.

15. *Please provide a copy of the Supplemental Health Care Exhibit (SHCE) and describe the reason(s) for any differences between the SHCE and Worksheet 1, Section 1 of the Uniform Rate Review Template.*

    Federated will be responding to this question.

16. *Provide support for all expenses that do not reflect payments made to providers under the contract for covered medical services. Describe the methodology used for developing the estimate of these non-benefit expenses expected during the projection period for the applicable market, including any allocation of corporate overhead.*

    Federated will be responding to this question.

17. *Regarding broker commissions:*
    - *Under what circumstances and in what geographic locations will commissions be paid?*
    - *Are commissions paid for SEP?*
    - *Provide a copy of the broker agreement - current and 2017.*
    - *Show the calculation of the average commission - current and 2017.*

    Since this response should include detailed insight into the broker commission, you may redact this response.

    Federated will be responding to this question.

18. *Please provide the actual and projected (according to the approved rate filing) general administrative expense, claims expense, agent/broker fees and commissions, and Quality Improvement Initiatives for calendar years 2014 and 2015 and the year to date 2016. If aggregate numbers were provided and approved in prior year filings, show the allocated amount of each.*

    Federated will be responding to this question.

19. *Does this filing propose Service Area changes relative to the last approved filing? If so, please discuss.*

    Federated will be responding to this question.

20. *Does this filing propose any changes in your pricing model? If so, please discuss. This response may be redacted since it may contain confidential information.*

    This response has been redacted because it contains confidential information.

21. *Please discuss the impact SEP enrollees have had on your company's claims experience. If possible provide the 2015 loss ratio for SEP enrollees and non-SEP enrollees.*

    Federated will be responding to this question.

Other Considerations

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.

Limits on Distribution

I understand that this letter will be used by Federated for state filing purposes. Milliman consents to the release of this document to the applicable agency. Any additional release of the document by Federated requires prior written consent by Milliman. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.

Variability of Results

Differences between projections in this analysis and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent the assumptions in this memorandum are not realized.

Data Reliance

In performing this analysis, I have relied on data and other information provided by Federated. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of the analysis may likewise be inaccurate or incomplete.

I performed a limited review of the data used directly in the analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of the assignment.

♦♦♦

Scott, thank you again for the opportunity to work with you. Please contact me directly at (952) 820-2410 or hans.leida@milliman.com if you have any questions.
Sincerely,

Hans Leida

Hans Leida, PhD, FSA, MAAA
Principal & Consulting Actuary

HKL/sww

Part III Actuarial Memorandum

Federated Mutual Insurance Company

Small Group Rate Filing
State of Pennsylvania
Policy Form Numbers GH 37 01 (01-16 ed.)

Prepared for:
Federated Mutual Insurance Company

Prepared by:
Hans K. Leida, PhD, FSA, MAAA
Principal & Consulting Actuary
Milliman, Inc.

8500 Normandale Lake Blvd.
Suite 1850
Minneapolis, MN 55437
USA

Tel +1 952 897 5300
Fax +1 952 897 5301

milliman.com

TABLE OF CONTENTS

EXHIBIT 1. GENERAL INFORMATION

Document Overview

This document contains the Part III Actuarial Memorandum for Federated Mutual Insurance Company's (Federated's) small group block of business. The rates in this filing will apply to new and renewing ACA-compliant policies effective January 1, 2017. This actuarial memorandum is submitted in conjunction with the Part I Unified Rate Review Template. It is intended to replace the version dated May 10, 2016.

The purpose of the actuarial memorandum is to provide certain information related to the submission, including support for the values entered into the Part I Unified Rate Review Template, which supports compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes. Please note that certain values in this actuarial memorandum will differ slightly from values reported in the URRT in cases where the URRT requires rounding rules different than those used in rate development.

This information is intended for use by the State of Pennsylvania Insurance Department, the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of Federated's small group rate filing. However, we recognize that this memorandum may become a public document. Milliman makes no representations or warranties regarding the contents of this memorandum to other users. Likewise, other users of this memorandum should not place reliance upon this actuarial memorandum that would result in the creation of any duty or liability for Milliman under any theory of law.

Variability of Results

Differences between projections in this analysis and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent the assumptions in this memorandum are not realized.

Interpretation of Law/Regulations

The analysis in this report is based on our current understanding of federal and state rules and regulations. To the extent that these rules and regulations continue to evolve, our work may be subject to change. Milliman is not a law firm. Nothing in this correspondence should be construed as legal advice. In the event a legal interpretation is required, we recommend review by legal counsel.

Company Identifying Information

Company Legal Name: Federated Mutual Insurance Company
State: The State of Pennsylvania has regulatory authority over these policies.
HIOS Issuer ID: 80148
Market: Small Group
Effective Date: January 1, 2017

Company Contact Information

Primary Contact Name: Kelly Rooks
Primary Contact Telephone Number: 1-800-533-0472 ext. 444-6871
Primary Contact Email: groupratefiling@fedins.com

Description of Benefits

The form listed above is a Preferred Provider Organization (PPO) health insurance product marketed to small employers. Benefits are comprehensive in nature, and include prescription drugs.

Each plan included in this filing provides coverage for the essential health benefits, has an annual out-of-pocket limit, and has an actuarial value that complies with one of the four metal tiers.

EXHIBIT 2. PROPOSED RATE INCREASE(S)

Table 2.1 provides the estimated average, minimum, and maximum rate increase effective January 1, 2017.

Table 2.1 Federated Mutual Insurance Company Proposed Rate Increase			
	Rate Increase		
Description	Average[1]	Q1 & Q2[2]	Q3 & Q4[3]
Minimum	-0.1%	14.1%	-0.1%
Maximum	50.6%	50.6%	32.8%
Average	**28.6%**	**38.2%**	**23.9%**

[1] Represents a blend of the increase for members who received the July 1, 2016 increase and those who did not (i.e. those sold or renewed in the first two quarters of the year).
[2] Represents the rate increase over the initial filing effective January 1, 2016.
[3] Represents the rate increase over the third quarter filing effective July 1, 2016.

The rate increases provided in Table 2.1 are calculated for members enrolled in an ACA-compliant plan as of January 2016. Some of those members have not yet renewed onto a 2016 rate level. The increases assume that those members will renew at their next renewal date onto the most similar 2016 plan design. The minimum and maximum values are on a member basis.

The average rate increase reflects the weighted average 2017 table rate over the weighted average 2016 table rate for those members. A base rate modification filing for rates effective in the third or fourth quarter 2016 was recently approved and is reflected in Table 2.1. Therefore, rate increases for members renewing in the third and fourth quarters will be lower, and rate increases for members enrolling in the first and second quarters will be higher. This is one reason for the wide spread range from the minimum to maximum rate increase shown in the table. The rate increase also varies from member to member because the plan and area factors are being revised in this filing, as described below.

Note that the average rate increase shown in Table 2.1 will not equal the Product Rate Increase % displayed on Worksheet 2 of the URRT. This is because the rate increase shown in Table 2.1 reflects the average increase weighted on a snapshot of existing members renewing their plans, while the Product Rate Increase % weights the prior 12-month cumulative rate change on projected 2017 membership and current average premium.

The Pennsylvania Insurance Department prescribes a methodology for calculating the rate increase that differs from the methodology outlined in the Unified Rate Review instructions. Therefore, the average, minimum, and maximum rate increases referenced in this memorandum will not equal the rate increases reported in other Pennsylvania-specific documents or in SERFF.

Reason for Rate Increase

The rates for these products are being revised to account for the following factors:

- The impact of differences between the average morbidity, demographic mix, and plan mix that were projected for the single risk pool in 2016 and the morbidity, demographic mix, and plan mix underlying the population anticipated to be enrolled in the single risk pool in 2017. Exhibits 5 and 6 provide additional detail on the population morbidity and mix assumptions.
- The impact of cost and utilization trend from 2016 to 2017, as well as the impact of differences between the 2016 and 2017 quarterly trend factors. The trend assumptions are described in more detail in Exhibit 5.

- Differences between the net risk adjustment transfer estimate reflected in 2016 premium rates and the net risk adjustment transfer estimate reflected in 2017 premium rates. Exhibit 9 provides detail on the net risk adjustment transfer estimate for 2017.
- Differences in plan designs and pricing between 2016 and 2017.
- Changes in administrative costs, taxes and fees, and profit between 2016 and 2017. Exhibit 10 provides a breakdown of the non-benefit expense and profit assumptions for 2017.

Rate Increase Variations by Plan

Given that there were uniform modifications in benefit designs for some plans, and the benefit factors were re-priced between 2016 and 2017, the rate increase varies by plan.

EXHIBIT 3. EXPERIENCE PERIOD PREMIUM AND CLAIMS

Paid Through Date

The experience reported on Worksheet 1, Section I of the URRT includes earned premium and claims incurred in Pennsylvania for the period of January 1, 2015 through December 31, 2015, with claims paid through January 31, 2016. An adjustment was made for estimated IBNR, as described in more detail below.

Premiums (net of MLR Rebate) in Experience Period

Table 3.1 below shows experience period earned premium, expected risk adjustment receivables, expected MLR rebates, and earned premium net of risk adjustment receivables and MLR rebates on a per member per month (PMPM) basis for the single risk pool (including ACA and transitional experience). Earned premiums were provided by Federated from their internal systems. The expected risk adjustment amount is based on Federated's accrual for 2015 financial reporting. Federated has stated that it does not expect to pay any rebates for 2015 incurrals.

Table 3.1
Federated Mutual Insurance Company
Premium Net of Risk Adjustment Receivables and MLR Rebates

2015 earned premium PMPM	$378.17
Expected risk adjustment receivables (payables) PMPM	($55.83)
2015 MLR rebates PMPM	$0.00
2015 earned premium net of risk adjustment receivables and MLR rebates PMPM	**$322.34**

Allowed and Incurred Claims Incurred During the Experience Period

The experience reported on Worksheet 1, Section I of the URRT shows earned premium, allowed claims, and paid claims for the period of January 1, 2015 through December 31, 2015, with claims paid through January 31, 2016.

Medical and prescription drug allowed and paid claim experience was provided by Federated. Medical claims are processed by Federated using their internal data systems. Allowed claims are reported directly in the system, and are not calculated from other fields. Prescription drug claims are processed by a Pharmacy Benefit Manager (PBM). Federated has no capitation arrangements for these products.

Completion factors for medical services and prescription drugs were provided by Federated at the service category level on an allowed and paid basis. Federated estimates IBNR using traditional actuarial practices and experience for their entire block of group medical business, which consists of similar products in 23 states. Completion factors are calculated across the entire block of group medical business due to the small amount of experience in each state. Federated has stated that reserves for the experience period were neither unusually high nor unusually low.

Table 3.2 below shows the percentage of total reported paid and allowed claims processed inside and outside of Federated's claim systems, and the percentage of claims estimated to be incurred but not yet reported as of January 2016.

Table 3.2 Federated Mutual Insurance Company Experience Period Allowed Claims, Paid Claims, and IBNR				
	Medical		Prescription Drugs[1]	
Service Type	Allowed	Paid	Allowed	Paid
% Processed internally	93.5%	92.7%	5.1%	5.5%
% Processed externally	0.0%	0.0%	93.9%	93.3%
% IBNR	6.5%	7.3%	1.0%	1.2%

[1] Claims processed internally are for drugs dispensed in a professional, inpatient, or outpatient setting with line item billing.

Upon review of Federated's utilization data, it appeared that consistent utilization counts representing the same type of service were not available, and the average charge results per unit implied by the data did not appear to be reliable based on those counts. Therefore, the average charge values by service category in Worksheet 1, Section II were developed based on benchmark data from Milliman's 2016 Commercial *Health Cost Guidelines*™ (HCGs), calibrated to Federated's population. The corresponding utilization counts were calculated based on the per member per month values and the assumed average charge.

EXHIBIT 4. BENEFIT CATEGORIES

Mapping of Federated Reporting Categories to URRT Service Categories

Federated categorizes utilization and cost information by benefit category using their internal claim reporting categories. Table 4.1 provides Federated's service categories, and the mapping from Federated category to URRT category.

Table 4.1
Federated Mutual Insurance Company
Mapping from Federated Reporting Category to URRT Service Category

Federated Reporting Category	URRT Service Category
Inpatient Facility	Inpatient Hospital
Outpatient Facility	Outpatient Hospital
Professional	Professional
Other and Miscellaneous	Other Medical
Pharmacy	Prescription Drug
[1]	Capitation

[1] Federated did not have capitation arrangements in the experience period, and there are no capitation arrangements anticipated for the projection period.

Federated's Methodology for Assigning Claims to a Reporting Category

Federated's internal claim system uses the following methodology to assign claims to their internal reporting categories.

Inpatient Facility

Facility and accommodation charges that appear on an 837I or UB with an accommodation charge.

For charges that are combined into a single fee due to provider billing or network arrangements, all charges (professional and facility) are assigned to the facility category.

Outpatient Facility

Facility charges that appear on an 837I or UB without an accommodation charge.

For charges that are combined into a single fee due to provider billing or network arrangements, all charges (professional and facility) are assigned to the facility category.

Professional

Provider charges that appear on 837P or HCFA that are not included for services covered under "Other"

Other and Miscellaneous

Charges submitted on and 837P or HCFA bill for Ambulance Services, Dental, Durable medical Equipment, Home Health Care, Medical Supplies, Prosthetics or Orthotics. Also includes any other services not attributed to one of the other categories.

Pharmacy

Charges processed by a PBM for prescription drugs dispensed by network pharmacies and charges for prescription drugs dispensed in a professional, inpatient, or outpatient setting with line item billing. The amount reported in Worksheet 1 of the URRT is net of pharmacy rebates.

"Other" Utilization Description in the URRT

The utilization description in the URRT is listed as "Other" for the "Other" service category, which includes a mix of visits, cases, and procedures.

EXHIBIT 5. PROJECTION FACTORS

This section includes a description of the factors used to project the experience period allowed claims to the projection period, as well as supporting information on how these factors were developed.

Changes in the Morbidity of the Population Insured

The morbidity change factor includes two adjustments.

The first adjustment reflects the impact of removing transitional experience from the single risk pool in the projection period, since Federated does not expect its transitional population to enroll in ACA-compliant plans in 2017. This factor is calculated as the ratio of experience period allowed claims PMPM for the ACA population over experience period allowed claims PMPM for the entire single risk pool.

The second adjustment reflects anticipated differences between the average morbidity of the ACA population in the experience period and the average morbidity of the population anticipated to be enrolled in ACA plans in the projection period. This factor is calculated as the ratio of the estimated morbidity level of the projected population over the estimated morbidity level of the ACA population in the experience period.

The morbidity level of the ACA population in the experience period was estimated using age/gender adjusted silver HHS-HCC risk scores calculated using data provided by Federated. An adjustment was made to high risk scores to mirror a pooling adjustment made to allowed claims (essentially, truncating and pooling risk scores across Federated's nationwide small group block). The large claim pooling adjustment is described in more detail below under Other Adjustments.

Morbidity in the projection period was estimated based on the volume and morbidity levels of persisting ACA members and expected new sales. The following assumptions were used to estimate morbidity for these cohorts:

- The morbidity of Federated's existing ACA members in Pennsylvania will not change materially from the experience period to the projection period, and 80% of existing members will persist at each annual renewal.
- New sales in 2016 and 2017 will follow the average morbidity level across Federated's existing ACA members nationwide that were new enrollees in 2015 (those not previously enrolled in one of Federated's non-ACA plans).

Changes in Benefits

The "Other" adjustment reflects anticipated changes in utilization due to cost sharing from the experience period to the projection period. This includes the impact of plan design changes (that is, uniform modifications made to cost sharing to remain within the actuarial value (AV) de minimis range), as well as changes in the mix of membership by plan from the experience period to the projection period.

The impact of differences in utilization due to cost sharing between the experience period and the projection period was calculated using induced utilization factors from Milliman's 2016 Commercial HCGs. The adjustment factor was calculated as the average induced utilization factor across the anticipated plan mix in the projected period over the average induced utilization factor across the plan mix in the experience period. The induced utilization factors from the HCGs reflect expected differences in utilization due to cost sharing for a standard population, and exclude expected differences in the health status of members expected to choose a particular plan.

Changes in Demographics and Geography

The "Other" adjustment reflects the anticipated impact of differences between the average age, gender, and geographic mix in the experience period and projection period.

The demographic change factor was developed by calculating the ratio of the average age/gender factor for the population anticipated to be enrolled in the projection period to the average age/gender factor for the population in the experience period. The age/gender factors used in this calculation were from Milliman's 2016 Commercial HCGs.

The geographic change factor was calculated by taking the ratio of the average area factor expected in the projection period over the average area factor in the experience period. The area factors have been updated for 2017, and are described in Exhibit 17.

Other Adjustments

In addition to the benefit, demographic, and geographic adjustments described above, the "Other" factor also includes the impact of network changes, minor differences between Rx rebates in the experience period and anticipated Rx rebates in the projection period, and large claim pooling.

Network changes

Federated had two network options in 2015, and will have one network in 2017. The "Other" adjustment factor includes the impact of cost differences between the average mix of enrollment across the two networks in the experience period and the single network offered in the projection period.

Cost level information for each network was provided by Federated based on their network contracting arrangements. The network change factor was calculated as the ratio of the average network cost level expected in the projection period over the average network cost level in the experience period.

Changes in Rx rebates

A small adjustment was made to account for anticipated differences in Rx rebates in the experience period and projection period.

Large claim pooling

An adjustment was made to account for the impact of pooling large claims in the experience period.

Federated's ACA claims (allowed charges) above an annual threshold of $250,000 per member (for medical and prescription drug services combined) were pooled and spread across Federated's 2015 nationwide small group ACA block on a per member per month basis.

Trend Factors (cost/utilization)

The trend factors reflect anticipated changes due to medical and prescription drug inflation, and anticipated changes in utilization. Trends were developed based on Milliman internal benchmark trends, historical trends in Federated's nationwide commercial group experience data (small and large group), and actuarial judgment.

The annual allowed trend used to project claims from 2015 to 2017 was 7.0%, made up of 1.4% utilization trend and 5.5% cost trend. Note that the trend factors shown on Worksheet 1 of the URRT reflect an additional adjustment to shift the midpoint from a calendar year basis to the average rate effective period for first quarter rates (based on Federated's anticipated mix of enrollment by month throughout the year). Since Federated applies quarterly rate increases (described below), this adjustment will reflect the average number of months deviation from the midpoint of each quarter (July 1, October 1, January 1, April 1).

Federated intends to recognize trend on a quarterly basis. The quarterly trend adjustment will be 1.96%. The quarterly trend adjustment reflects the assumed annual trend of 7.0%, with an upward adjustment of 1.0% to account for the leveraging impact of fixed cost sharing.

EXHIBIT 6. CREDIBILITY MANUAL RATE DEVELOPMENT

Source and Appropriateness of Experience Data Used

Federated sells similar small group products in 23 states throughout the country. Nationwide calendar year 2015 experience for members enrolled in ACA plans was combined to develop a fully credible manual rate.

Adjustments Made to the Data

Adjustments were made to the manual rate to account for trend, expected changes in Rx rebates, and anticipated differences between the demographics, area, benefits, provider network mix, and morbidity in the experience period and the projection period.

Trend (Cost/Utilization)

The manual rate data was trended to the midpoint of the projection period using the allowed trends shown in Exhibit 5.

Population Morbidity Adjustments

Population morbidity adjustments were made to account for anticipated differences between the morbidity underlying the manual rate and the morbidity of the projected population. The morbidity adjustment was calculated as the ratio of the estimated morbidity level of the projected ACA population in Pennsylvania over the estimated morbidity level of the manual rate ACA population in the experience period.

Experience period morbidity was estimated using age/gender adjusted silver HHS-HCC risk scores, as described above in Exhibit 5. Assumptions made to estimate the morbidity level in the projection period were also described in Exhibit 5.

Benefit Adjustments

The manual rate was adjusted for the anticipated differences in utilization due to cost sharing from the data underlying the manual rate in the experience period to the population anticipated to be enrolled in the projection period. This includes the impact of differences in plan designs, as well as changes in the mix of membership by plan from the experience period to the projection period.

The impact of differences in utilization due to cost sharing between the experience period manual rate and the projection period was calculated using induced utilization factors from Milliman's 2016 Commercial HCGs. The adjustment was calculated as the average induced utilization factor across the anticipated plan mix in the projected period over the average induced utilization factor across the plan mix underlying the manual rate data in the experience period. The induced utilization factors from the HCGs reflect expected differences in utilization due to cost sharing for a standard population, and exclude expected differences in the health status of members expected to choose a particular plan.

Demographic and Geography Adjustments

Population adjustments were made to account for differences between the age/gender and geographic mix underlying the manual rate data, and the age/gender and geographic mix of members anticipated to be enrolled in 2017.

The demographic adjustment was calculated as the ratio of the average age/gender factor for the population anticipated to be enrolled in the projection period to the average age/gender factor for the manual rate population in the experience period. The age/gender factors used in this calculation were from Milliman's 2016 Commercial HCGs.

Geographic area adjustments were made to account for differences between expected cost levels due to area in the manual rate data, and expected cost levels due to area for the members anticipated to be enrolled in Pennsylvania in 2017. Area adjustments were applied at two different levels in the manual rate development:

- *State adjustment.* The nationwide manual rate was first adjusted to reflect the cost and utilization level in Pennsylvania in the experience period. This adjustment was developed using Milliman's 2016 Commercial HCGs and state provider discount information provided by Federated. It reflects differences in Federated's network contracting arrangements as well as differences in utilization and practice patterns in Pennsylvania relative to the nationwide average.
- *Rating area adjustment.* The manual rate was further adjusted to account for anticipated changes in the distribution of membership by rating region within the state from the experience period to the projection period. The adjustment was calculated as the average area factor for the population anticipated to be enrolled in the projection period to the average area factor for the population in Pennsylvania in the experience period. The intra-state area factors were updated for 2017, and are described in Exhibit 17. These factors do not reflect differences in morbidity, demographics, or benefits.

Provider Network Adjustments

The nationwide manual rate was adjusted to reflect the network cost level anticipated in the projection period using two steps.

- The nationwide manual rate was first adjusted to reflect the network cost level in Pennsylvania in the experience period (using the *state adjustment* described above in the Demographic and Geography Adjustments section).
- Next, we applied an adjustment to account for anticipated changes in network cost level in Pennsylvania between the experience period and the projection period. Cost level information used for this purpose was provided by Federated based on their network contracting arrangements.

Rx Rebate Adjustment

A small adjustment was made to account for anticipated differences in Rx rebates in the experience period and projection period.

Inclusion of Capitation Payments

There are no capitated services in the experience used to develop the manual rate, and Federated does not anticipate capitation arrangements in the projection period.

EXHIBIT 7. CREDIBILITY OF EXPERIENCE

Description of Credibility Method Used

The method used to determine credibility of the base period experience was based on an internal Milliman study of commercial credibility. The study uses an approach similar to the one used by CMS to develop a credibility formula for Medicare Advantage/Prescription Drug plans, where:

$$\text{Credibility} = \sqrt{\frac{\text{Experience Member Months}}{\text{Full Credibility Threshold}}}$$

The full credibility threshold was set to 48,000 member months. This threshold was estimated to have a similar level of predictive accuracy as the CMS requirement for prediction accuracy in the Medicare Advantage space (i.e., within 10% of the actual value, 95% of the time, if the only source of variability is random fluctuations in claim costs).

Resulting Credibility Level Assigned to the Base Period Experience

The single risk pool data reported in Worksheet 1 of the URRT includes experience for members enrolled in both ACA plans and transitional plans. Since Federated does not expect any members enrolled in a transitional plan in the base period to enroll in an ACA plan in the projection period, we only counted base period ACA member months when determining the credibility to apply.

Since base period experience for Pennsylvania is also included in the nationwide credibility manual rate, a downward adjustment was applied to the experience period credibility in order to avoid double counting the base period experience. This adjustment was calculated by taking into consideration the proportion of the manual rate experience that is from the Pennsylvania base experience.

The calculation of the credibility of the base period experience is shown below in Table 7.1.

Table 7.1
Federated Mutual Insurance Company
Credibility of Base Period Experience

Description	Value	Annotation
Member Months - Base Experience	31,010	(a)
Member Months - Manual Rate	444,959	(b)
Full Credibility Threshold – Member Months	48,000	(c)
% Base Experience in the Manual Rate	7.0%	(d) = (a)/(b)
Credibility of Base Experience (no adjustment)	80.4%	(e) = sqrt[(a)/(c)]
Adjusted Credibility of Base Experience	**78.9%**	**(f) = [(e)-(d)] / [1-(d)]**

EXHIBIT 8. PAID TO ALLOWED RATIO

The following table provides support for the average paid-to-allowed ratio shown in Worksheet 1, Section III of the URRT. The table also demonstrates that the ratio is consistent with membership projections by plan included in Worksheet 2.

Table 8.1 Federated Mutual Insurance Company Average Paid-to-Allowed Factor Support	
Description	**Value**
Average projected allowed PMPM[1]	$473.13
Average projected incurred claims PMPM[1], [2]	$399.03
Average projected paid-to-allowed ratio[3]	**84.3%**
Average AV metal value[4]	**81.9%**

[1] Member month-weighted average from Worksheet 2, Section IV.
[2] Expected risk adjustment transfer payments have been removed from incurred claims on Worksheet 2 before calculating the average.
[3] Consistent with Worksheet 1, Section III.
[4] Based on actuarial values calculated using the federal actuarial value calculator, weighted on projected allowed cost by metal level.

Paid-to-allowed ratios for each plan were developed using Milliman's 2016 Commercial HCGs. The data underlying the HCGs corresponds to large employer experience.

Data from Milliman's HCGs were calibrated to Federated's average nationwide small group allowed experience in 2015 for the ACA plan with the most enrollment, and trended forward to the midpoint of 2017. An adjustment was made to reflect regional cost and utilization levels. The regional adjustment reflects anticipated differences in network contracting arrangements and the underlying cost level of services provided in Pennsylvania relative to the other states where Federated operates. For clarity, this adjustment reflects geographic variations expected among groupings of states with similar cost levels, and was developed using the *state adjustments* and network change adjustments described in Exhibit 6.

Allowed and paid estimates for each plan were then developed by applying Federated's plan designs, including adjustments for coverage and cost sharing, at the detailed service category level. Allowed estimates by plan reflect expected differences in utilization due to cost sharing (induced utilization), and paid values reflect expected differences in induced utilization and plan liability. Note that the allowed and paid estimates exclude expected differences in the health status of members expected to choose a particular plan. Specifically, every benefit plan was effectively valued assuming the same cohort of members was enrolled in it.

Projected plan-level paid and allowed values were weighted together by projected membership to calculate the overall averages. The average projected paid-to-allowed factor shown in Table 8.1 reflects the ratio of projected average paid claims PMPM divided by projected average allowed claims PMPM.

EXHIBIT 9. RISK ADJUSTMENT AND REINSURANCE

Experience Period Risk Adjustments PMPM

Experience period risk adjustment payments were estimated by Federated, and reflect actual risk adjustment accruals reported in the 2015 financial statements. The estimated net risk adjustment transfer payment per ACA member from Federated to the risk adjustment pool for 2015 is $56.67 PMPM. The PMPM risk adjustment transfer reported in Exhibit 3 is per single risk pool member (i.e., includes both ACA and transitional member months in the denominator).

The URRT instructions state that Allowed Claims which are not the issuer's obligation (Worksheet 2, Section III) should include member cost sharing, risk transfer charges or payments associated with the risk adjustment program, and reinsurance payments received. For Federated, experience period Allowed Claims which are not the issuer's obligation will be negative when the estimated risk adjustment payment for 2015 exceeds member cost sharing for the plan.

Projected Risk Adjustments PMPM

In estimating the risk adjustment transfer payment for 2017, consideration was given to the CMS transfer formula, which includes the induced demand factor, geographical cost factor, risk score, and allowable rating factors for Federated and the market, and the statewide average premium.

As a carrier with small market share, Federated faces significant uncertainty regarding the market level factors in the formula, so risk adjustment results are volatile and difficult to predict. In order to mitigate some of this risk, Federated considered its risk adjustment position on a nationwide basis (across the 23 states where it operates), and made adjustments to allocate the nationwide prediction to each state. Federated also considered the emerging and limited data available for 2015 from simulation studies and interim CMS reports where those were available, as well as the potential impact of changes in the risk adjustment model coefficients CMS has published for 2017.

The risk adjustment transfer reflected in this filing was estimated in two steps, based on: 1) expected differences between the age, gender, plan, and area mix of Federated's projected population in Pennsylvania relative to the statewide average (assuming that - other than these differences - Federated's population morbidity will be similar to the market in 2017), and 2) the morbidity level of the projected population in Pennsylvania relative to Federated's nationwide average morbidity level.

Based on these estimates, Federated believes that its block will generate a transfer payment into the Pennsylvania risk adjustment pool in 2017. The projected risk adjustment transfer payment is $39.65 PMPM, or $39.78 PMPM net of risk adjustment user fees, which is 7.43% of premium.

Experience Period ACA Reinsurance Recoveries Net of Reinsurance Premium

Reinsurance recoveries are not offered in the small group market. Therefore, experience period reinsurance recoveries net of reinsurance premium are equal to the 2015 reinsurance contribution amount, or $3.67 PMPM.

Projected Reinsurance Recoveries Net of Reinsurance Premium

The transitional reinsurance program will end with the 2016 benefit year, so no reinsurance contributions are included for 2017.

EXHIBIT 10. NON BENEFIT EXPENSES AND PROFIT & RISK

Non-benefit expenses, profit, and risk load were provided by Federated.

Administrative Expense Load

The load for administrative expenses, excluding taxes and fees, is 11.0%. This load consists of 10.0% in general administrative expenses and 1.0% in commission expenses.

Profit (or Contribution to Surplus) & Risk Margin

Federated is targeting a profit margin of 4.95% before federal income tax (FIT) for Pennsylvania.

Taxes and Fees

Taxes and fees for 2017 include Pennsylvania state premium taxes, ACA fees for the Patient Centered Outcomes Research Trust Fund (PCORTF), the risk adjustment user fee, and the health insurer tax (note that the health insurer tax for 2017 is zero, consistent with CMS guidance). As Federated does not intend to offer any products on the exchange, there are no marketplace user fees.

Federated has chosen to allocate all administrative expenses, taxes, and fees as an equal percentage of premium across all plans.

Retention Components – URRT Worksheet 1, Section III

The following table illustrates the development of the administrative expense load, profit and risk load, and taxes and fees entries in Worksheet 1, Section III of the URRT. Note that the risk adjustment user fee is reported separately on the URRT, so it is not shown in Table 10.1.

Table 10.1
Federated Mutual Insurance Company
Illustration of Retention Expenses by URRT, Worksheet 1 Category

Retention Description	PMPM	% Premium	Basis	Annotation
Administrative Expense Load				
General Administrative Load	$53.37	10.0%	% of Premium	(a)
Commission Expense	$5.50	1.0%	% of Premium	(b)
Subtotal: Administrative Expense Load	**$58.86**	**11.0%**		(c)=(a)+(b)
Profit and Risk Load				
Target Profit (after FIT)	$17.23	3.2%	% of Premium	(d)
Subtotal: Profit and Risk Load	**$17.23**	**3.2%**		(d)
Taxes and Fees				
Pennsylvania State Premium Taxes[1]	$11.20	2.1%	% of Premium	(e)
PCORTF	$0.19	0.0%	PMPM	(f)
Health Insurer Fee	$0.00	0.0%	% of Premium	(g)
Federal Income Taxes	$9.28	1.7%	% of Premium	(h)
Subtotal: Taxes and Fees	**$20.66**	**3.9%**		(i)=(e)+(f)+(g)+(h)
Total Retention	**$96.76**	**18.1%**		**(j)=(c)+(d)+(i)**

[1] Includes state and local taxes, licenses, and fees.

EXHIBIT 11. PROJECTED LOSS RATIO

Federal Medical Loss Ratio Methodology

The projected loss ratio based on the prescribed federal Medical Loss Ratio (MLR) methodology is 85.2%. The following table demonstrates Federated's MLR calculation. It includes the single risk pool ACA business in calendar year 2017. It does not include small group transitional business, or the impact of prior years.

Table 11.1
Federated Mutual Insurance Company
Projected Federal Medical Loss Ratio – 2017

Description	ACA-Compliant	Annotation
Member Months	47,772	
MLR Numerator Calculations		
Paid Claims PMPM	$399.03	(a)
Claim-Related Retention (QI/Health IT) PMPM	$0.00	(b)
Risk Adjustment Paid (Received) PMPM	$39.65	(c)
MLR Numerator	$438.68	(d)=(a)+(b)+(c)
MLR Denominator Calculations		
Premium PMPM	$535.57	(e)
Premium-Related Retention (Taxes & Fees) PMPM[1]	$20.79	(f)
MLR Denominator	$514.78	(g)=(e)-(f)
Medical Loss Ratio[2]	**85.2%**	**(h)=(d)/(g)**

[1] Includes the Health Insurer Tax, state premium taxes, federal income taxes, the risk adjustment administrative fee, and PCORTF.
[2] Does not include the impact of a credibility adjustment, since the MLR without the adjustment already exceeds the minimum of 80%.

Pennsylvania Anticipated Loss Ratio

The anticipated loss ratio, calculated as the ratio of incurred claims to earned premium over the rate effective period, without any reference to MLR adjustments for risk adjustment, quality improvement expenses, or taxes and fees, is 74.5%. The expected loss ratio for the rate effective period is 81.9% (calculated as incurred claims plus risk adjustment transfer payments divided by earned premium) and does not vary by duration. The anticipated loss ratio exceeds the loss ratio threshold set forth in 31 Pa. Code §89.83(c)(1).

Table 11.2
Federated Mutual Insurance Company
Anticipated Loss Ratio – 2017

Description	ACA-Compliant	Annotation
Earned Premiums	$535.57	(a)
Incurred Claims	$399.03	(b)
Expected Risk Adjustment Transfer Payments	$39.65	(c)
Anticipated Loss Ratio	**81.9%**	**(d)=[(b)+(c)]/(a)**

EXHIBIT 12. SINGLE RISK POOL

Federated's rates were developed using a single risk pool, established according to the requirements in 45 CFR section 156.80(d). They reflect all covered lives for every non-grandfathered product/plan combination in the State of Pennsylvania small group health insurance market.

Note that the single risk pool includes transitional products/plans for purposes of the base rate experience; however, the experience for these policies is not used in the projection, since Federated does not expect any of its existing transitional members to enroll in an ACA-compliant plan in 2017.

EXHIBIT 13. INDEX RATE

Experience Period Index Rate

The Index Rate for the experience period reflects the allowed claim level PMPM for essential health benefits (EHBs). It includes base period experience for small group ACA-compliant and non-ACA compliant transitional policies. Since there were no non-EHBs offered in the base period, the Experience Period Index Rate is equal to experience period allowed claims PMPM reported on Worksheet 1 of the URRT. The Index Rate reflects the average morbidity of the single risk pool during the experience period, and has not been adjusted for payments or charges under the risk adjustment program.

Projection Period Index Rate

The Index Rate for the projection period is a measurement of the expected average allowed claims PMPM for EHB benefits. The Projection Period Index Rate reflects the projected mix of membership by age/gender, area, plan, and morbidity expected to be enrolled in the single risk pool (ACA-compliant policies) during the 2017 rate effective period.

The Projection Period Index Rate has not been adjusted for payments and charges projected under the risk adjustment program.

Table 13.1 summarizes the adjustments made to the Experience Period Index Rate to develop the Projection Period Index Rate for Federated's small group single risk pool in Pennsylvania. The Projection Period Index Rate is trended to the first quarter rate effective period (that is, it has not yet been trended to the midpoint of the average rate effective period – this adjustment is applied in Table 13.2).

Table 13.1
Federated Mutual Insurance Company
Projection Period Index Rate Development

Description	Experience	Manual[1]	Total
2015 Index Rate PMPM	$470.41	$464.26	
Single Risk Pool Adjustments			
Trend to Projection Period (2.09 years)[2]	1.152	1.152	
Population Morbidity[3]	0.947	0.964	
State Adjustment (manual rate only)[4]	1.000	0.985	
Net Pooling Charge	0.909	1.000	
Demographics	1.011	1.002	
Geographic Area	0.999	0.999	
Induced Utilization	0.981	1.012	
Provider Network	0.999	0.999	
Rx Rebates	0.999	0.999	
Adjusted Index Rate PMPM	$462.13	$514.27	
Credibility	78.9%	21.1%	100.0%
Projection Period Index Rate PMPM[5]			**$473.13**

[1] The manual rate reflects Federated's nationwide calendar year 2015 ACA small group experience.
[2] Reflects an additional adjustment to shift the midpoint from a calendar year basis to the average rate effective period for first quarter rates (based on Federated's anticipated mix of enrollment by month throughout the year). Since Federated applies quarterly rate increases (described below), this adjustment will reflect the average

number of months deviation from the midpoint of each quarter (July 1, October 1, January 1, April 1).
[3] Includes adjustments for: 1) the impact of removing transitional experience from the single risk pool in the projection period, and 2) anticipated morbidity differences between the ACA population included in the experience period index rate, and the projected ACA population.
[4] For the manual rate, reflects the *state adjustment* described in Exhibit 6. The *rating area adjustment* (also described in Exhibit 6) is reflected in the Geographic Area projection factor.
[5] Reflects the Projection Period Index Rate for rates effective January 1, 2017, consistent with the URRT instructions. Quarterly index rates adjusted for trend are shown in Table 13.2.

The development of the adjustments shown in Table 13.1 were described in Exhibits 5 and 6 for the experience-based and credibility manual rates, respectively. The credibility adjustment was described in Exhibit 7.

Small Group Quarterly Index Rates

Federated intends to recognize trend on a quarterly basis. The quarterly trend adjustment will be 1.96%. The quarterly trend adjustment reflects an assumed annual trend of 7.0%, with an upward adjustment of 1.0% to account for the leveraging impact of fixed cost sharing.

Table 13.2 shows an illustration of the quarterly Index Rates, as well as the total single risk pool Projected Index Rate.

Table 13.2
Federated Mutual Insurance Company
Small Group Index Rates Reflecting Quarterly Trends

Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total SRP
Member Months	14,517	5,852	7,466	19,937	47,772
Base Allowed Claims PMPM[1]	$473.13	$473.13	$473.13	$473.13	$473.13
Months of Trend	0.00	3.00	6.00	9.00	5.06
Annual Trend Rate	8.1%	8.1%	8.1%	8.1%	8.1%
Single Risk Pool Projected Allowed Claims PMPM	$473.13	$482.40	$491.85	$501.49	$489.03

[1] Base allowed claims PMPM are consistent with the Projection Period Index Rate PMPM shown in Table 13.1.

EXHIBIT 14. MARKET ADJUSTED INDEX RATE

The Index Rate from Exhibit 13 was adjusted for the allowable market-wide modifiers to develop the Market Adjusted Index Rate, as shown below in Table 14.1. This includes an adjustment for the expected net risk adjustment transfer in 2017 (the development of this assumption was described in Exhibit 9). Because Federated is not offering plans on the exchange, there are no marketplace user fees.

Since the 2017 Index Rate PMPM is on an allowed basis and reflects the average quarterly trend, the net risk adjustment value was divided by the average paid-to-allowed ratio for the single risk pool and trended to the midpoint of the rate effective period.

The Market Adjusted Index Rate is not calibrated. That is, it reflects the expected average demographic and area characteristics of the single risk pool in 2017.

Table 14.1
Federated Mutual Insurance Company
Market Adjusted Index Rate

Description	Value	Annotation
2017 Index Rate PMPM	$489.03	(a)
Market Adjustments (paid basis)		
Net Risk Adjustment	$39.78	(b)
Paid-to-Allowed Ratio	0.843	(c)
Market Adjustments (allowed basis)		
Net Risk Adjustment	$47.16	(d)=(b)/(c)
Average quarterly trend adjustment[1]	1.034	(e)
Market Adjusted Index Rate PMPM	**$537.77**	**(f)=(a)+(d)*(e)**

[1] Trend to the midpoint of the average rate effective period.

EXHIBIT 15. PLAN ADJUSTED INDEX RATE

The Market Adjusted Index Rate from Exhibit 14 was adjusted to develop the Plan Adjusted Index Rates using the allowable rating adjustments, as described below in more detail.

Actuarial Value and Cost Sharing Adjustment (Plan Adjustment)

The AV & Cost Sharing Values adjust the Market Adjusted Index Rate to the expected net (paid) claim cost level for each plan (based on the induced utilization level and paid-to-allowed ratio estimated for the plan). The development of the induced utilization and paid-to-allowed ratios was described in detail in Exhibit 8. The AV & Cost Sharing Values include the impact of expected differences in utilization due to cost sharing, but do not reflect expected health status differences by plan.

Federated has chosen not to apply a surcharge for tobacco users.

Provider Network Adjustment

Federated will only offer one network in Pennsylvania in 2017, so the provider network adjustment is 1.00 for all plans.

Adjustment for Benefits in Addition to EHBs

Federated does not offer any benefits in addition to EHBs.

Administrative Expenses, Taxes, and Fees

Federated has chosen to allocate administrative expenses, taxes, and fees as an equal percentage of premium for all plans. The administrative expenses included in this filing are described in detail in Exhibit 10.

Table 15.1 demonstrates the Plan Adjusted Index Rate development for each plan included in this filing.

Table 15.1
Federated Mutual Insurance Company
Projection Period Plan Adjusted Index Rate Development

Plan	Market Adjusted Index Rate	AV & Cost Sharing	Provider Network Adjustment	Benefits in Addition to EHBs	Admin Costs excl. Market-place Fees	Plan Adjusted Index Rate
1601A	$537.77	0.954	1.000	1.000	1.221	$626.16
1602A	$537.77	0.839	1.000	1.000	1.221	$550.64
1603A	$537.77	0.730	1.000	1.000	1.221	$478.97
1604A	$537.77	0.711	1.000	1.000	1.221	$466.37
1701A	$537.77	0.714	1.000	1.000	1.221	$468.60
1606A	$537.77	0.721	1.000	1.000	1.221	$473.08
1607A	$537.77	0.690	1.000	1.000	1.221	$452.58
1608A	$537.77	0.700	1.000	1.000	1.221	$459.64
1609A	$537.77	0.575	1.000	1.000	1.221	$377.59
1610A	$537.77	0.933	1.000	1.000	1.221	$612.63
1611A	$537.77	0.811	1.000	1.000	1.221	$532.08
1612A	$537.77	0.824	1.000	1.000	1.221	$540.76
1613A	$537.77	0.802	1.000	1.000	1.221	$526.61

Table 15.1 Federated Mutual Insurance Company Projection Period Plan Adjusted Index Rate Development						
Plan	Market Adjusted Index Rate	AV & Cost Sharing	Provider Network Adjustment	Benefits in Addition to EHBs	Admin Costs excl. Market-place Fees	Plan Adjusted Index Rate
1702A	$537.77	0.715	1.000	1.000	1.221	$469.39
1615A	$537.77	0.795	1.000	1.000	1.221	$521.87
1616A	$537.77	0.845	1.000	1.000	1.221	$554.93
1617A	$537.77	0.782	1.000	1.000	1.221	$512.99
1703A	$537.77	0.682	1.000	1.000	1.221	$447.84
1619A	$537.77	0.695	1.000	1.000	1.221	$456.22
1620A	$537.77	0.665	1.000	1.000	1.221	$436.26
1621A	$537.77	0.796	1.000	1.000	1.221	$522.23
1704A	$537.77	0.684	1.000	1.000	1.221	$448.92
1705A	$537.77	0.691	1.000	1.000	1.221	$453.72
1706A	$537.77	0.556	1.000	1.000	1.221	$365.10
1707A	$537.77	0.551	1.000	1.000	1.221	$361.33
1628A	$537.77	0.970	1.000	1.000	1.221	$636.35
1629A	$537.77	0.837	1.000	1.000	1.221	$549.22
1708A	$537.77	0.713	1.000	1.000	1.221	$467.72
1709A	$537.77	0.602	1.000	1.000	1.221	$395.09
1710A	$537.77	0.792	1.000	1.000	1.221	$519.93
1711A	$537.77	0.657	1.000	1.000	1.221	$431.36

The Plan Adjusted Index Rates are not calibrated. That is, they reflect the average demographic and area characteristics of the single risk pool in 2017.

Experience Period Plan Adjusted Index Rates

The Experience Period Plan Adjusted Index Rates shown on Worksheet 2 of the URRT for each plan reflect the Plan Adjusted Index Rates reported on Worksheet 2 of the 2015 URRT.

EXHIBIT 16. CALIBRATION

A single calibration factor is applied to the Plan Adjusted Index Rates from Exhibit 15 to calibrate rates for the expected age and geographic distribution of the population anticipated to be enrolled in the projection period. The single calibration factor is applied uniformly across all plans.

Age Calibration Factor

The age curve calibration factor is 1.430. The approximate weighted average age, rounded to a whole number, for the single risk pool is 45.

The age curve calibration factor was calculated as the weighted average age factor based on the projected distribution of membership by age and the standard age curve, applying an age factor of 0 for children in excess of the rating limit (as allowed for in the 2017 URR instructions).

The average whole number age was then determined by finding the age of a member that would have the closest factor to the weighted average age curve factor.

Prior to applying the allowable rating factors for age and geography, the Plan Adjusted Index Rates need to be divided by the age curve calibration factor.

Geographic Calibration Factor

The geographic calibration factor is equal to the weighted average geographic rating factor based on the projected distribution of membership by geographic area, and the area factors shown in Exhibit 17. The geographic calibration factor is 1.001.

Prior to applying the allowed rating factors for age and geography, the Plan Adjusted Index Rates need to be divided by the geographic calibration factor.

Table 16.1 demonstrates the calibration performed for each plan.

Table 16.1
Federated Mutual Insurance Company
Calibrated Plan Adjusted Index Rate

Plan	Plan Adjusted Index Rate	Age Calibration Factor	Geographic Calibration Factor	Total Calibration Factor	Calibrated Plan Adjusted Index Rate
1601A	$626.16	1.430	1.001	1.432	$437.34
1602A	$550.64	1.430	1.001	1.432	$384.60
1603A	$478.97	1.430	1.001	1.432	$334.54
1604A	$466.37	1.430	1.001	1.432	$325.74
1701A	$468.60	1.430	1.001	1.432	$327.29
1606A	$473.08	1.430	1.001	1.432	$330.43
1607A	$452.58	1.430	1.001	1.432	$316.11
1608A	$459.64	1.430	1.001	1.432	$321.04
1609A	$377.59	1.430	1.001	1.432	$263.73
1610A	$612.63	1.430	1.001	1.432	$427.89
1611A	$532.08	1.430	1.001	1.432	$371.64
1612A	$540.76	1.430	1.001	1.432	$377.70

Table 16.1 Federated Mutual Insurance Company Calibrated Plan Adjusted Index Rate					
Plan	Plan Adjusted Index Rate	Age Calibration Factor	Geographic Calibration Factor	Total Calibration Factor	Calibrated Plan Adjusted Index Rate
1613A	$526.61	1.430	1.001	1.432	$367.81
1702A	$469.39	1.430	1.001	1.432	$327.85
1615A	$521.87	1.430	1.001	1.432	$364.50
1616A	$554.93	1.430	1.001	1.432	$387.60
1617A	$512.99	1.430	1.001	1.432	$358.30
1703A	$447.84	1.430	1.001	1.432	$312.80
1619A	$456.22	1.430	1.001	1.432	$318.65
1620A	$436.26	1.430	1.001	1.432	$304.71
1621A	$522.23	1.430	1.001	1.432	$364.75
1704A	$448.92	1.430	1.001	1.432	$313.55
1705A	$453.72	1.430	1.001	1.432	$316.90
1706A	$365.10	1.430	1.001	1.432	$255.01
1707A	$361.33	1.430	1.001	1.432	$252.37
1628A	$636.35	1.430	1.001	1.432	$444.46
1629A	$549.22	1.430	1.001	1.432	$383.61
1708A	$467.72	1.430	1.001	1.432	$326.68
1709A	$395.09	1.430	1.001	1.432	$275.95
1710A	$519.93	1.430	1.001	1.432	$363.15
1711A	$431.36	1.430	1.001	1.432	$301.29

EXHIBIT 17. CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT

The Consumer Adjusted Premium Rate is the final premium rate charged to a member. It is the product of the Calibrated Plan Adjusted Index Rate, the applicable quarterly trend adjustment, the age rating factor, and the geographic rating factor (Federated has chosen not to rate by tobacco use). Each allowable rating factor is described in more detail below.

Small Group Quarterly Trend Adjustment

Since the Index Rate, Market Adjusted Index Rate, and the Plan Adjusted Index Rate reflect the member weighted average premium over the rate effective period, the Plan Adjusted Index Rate is multiplied by a quarterly trend factor in the calculation of the Consumer Adjusted Premium Rate. Table 17.1 shows the adjusted trend factor for each quarter and how it was developed.

Table 17.1
Federated Mutual Insurance Company
Quarterly Trend Adjustments

Trend Effective Date	Quarterly Trend Factor	Member Month Weights	Weighted Average Trend Factor	Adjusted Trend Factor
January 1, 2017	1.0000	0.3039	1.0336	0.9675
April 1, 2017	1.0196	0.1225	1.0336	0.9865
July 1, 2017	1.0396	0.1563	1.0336	1.0058
October 1, 2017	1.0599	0.4173	1.0336	1.0255

Age Rating Factors

Federated's age rating factors follow the age rating curve prescribed by CMS, as shown below in Table 17.2.

Table 17.2
Federated Mutual Insurance Company
Age Rating Factors

Age Band	Rating Factor	Age Band	Rating Factor	Age Band	Rating Factor	Age Band	Rating Factor
0-17	0.635	29	1.119	41	1.302	53	2.040
18	0.635	30	1.135	42	1.325	54	2.135
19	0.635	31	1.159	43	1.357	55	2.230
20	0.635	32	1.183	44	1.397	56	2.333
21	1.000	33	1.198	45	1.444	57	2.437
22	1.000	34	1.214	46	1.500	58	2.548
23	1.000	35	1.222	47	1.563	59	2.603
24	1.000	36	1.230	48	1.635	60	2.714
25	1.004	37	1.238	49	1.706	61	2.810
26	1.024	38	1.246	50	1.786	62	2.873
27	1.048	39	1.262	51	1.865	63	2.952
28	1.087	40	1.278	52	1.952	64+	3.000

Geographic Rating Factors

Federated's geographic rating factors are shown below in Table 17.3. Area factors have been updated for 2017 based on Federated's historical allowed claim cost data (risk-adjusted to remove the impact of morbidity differences

by area) and benchmark area factors from Milliman's HCGs. In order to mitigate the rate change experienced by members due to changes in area rating factors, an adjustment was also made to partially dampen the transition from Federated's current area factors to the new factors.

Table 17.3
Federated Mutual Insurance Company
Geographic Rating Factors

	Area Factor		Normalized Area Factor[1]	
Pennsylvania Area	**2016**	**2017**	**2016**	**2017**
Region 1	0.970	0.890	0.940	0.889
Region 2	0.970	0.920	0.940	0.919
Region 3	1.000	0.920	0.969	0.919
Region 4	0.970	0.950	0.940	0.949
Region 5	0.970	0.820	0.940	0.819
Region 6	1.000	1.030	0.969	1.029
Region 7	1.000	0.880	0.969	0.879
Region 8	1.130	1.090	1.095	1.089
Region 9	1.000	0.890	0.969	0.889

[1] Normalized on 2017 projected ACA distribution

Sample Consumer Adjusted Premium Rate Calculation

Table 17.4 provides an example Consumer Adjusted Premium Rate calculation for an individual age 44 in rating region 6 enrolling in the third quarter.

Table 17.4
Federated Mutual Insurance Company
Sample Consumer Adjusted Premium Rate Development

Description	**Value**	**Annotation**
Calibrated Plan Adjusted Index Rate for 1628A	$444.46	(a) ; from Table 16.1
Age Factor for age 44	1.3970	(b) ; from Table 17.2
Region 6 Area Factor	1.0300	(c) ; from Table 17.3
Quarterly Trend Adjustment (Q3)	1.0058	(d) ; from Table 17.1
Consumer Adjusted Premium Rate	**$643.24**	**(e)=(a)*(b)*(c)*(d)**

The premium for family coverage is determined by summing the Consumer Adjusted Premium Rates for each individual family member, provided at most three child dependents under age 21 are taken into account.

EXHIBIT 18. AV METAL VALUES

The Actuarial Value (AV) metal values included on Worksheet 2 are entirely based on the federal AV Calculator, as populated by Federated. Table 18.1 summarizes these values for each plan.

Table 18.1
Federated Mutual Insurance Company
AV Metal Values

Plan Name	AV	Plan Name	AV	Plan Name	AV	Plan Name	AV
1601A	0.905	1610A	0.903	1619A	0.717	1708A	0.720
1602A	0.813	1611A	0.817	1620A	0.705	1709A	0.618
1603A	0.719	1612A	0.820	1621A	0.815	1710A	0.781
1604A	0.705	1613A	0.806	1704A	0.717	1711A	0.681
1701A	0.718	1702A	0.713	1705A	0.718		
1606A	0.715	1615A	0.800	1706A	0.619		
1607A	0.713	1616A	0.812	1707A	0.612		
1608A	0.686	1617A	0.796	1628A	0.904		
1609A	0.620	1703A	0.718	1629A	0.809		

EXHIBIT 19. AV PRICING VALUES

Table 19.1 summarizes all adjustments included in the AV Pricing Value.

The AV Pricing Value represents the cumulative effect of the adjustments made by Federated to move from the Market Adjusted Index Rate to the Plan Adjusted Index Rate. The AV & Cost Sharing Values include the impact of expected differences in utilization due to cost sharing, but do not reflect expected health status differences by plan (as described in Exhibits 8 and 15).

Table 19.1
Federated Mutual Insurance Company
AV Pricing Values

Plan	AV & Cost Sharing	Provider Network Adjustment	Benefits in Addition to EHBs	Admin Costs excl. Market-place Fees	AV Pricing Value
1601A	0.954	1.000	1.000	1.221	1.164
1602A	0.839	1.000	1.000	1.221	1.024
1603A	0.730	1.000	1.000	1.221	0.891
1604A	0.711	1.000	1.000	1.221	0.867
1701A	0.714	1.000	1.000	1.221	0.871
1606A	0.721	1.000	1.000	1.221	0.880
1607A	0.690	1.000	1.000	1.221	0.842
1608A	0.700	1.000	1.000	1.221	0.855
1609A	0.575	1.000	1.000	1.221	0.702
1610A	0.933	1.000	1.000	1.221	1.139
1611A	0.811	1.000	1.000	1.221	0.989
1612A	0.824	1.000	1.000	1.221	1.006
1613A	0.802	1.000	1.000	1.221	0.979
1702A	0.715	1.000	1.000	1.221	0.873
1615A	0.795	1.000	1.000	1.221	0.970
1616A	0.845	1.000	1.000	1.221	1.032
1617A	0.782	1.000	1.000	1.221	0.954
1703A	0.682	1.000	1.000	1.221	0.833
1619A	0.695	1.000	1.000	1.221	0.848
1620A	0.665	1.000	1.000	1.221	0.811
1621A	0.796	1.000	1.000	1.221	0.971
1704A	0.684	1.000	1.000	1.221	0.835
1705A	0.691	1.000	1.000	1.221	0.844
1706A	0.556	1.000	1.000	1.221	0.679
1707A	0.551	1.000	1.000	1.221	0.672
1628A	0.970	1.000	1.000	1.221	1.183
1629A	0.837	1.000	1.000	1.221	1.021
1708A	0.713	1.000	1.000	1.221	0.870
1709A	0.602	1.000	1.000	1.221	0.735
1710A	0.792	1.000	1.000	1.221	0.967
1711A	0.657	1.000	1.000	1.221	0.802

EXHIBIT 20. MEMBERSHIP PROJECTIONS

The Pennsylvania membership projections (as displayed in Worksheet 2) are based on Federated's existing Pennsylvania ACA membership as of January 2016, and the following assumptions provided by Federated:

- Federated's existing members will either lapse, renew their existing plan, or map to a renewal plan upon renewal in 2017.
- Federated will enroll 1,272 new members in ACA plans during 2016 and 2017.
- Federated will have an annual retention rate of 80% from January 2016 through December 2017 for ACA members who are not in their first policy year.
- New members will follow the nationwide average demographic mix of Federated's existing ACA small group members who were new enrollees in 2014 through January 2016 (i.e., those that were not previously enrolled in one of Federated's non-ACA plans).
- New members follow the average area distribution of Federated's existing small group block of business (including transitional) in Pennsylvania.
- New membership was allocated to plan based on projections provided by Federated.
- None of Federated's existing non-ACA compliant transitional groups will move to an ACA plan during 2017.

Cost sharing reduction plans are not applicable for the small group market.

EXHIBIT 21. TERMINATED PRODUCTS

Table 21.1 includes the list of plans that have terminated since the experience period or will terminate upon renewal in 2017, as well as a plan crosswalk showing how these plans were mapped to a renewal plan for 2017.

Plans that are renewing either did not change or changed within the standards of federal uniform modification requirements. Plans that are terminated were mapped to the 2017 plan with the most similar benefit design and cost sharing structure.

All plans included in this filing are PPO plans and all plans under product FHC 14 were in effect during the experience period.

Table 21.1
Federated Mutual Insurance Company
Terminated Products

Product Name	Plan Name		New Plan Mapping	
		HIOS ID	Plan Name	HIOS ID
FHC16	1622A	80148PA0040022	1704A	80148PA0040023
FHC16	1627A	80148PA0040027	1707A	80148PA0040026
FHC 14	140116	80148PA0030001	1601A	80148PA0040001
FHC 14	140216	80148PA0030002	1602A	80148PA0040002
FHC 14	140316	80148PA0030003	1611A	80148PA0040011
FHC 14	140416	80148PA0030004	1701A	80148PA0040005
FHC 14	140516	80148PA0030005	1606A	80148PA0040006
FHC 14	140616	80148PA0030006	1609A	80148PA0040009
FHC 14	140716	80148PA0030007	1610A	80148PA0040010
FHC 14	140816	80148PA0030008	1611A	80148PA0040011
FHC 14	140916	80148PA0030009	1613A	80148PA0040013
FHC 14	141016	80148PA0030010	1615A	80148PA0040015
FHC 14	141116	80148PA0030011	1703A	80148PA0040018
FHC 14	141216	80148PA0030012	1621A	80148PA0040021
FHC 14	141316	80148PA0030013	1704A	80148PA0040023
FHC 14	141416	80148PA0030014	1704A	80148PA0040023
FHC 14	141516	80148PA0030015	1706A	80148PA0040025
FHC 14	141616	80148PA0030016	1628A	80148PA0040028
FHC 14	141716	80148PA0030017	1629A	80148PA0040029
FHC 14	141816	80148PA0030018	1708A	80148PA0040030
FHC 14	1401A	80148PA0030019	1601A	80148PA0040001
FHC 14	1402A	80148PA0030020	1602A	80148PA0040002
FHC 14	1403A	80148PA0030021	1611A	80148PA0040011
FHC 14	1404A	80148PA0030022	1701A	80148PA0040005
FHC 14	1405A	80148PA0030023	1606A	80148PA0040006
FHC 14	1406A	80148PA0030024	1609A	80148PA0040009
FHC 14	1407A	80148PA0030025	1610A	80148PA0040010
FHC 14	1408A	80148PA0030026	1611A	80148PA0040011
FHC 14	1409A	80148PA0030027	1613A	80148PA0040013
FHC 14	1410A	80148PA0030028	1615A	80148PA0040015

Table 21.1 Federated Mutual Insurance Company Terminated Products				
Product Name	Plan Name	HIOS ID	New Plan Mapping	
			Plan Name	HIOS ID
FHC 14	1411A	80148PA0030029	1703A	80148PA0040018
FHC 14	1412A	80148PA0030030	1621A	80148PA0040021
FHC 14	1413A	80148PA0030031	1704A	80148PA0040023
FHC 14	1414A	80148PA0030032	1704A	80148PA0040023
FHC 14	1415A	80148PA0030033	1706A	80148PA0040025
FHC 14	1416A	80148PA0030034	1628A	80148PA0040028
FHC 14	1417A	80148PA0030035	1629A	80148PA0040029
FHC 14	1418A	80148PA0030036	1708A	80148PA0040030
FHC 14	1401B	80148PA0030037	1601A	80148PA0040001
FHC 14	1402B	80148PA0030038	1602A	80148PA0040002
FHC 14	1403B	80148PA0030039	1611A	80148PA0040011
FHC 14	1404B	80148PA0030040	1701A	80148PA0040005
FHC 14	1405B	80148PA0030041	1606A	80148PA0040006
FHC 14	1406B	80148PA0030042	1609A	80148PA0040009
FHC 14	1407B	80148PA0030043	1610A	80148PA0040010
FHC 14	1408B	80148PA0030044	1611A	80148PA0040011
FHC 14	1409B	80148PA0030045	1613A	80148PA0040013
FHC 14	1410B	80148PA0030046	1615A	80148PA0040015
FHC 14	1411B	80148PA0030047	1703A	80148PA0040018
FHC 14	1412B	80148PA0030048	1621A	80148PA0040021
FHC 14	1413B	80148PA0030049	1704A	80148PA0040023
FHC 14	1414B	80148PA0030050	1704A	80148PA0040023
FHC 14	1415B	80148PA0030051	1706A	80148PA0040025
FHC 14	1416B	80148PA0030052	1628A	80148PA0040028
FHC 14	1417B	80148PA0030053	1629A	80148PA0040029
FHC 14	1418B	80148PA0030054	1708A	80148PA0040030
FHC 14	1501A	80148PA0030055	1604A	80148PA0040004
FHC 14	1502A	80148PA0030056	1610A	80148PA0040010
FHC 14	1503A	80148PA0030057	1611A	80148PA0040011
FHC 14	1504A	80148PA0030058	1607A	80148PA0040007
FHC 14	1505A	80148PA0030059	1609A	80148PA0040009
FHC 14	1506A	80148PA0030060	1609A	80148PA0040009
FHC 14	1507A	80148PA0030061	1612A	80148PA0040012
FHC 14	1508A	80148PA0030062	1616A	80148PA0040016
FHC 14	1509A	80148PA0030063	1617A	80148PA0040017
FHC 14	1510A	80148PA0030064	1619A	80148PA0040019
FHC 14	1511A	80148PA0030065	1620A	80148PA0040020
FHC 14	1512A	80148PA0030066	1704A	80148PA0040023
FHC 14	1513A	80148PA0030067	1705A	80148PA0040024
FHC 14	1514A	80148PA0030068	1707A	80148PA0040026
FHC 14	1515A	80148PA0030069	1707A	80148PA0040026

Table 21.1 Federated Mutual Insurance Company Terminated Products				
Product Name	Plan Name	HIOS ID	New Plan Mapping	
			Plan Name	HIOS ID
FHC 14	1516A	80148PA0030070	1709A	80148PA0040031
FHC 14	1501B	80148PA0030071	1604A	80148PA0040004
FHC 14	1502B	80148PA0030072	1610A	80148PA0040010
FHC 14	1503B	80148PA0030073	1611A	80148PA0040011
FHC 14	1504B	80148PA0030074	1607A	80148PA0040007
FHC 14	1505B	80148PA0030075	1609A	80148PA0040009
FHC 14	1506B	80148PA0030076	1609A	80148PA0040009
FHC 14	1507B	80148PA0030077	1612A	80148PA0040012
FHC 14	1508B	80148PA0030078	1616A	80148PA0040016
FHC 14	1509B	80148PA0030079	1617A	80148PA0040017
FHC 14	1510B	80148PA0030080	1619A	80148PA0040019
FHC 14	1511B	80148PA0030081	1620A	80148PA0040020
FHC 14	1512B	80148PA0030082	1704A	80148PA0040023
FHC 14	1513B	80148PA0030083	1705A	80148PA0040024
FHC 14	1514B	80148PA0030084	1707A	80148PA0040026
FHC 14	1515B	80148PA0030085	1707A	80148PA0040026
FHC 14	1516B	80148PA0030086	1709A	80148PA0040031

EXHIBIT 22. PLAN TYPE

There are no differences between Federated's actual plan types and the plan type selected in the drop-down box in Worksheet 2, Section I of the Part I Unified Rate Review Template.

EXHIBIT 23. WARNING ALERTS

There are three warning alerts that occur on Worksheet 2.

1. The Total Premium value in Section III of Worksheet 2 does not tie to Premiums (net of MLR Rebate) in Experience Period in Section I of Worksheet 1. This is because: 1) the Plan Adjusted Index Rate on Worksheet 2 reflects the projected mix of members in 2015, and premiums shown on Worksheet 1 reflect the actual mix of business sold, 2) a Plan Adjusted Index Rate is not entered for non-single risk pool plans, per the URRT instructions, and 3) risk adjustment payments are now included in premium on Worksheet 1, but they are not included in premium on Worksheet 2.
2. Total Incurred claims, payable with issuer funds in Section III of Worksheet 2 does not tie to Incurred Claims in the Experience Period on Worksheet 1 because the value on Worksheet 2 includes the impact of risk adjustment payments and the value on Worksheet 1 does not.
3. Incurred Claims PMPM in Section III of Worksheet 2 does not tie to Incurred Claims in the Experience Period on Worksheet 1 because the value on Worksheet 2 includes the impact of risk adjustment payments and the value on Worksheet 1 does not.

EXHIBIT 24. EFFECTIVE RATE REVIEW INFORMATION (OPTIONAL)

Company Financial Information

The following information was provided by Federated.

Risk Based Capital: Federated Mutual is primarily a property/casualty insurance company. Health insurance is approximately 29% of premiums. Overall, Federated's RBC is approximately 2,037% of Authorized Control Level.

Company Surplus: As of December 31, 2015, Federated Mutual Insurance Company had a surplus of $2.86 billion.

EXHIBIT 25. RELIANCE

In performing this analysis, I relied on data and other information provided by Federated Mutual Insurance Company. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

I performed a limited review of the data used directly in the analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of the assignment.

A data reliance letter is attached to this Actuarial Memorandum.

EXHIBIT 26. ACTUARIAL CERTIFICATION

I am a Principal & Consulting Actuary with the firm of Milliman, Inc. Federated Mutual Insurance Company engaged me to provide the opinion herein.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.

I certify to the best of my knowledge and judgment:

1. The projected Index Rate is:
    - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102)
    - Developed in compliance with the applicable Actuarial Standards of Practice
    - Reasonable in relation to the benefits provided and the population anticipated to be covered
    - Neither excessive nor deficient based on my best estimates of the 2017 small employer market

2. 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.

3. The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV was calculated in accordance with actuarial standards of practice.

4. The geographic rating factors used reflect only differences in the cost of delivery, and do not include differences for population morbidity by geographic area.

5. The CMS Actuarial Value Calculator was used to determine the AV Metal Values shown in Worksheet 2, Section I of the Part I Unified Rate Review Template for all plans.

The Part I Unified Rate Review Template (URRT) does not demonstrate the process used to develop proposed premium rates. It is representative of information required by Federal regulation to be provided in support of the review of rate increases, and for certification that the Index Rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

The information provided in this actuarial memorandum is in support of the items illustrated in the URRT and does not provide an actuarial opinion regarding the process used to develop proposed premium rates. It does certify that rates were developed in accordance with applicable regulations, as noted.

Differences between the projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Signed: 

Name: Hans K. Leida, PhD, FSA, MAAA

Title: Principal & Consulting Actuary

Date: June 23, 2016

121 East Park Square • P.O. Box 328 • Owatonna, Minnesota 55060
(507) 455-5200 • (800) 533-0472

Federated Mutual Insurance Company
2017 ACA Small Group Rate Filings

Statement Regarding Accuracy of Data and Reliance on Assumptions
Provided by Federated Mutual Insurance Company

I, Andrew Tackmann, hereby affirm that to the best of my knowledge and belief, the underlying data sources and information, described in the attached, provided by Federated Mutual Insurance Company (Federated) and relied upon by Milliman for use in preparing 2017 small group ACA filings are accurate and complete.

Further, I acknowledge that in preparing the rate filing documents, Milliman has relied on certain assumptions provided by Federated as described in the attached, and I affirm that to the best of my knowledge and belief, these assumptions are consistent with Federated's reasonable expectations regarding the 2017 performance of the small group ACA products.

Andrew R. Tackmann FSA, MAAA
Signature

Andrew R. Tackmann FSA, MAAA
Name

Managing Actuary
Title

4/7/16
Date

121 East Park Square • P.O. Box 328 • Owatonna, Minnesota 55060
(507) 455-5200 • (800) 533-0472

Federated Mutual Insurance Company
2017 ACA Small Group Rate Filings

List of Data, Information, and Assumptions Received from Federated Mutual Insurance Company and Relied upon by Milliman

Data Received

- Data and information used in developing Federated's 2016 rate filing packages
- Medical and pharmacy claim databases received on 2/12/2016
- Claim diagnosis codes and pharmacy rebates received on 2/18/2016
- Exposure database containing enrollment and earned premium received on 2/16/2016
- Actuarial values calculated for 2017 plans using the federal Actuarial Value Calculator
- 2014 TPIR risk adjustment reports and the 2015 interim TPIR reports
- 2017 provider networks and cost information
- Risk adjustment accruals as of 12/31/2015
- 2014 MLR information
- Plan mapping crosswalks
- 2017 plan designs received on 2/26/2016
- 2017 new sales projections
- Trend information and completion factors
- Retention assumptions
- Expense assumptions, including Federated's target profit margins for this business
- 2017 HIOS IDs
- Summaries of risk adjustment simulation study results for calendar year 2015
- Filing contact information
- Company financial information for the actuarial memorandum

FEDERATED INSURANCE®
121 East Park Square • P.O. Box 328 • Owatonna, Minnesota 55060
(507) 455-5200 • (800) 533-0472

Assumptions

- Federated performed the actuarial value (AV) calculation for each 2017 plan design using the 2017 CMS Actuarial Value Calculator. We relied on Federated's assessment that all plan designs could be appropriately valued using the tool, and understand that there were no modifications made to the standard tool.
- The distribution of new sales in 2016 and 2017 by demographics, area, and plan.
- None of Federated's existing non-ACA compliant transitional groups will move to an ACA plan during 2017.
- The morbidity level of new sales in 2016 and 2017.
- Products to be offered cover all essential health benefits (EHBs) in all states and no non-EHBs in any states. Changes to the benchmark plans in Federated's states for 2017 will not have a material impact on pricing.
- Federated's portfolio of plans all comply with applicable mental health/substance abuse parity requirements.
- Estimated MLR rebates expected to be paid for 2015 incurrals.
- The methodology used to assign claims to Federated's internal service categories.
- Prescription drug contracted reimbursement changes between 2015 and 2017 are not expected to have material impacts on pricing, other than a minor adjustment applied to Rx rebates.
- Federated will experience an annual group persistency rate of 80% on the ACA business during 2016 and 2017 renewals.
- Federated does not have any capitated services or private reinsurance arrangements.
- Federated offers standalone dental plans in states that do not require dental to be embedded. In states that require dental to be embedded, we relied on Federated's estimate of the pricing impact.
- Miscellaneous assumptions documented in various phone conversations, meetings, emails, and letters.

SUPPLEMENT FOR THE YEAR 2015 OF THE FEDERATED MUTUAL INSURANCE COMPANY

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1

(To Be Filed by April 1 - Not for Rebate Purposes - See Cautionary Statement at http://www.naic.org/committees_e_app_blanks.htm)

REPORT FOR: 1. CORPORATION Federated Mutual Insurance Company 2. 121 East Park Square Owatonna, MN 55060 (LOCATION)

NAIC Group Code 0007 BUSINESS IN THE STATE OF Pennsylvania DURING THE YEAR 2015 NAIC Company Code 13935

	Business Subject to MLR									10	11	12	13	14	15
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		9						
	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Individual	5 Small Group Employer	6 Large Group Employer	7 Small Group	8 Large Group	Student Health Plans	Government Business (excluded by statute)	Other Health Business	Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	Subtotal (Cols. 1 through 12)	Uninsured Plans	Total 13 + 14
1. Premium:															
1.1 Health premiums earned (From Part 2, Line 1.11)	2,575.92	9,817,624.09									281,184.06		10,101,384.07	XXX	10,101,384.07
1.2 Federal high risk pools														XXX	
1.3 State high risk pools														XXX	
1.4 Premiums earned including state and federal high risk programs (Lines 1.1 + 1.2 + 1.3)	2,575.92	9,817,624.09									281,184.06		10,101,384.07	XXX	10,101,384.07
1.5 Federal taxes and federal assessments	63.78	158,004.90									1,153.92		159,222.60		159,222.60
1.6 State insurance, premium and other taxes (Similar local taxes of $)	16.00	58,817.01									1,391.19		60,224.20		60,224.20
1.6a Community Benefit Expenditures (informational only)															
1.7 Regulatory authority licenses and fees		2,605.18									61.62		2,666.80		2,666.80
1.8 Adjusted Premiums Earned (Lines 1.4 - 1.5 - 1.6 - 1.7)	2,496.14	9,598,197.00									278,577.33		9,879,270.47	XXX	9,879,270.47
1.9 Net Assumed less Ceded reinsurance premiums earned	(257.59)	(981,762.41)									(28,118.41)		(1,010,138.41)	XXX	(1,010,138.41)
1.10 Other Adjustments due to MLR calculations - Premiums														XXX	
1.11 Risk Revenue														XXX	
1.12 Net adjusted premiums earned after reinsurance (Lines 1.8 + 1.9 + 1.10 + 1.11)	2,238.55	8,616,434.59									250,458.92		8,869,132.06	XXX	8,869,132.06
2. Claims:															
2.1 Incurred claims excluding prescription drugs	594.48	8,711,472.99									214,179.78		8,926,247.25	XXX	8,926,247.25
2.2 Prescription drugs		2,367,012.92											2,367,012.92	XXX	2,367,012.92
2.3 Pharmaceutical rebates		253,222.52	27,559.17										280,781.69	XXX	280,781.69
2.4 State stop loss, market stabilization and claim/census based assessments (informational only)														XXX	
3. Incurred medical incentive pools and bonuses														XXX	
4. Deductible Fraud and Abuse Detection/Recovery Expenses (for MLR use only)															
5. 5.0 Total Incurred Claims (Lines 2.1 + 2.2 - 2.3 + 3) (From Part 2, Line 2.15)	594.48	10,825,263.39	(27,559.17)								214,179.78		11,012,478.48	XXX	11,012,478.48
5.1 Net Assumed less Ceded reinsurance claims incurred	(59.45)	(1,082,526.34)	2,755.92								(21,417.98)		(1,101,247.85)	XXX	(1,101,247.85)
5.2 Other Adjustments due to MLR calculations - Claims														XXX	
5.3 Rebates paid										XXX	XXX			XXX	
5.4 Estimated rebates unpaid prior year										XXX	XXX			XXX	
5.5 Estimated rebates unpaid current year										XXX	XXX			XXX	
5.6 Fee for service and co-pay revenue														XXX	
5.7 Net incurred claims after reinsurance (Lines 5.0 + 5.1 + 5.2 + 5.3 - 5.4 + 5.5 - 5.6)	535.03	9,742,737.05	(24,803.25)								192,761.80		9,911,230.63	XXX	9,911,230.63
6. Improving Health Care Quality Expenses Incurred:															
6.1 Improve health outcomes															
6.2 Activities to prevent hospital readmissions															
6.3 Improve patient safety and reduce medical errors															
6.4 Wellness and health promotion activities															
6.5 Health Information Technology expenses related to health improvement															
6.6 Total of Defined Expenses Incurred for Improving Health Care Quality (Lines 6.1+6.2+6.3+6.4+6.5)															
7. Preliminary Medical Loss Ratio: MLR ((Lines 4 + 5.0 + 6.6 - Footnote 2.0)/Line 1.8	0.238	1.128	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX	XXX	0.000	XXX	XXX	XXX
8. Claims Adjustment Expenses:															
8.1 Cost containment expenses not included in quality of care expenses in Line 6.6		285,567.48	(851.98)										284,715.50		284,715.50
8.2 All other claims adjustment expenses		355,302.11	(1,060.02)								9,131.34		363,373.43		363,373.43
8.3 Total claims adjustment expenses (Lines 8.1 + 8.2)		640,869.59	(1,912.00)								9,131.34		648,088.93		648,088.93
9. Claims Adjustment Expense Ratio (Line 8.3/Line 1.8)	0.000	0.067	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.033	0.000	XXX	XXX	XXX

SUPPLEMENT FOR THE YEAR 2015 OF THE FEDERATED MUTUAL INSURANCE COMPANY

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1 (Continued)

	Business Subject to MLR									10	11	12	13	14	15
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		9			Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA			
	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Individual	5 Small Group Employer	6 Large Group Employer	7 Small Group	8 Large Group	Student Health Plans	Government Business (excluded by statute)	Other Health Business		Subtotal (Cols. 1 through 12)	Uninsured Plans	Total 13 + 14
10. General and Administrative (G&A) Expenses:															
10.1 Direct sales salaries and benefits		260,850.72									6,145.14		266,995.86		266,995.86
10.2 Agents and brokers fees and commissions															
10.3 Other taxes (excluding taxes on Lines 1.5 through 1.7 and Line 14 below)															
10.4 Other general and administrative expenses	243.07	517,706.76									12,196.17		530,146.00		530,146.00
10.4a Community Benefit Expenditures (informational only)															
10.5 Total general and administrative (Lines 10.1 +10.2 + 10.3 + 10.4)	243.07	778,557.48									18,341.31		797,141.86		797,141.86
11. Underwriting Gain/(Loss) (Lines 1.12 - 5.7 - 6.6 - 8.3 - 10.5)	1,460.45	(2,545,729.53)	26,715.25								30,224.47		(2,487,329.36)	XXX	(2,487,329.36)
12. Income from fees of uninsured plans	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
13. Net investment and other gain/(loss)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	
14. Federal income taxes (excluding taxes on Line 1.5 above)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	
15. Net gain or (loss) (Lines 11 + 12 + 13 - 14)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(2,487,329.36)	XXX	(2,487,329.36)
16. ICD-10 Implementation Expenses (informational only; already included in general expenses and line 6.5)															
16. 16a ICD-10 Implementation Expenses (informational only; already included in line 6.5)															
OTHER INDICATORS:															
1. Number of certificates/policies	1	2,402									781		3,184		3,184
2. Number of Covered Lives	1	4,290									1,702		5,993		5,993
3. Number of Groups	XXX	242		XXX							173		415		415
4. Member Months	12.00	31,406.00									12,862.00		44,280.00		44,280.00

Is run off business reported in Columns 1 through 9 or 12? Yes [ ] No [X] If yes, show the amount of premiums and claims included. Premiums $ ..... Claims $ .....

216-2.PA

AFFORDABLE CARE ACT (ACA) RECEIPTS, PAYMENTS, RECEIVABLES and PAYABLES				
	Current Year		Prior Year	
	Comprehensive Health Coverage		Comprehensive Health Coverage	
	1 Individual Plans	2 Small Group Employer Plans	3 Individual Plans	4 Small Group Employer Plans
ACA Receivables and Payables				
1. Permanent ACA Risk Adjustment Program				
1.0 Premium adjustments receivable/(payable)		(1,755,000.00)		(90,000.00)
2. Transitional ACA Reinsurance Program				
2.0 Total amounts recoverable for claims (paid & unpaid)		XXX		XXX
3. Temporary ACA Risk Corridors Program				
3.1 Accrued retrospective premium				
3.2 Reserve for rate credits or policy experience refunds				
ACA Receipts and Payments				
4. Permanent ACA Risk Adjustment Program				
4.0 Premium adjustments receipts/(payments)		(405,353.24)		
5. Transitional ACA Reinsurance Program				
5.0 Amounts received for claims		XXX		XXX
6. Temporary ACA Risk Corridors Program				
6.1 Retrospective premium received				
6.2 Rate credits or policy experience refunds paid				

SUPPLEMENT FOR THE YEAR 2015 OF THE FEDERATED MUTUAL INSURANCE COMPANY

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 2

(To Be Filed by April 1 - Not for Rebate Purposes)

REPORT FOR: 1. CORPORATION Federated Mutual Insurance Company 2. 121 East Park Square Owatonna, MN 55060 (LOCATION)

NAIC Group Code 0007 BUSINESS IN THE STATE OF Pennsylvania DURING THE YEAR 2015 NAIC Company Code 13935

	Business Subject to MLR												
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans:		9	10	11	12	13
	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Individual	5 Small Group Employer	6 Large Group Employer	7 Small Group	8 Large Group	Student Health Plans	Government Business (excluded by statute)	Other Health Business	Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	Total (a)
1. Health Premiums Earned:													
1.1 Direct premiums written	2,575.92	9,817,624.09									281,184.06		10,101,384.07
1.2 Unearned premium prior year													
1.3 Unearned premium current year													
1.4 Change in unearned premium (Lines 1.2 - 1.3)													
1.5 Paid rate credits													
1.6 Reserve for rate credits current year													
1.7 Reserve for rate credits prior year													
1.8 Change in reserve for rate credits (Lines 1.6 - 1.7)													
1.9 Premium balances written off													
1.10 Group conversion charge													
1.11 Total direct premiums earned (Lines 1.1 + 1.4 - 1.9 + 1.10)	2,575.92	9,817,624.09									281,184.06		10,101,384.07
1.12 Assumed premiums earned from non-affiliates													
1.13 Net Assumed less Ceded premiums earned from affiliates	(257.59)	(981,762.41)									(28,118.41)		(1,010,138.41)
1.14 Ceded premiums earned to non-affiliates													
1.15 Other Adjustments due to MLR calculation - Premiums													
1.16 Net premiums earned (Lines 1.11 - 1.5 - 1.8 + 1.12 + 1.13 - 1.14 + 1.15)	2,318.33	8,835,861.68									253,065.65		9,091,245.66
2. Direct Claims Incurred:													
2.1 Paid claims during the year		9,237,360.34	(27,559.17)								206,923.42		9,416,724.59
2.2 Direct claim liability current year	1,237.78	2,042,465.21									11,736.56		2,055,439.55
2.3 Direct claim liability prior year	643.29	454,562.16									4,480.20		459,685.65
2.4 Direct claim reserves current year													
2.5 Direct claim reserves prior year													
2.6 Direct contract reserves current year													
2.7 Direct contract reserves prior year													
2.8 Paid rate credits													
2.9 Reserve for rate credits current year													
2.10 Reserve for rate credits prior year													
2.11 Incurred medical incentive pools and bonuses (Lines 2.11a + 2.11b - 2.11c)													
2.11a Paid medical incentive pools and bonuses current year													
2.11b Accrued medical incentive pools and bonuses current year													
2.11c Accrued medical incentive pools and bonuses prior year													
2.12 Net healthcare receivables (Lines 2.12a - 2.12b)													
2.12a Healthcare receivables current year													
2.12b Healthcare receivables prior year													
2.13 Group conversion charge													
2.14 Multi-option coverage blended rate adjustment													
2.15 Total incurred claims (Lines 2.1 + 2.2 - 2.3 + 2.4 - 2.5 + 2.6 - 2.7 + 2.8 + 2.9 - 2.10 + 2.11 - 2.12 + 2.13 + 2.14)	594.49	10,825,263.39	(27,559.17)								214,179.78		11,012,478.49
2.16 Assumed incurred claims from non-affiliates													
2.17 Net assumed less ceded incurred claims from affiliates	(59.45)	(1,082,526.34)	2,755.92								(21,417.98)		(1,101,247.85)
2.18 Ceded incurred claims to non-affiliates													
2.19 Other adjustments due to MLR calculation - Claims													
2.20 Net Incurred Claims (Lines 2.15 - 2.8 - 2.9 + 2.10 + 2.16 + 2.17 - 2.18 + 2.19)	535.04	9,742,737.05	(24,803.25)								192,761.80		9,911,230.64
3. Fraud and Abuse Recoveries that Reduced PAID Claims in Line 2.1 above (informational only)													

(a) Column 13, Line 1.1 includes direct written premium of $ ..... for stand-alone dental and $ ..... for stand-alone vision policies.

SUPPLEMENT FOR THE YEAR 2015 OF THE FEDERATED MUTUAL INSURANCE COMPANY

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3

(To Be Filed by April 1 - Not for Rebate Purposes)

REPORT FOR: 1. CORPORATION Federated Mutual Insurance Company 2. 121 East Park Square Owatonna, MN 55060 (LOCATION)

NAIC Group Code 0007 BUSINESS IN THE STATE OF Pennsylvania DURING THE YEAR 2015 NAIC Company Code 13935

	All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses		9	10
		1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claims Adjustment Expenses	General Administrative Expenses	Total Expenses (6 to 9)
1.	Individual Comprehensive Coverage Expenses:										
	1.1 Salaries (including $ for affiliated services)									85.80	85.80
	1.2 Outsourced Services										
	1.3 EDP Equipment and Software (incl $ for affiliated services)									82.26	82.26
	1.4 Other Equipment (excl. EDP) (incl $ for affiliated services)									1.28	1.28
	1.5 Accreditation and Certification (incl $ for affiliated services)		XXX	XXX	XXX	XXX				0.05	0.05
	1.6 Other Expenses (incl $ for affiliated services)									73.67	73.67
	1.7 Subtotal before Reimbursements and Taxes (Lines 1.1 to 1.6)									243.06	243.06
	1.8 Reimbursements by uninsured plans and fiscal intermediaries										
	1.9 Taxes, Licenses and Fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	79.78	79.78
	1.10 Total (1.7 to 1.9)									322.84	322.84
	1.11 Total Fraud and Abuse Detection/Recovery Expenses included in Column 7 (informational only)										
2.	Small Group Comprehensive Coverage Expenses:										
	2.1 Salaries (including $ for affiliated services)								177,850.20	430,079.95	607,930.15
	2.2 Outsourced Services										
	2.3 EDP Equipment and Software (incl $ for affiliated services)								64,875.21	111,022.30	175,897.51
	2.4 Other Equipment (excl. EDP) (incl $ for affiliated services)								2,272.95	3,019.71	5,292.66
	2.5 Accreditation and Certification (incl $ for affiliated services)		XXX	XXX	XXX	XXX			163.34	4,586.64	4,749.98
	2.6 Other Expenses (incl $ for affiliated services)							285,567.48	110,140.42	229,848.88	625,556.78
	2.7 Subtotal before Reimbursements and Taxes (Lines 2.1 to 2.6)							285,567.48	355,302.12	778,557.48	1,419,427.08
	2.8 Reimbursements by uninsured plans and fiscal intermediaries										
	2.9 Taxes, Licenses and Fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	219,427.10	219,427.10
	2.10 Total (2.7 to 2.9)							285,567.48	355,302.12	997,984.58	1,638,854.18
	2.11 Total Fraud and Abuse Detection/Recovery Expenses included in Column 7 (informational only)										
3.	Large Group Comprehensive Coverage Expenses:										
	3.1 Salaries (including $ for affiliated services)								(530.61)		(530.61)
	3.2 Outsourced Services										
	3.3 EDP Equipment and Software (incl $ for affiliated services)								(193.55)		(193.55)
	3.4 Other Equipment (excl. EDP) (incl $ for affiliated services)								(6.78)		(6.78)
	3.5 Accreditation and Certification (incl $ for affiliated services)		XXX	XXX	XXX	XXX			(0.49)		(0.49)
	3.6 Other Expenses (incl $ for affiliated services)							(851.98)	(328.60)		(1,180.58)
	3.7 Subtotal before Reimbursements and Taxes (Lines 3.1 to 3.6)							(851.98)	(1,060.03)		(1,912.01)
	3.8 Reimbursements by uninsured plans and fiscal intermediaries										
	3.9 Taxes, Licenses and Fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
	3.10 Total (3.7 to 3.9)							(851.98)	(1,060.03)		(1,912.01)
	3.11 Total Fraud and Abuse Detection/Recovery Expenses included in Column 7 (informational only)										

SUPPLEMENT FOR THE YEAR 2015 OF THE FEDERATED MUTUAL INSURANCE COMPANY

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3 (Continued)

	All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses		9	10
		1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claims Adjustment Expenses	General Administrative Expenses	Total Expenses (6 to 9)
4.	Individual Mini-Med Plans Expenses:										
	4.1 Salaries (including $ ..... for affiliated services)										
	4.2 Outsourced Services										
	4.3 EDP Equipment and Software (incl $ ..... for affiliated services)										
	4.4 Other Equipment (excl. EDP) (incl $ ..... for affiliated services)										
	4.5 Accreditation and Certification (incl $ ..... for affiliated services)		XXX	XXX	XXX	XXX					
	4.6 Other Expenses (incl $ ..... for affiliated services)										
	4.7 Subtotal before Reimbursements and Taxes (Lines 4.1 to 4.6)										
	4.8 Reimbursements by uninsured plans and fiscal intermediaries										
	4.9 Taxes, Licenses and Fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
	4.10 Total (4.7 to 4.9)										
	4.11 Total Fraud and Abuse Detection/Recovery Expenses included in Column 7 (informational only)										
5.	Small Group Mini-Med Plans Expenses:										
	5.1 Salaries (including $ ..... for affiliated services)										
	5.2 Outsourced Services										
	5.3 EDP Equipment and Software (incl $ ..... for affiliated services)										
	5.4 Other Equipment (excl. EDP) (incl $ ..... for affiliated services)										
	5.5 Accreditation and Certification (incl $ ..... for affiliated services)		XXX	XXX	XXX	XXX					
	5.6 Other Expenses (incl $ ..... for affiliated services)										
	5.7 Subtotal before Reimbursements and Taxes (Lines 5.1 to 5.6)										
	5.8 Reimbursements by uninsured plans and fiscal intermediaries										
	5.9 Taxes, Licenses and Fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
	5.10 Total (5.7 to 5.9)										
	5.11 Total Fraud and Abuse Detection/Recovery Expenses included in Column 7 (informational only)										
6.	Large Group Mini-Med Plans Expenses:										
	6.1 Salaries (including $ ..... for affiliated services)										
	6.2 Outsourced Services										
	6.3 EDP Equipment and Software (incl $ ..... for affiliated services)										
	6.4 Other Equipment (excl. EDP) (incl $ ..... for affiliated services)										
	6.5 Accreditation and Certification (incl $ ..... for affiliated services)		XXX	XXX	XXX	XXX					
	6.6 Other Expenses (incl $ ..... for affiliated services)										
	6.7 Subtotal before Reimbursements and Taxes (Lines 6.1 to 6.6)										
	6.8 Reimbursements by uninsured plans and fiscal intermediaries										
	6.9 Taxes, Licenses and Fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
	6.10 Total (6.7 to 6.9)										
	6.11 Total Fraud and Abuse Detection/Recovery Expenses included in Column 7 (informational only)										

SUPPLEMENT FOR THE YEAR 2015 OF THE FEDERATED MUTUAL INSURANCE COMPANY

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3 (Continued)

	All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses		9	10
		1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claims Adjustment Expenses	General Administrative Expenses	Total Expenses (6 to 9)
7.	Small Group Expatriate Plans Expenses:										
	7.1 Salaries (including $ ..... for affiliated services)										
	7.2 Outsourced Services										
	7.3 EDP Equipment and Software (incl $ ..... for affiliated services)										
	7.4 Other Equipment (excl. EDP) (incl $ ..... for affiliated services)										
	7.5 Accreditation and Certification (incl $ ..... for affiliated services)		XXX	XXX	XXX	XXX					
	7.6 Other Expenses (incl $ ..... for affiliated services)										
	7.7 Subtotal before Reimbursements and Taxes (Lines 7.1 to 7.6)										
	7.8 Reimbursements by uninsured plans and fiscal intermediaries										
	7.9 Taxes, Licenses and Fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
	7.10 Total (7.7 to 7.9)										
	7.11 Total Fraud and Abuse Detection/Recovery Expenses included in Column 7 (informational only)										
8.	Large Group Expatriate Plans Expenses:										
	8.1 Salaries (including $ ..... for affiliated services)										
	8.2 Outsourced Services										
	8.3 EDP Equipment and Software (incl $ ..... for affiliated services)										
	8.4 Other Equipment (excl. EDP) (incl $ ..... for affiliated services)										
	8.5 Accreditation and Certification (incl $ ..... for affiliated services)		XXX	XXX	XXX	XXX					
	8.6 Other Expenses (incl $ ..... for affiliated services)										
	8.7 Subtotal before Reimbursements and Taxes (Lines 8.1 to 8.6)										
	8.8 Reimbursements by uninsured plans and fiscal intermediaries										
	8.9 Taxes, Licenses and Fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
	8.10 Total (8.7 to 8.9)										
	8.11 Total Fraud and Abuse Detection/Recovery Expenses included in Column 7 (informational only)										
9.	Student Health Plans Expenses:										
	9.1 Salaries (including $ ..... for affiliated services)										
	9.2 Outsourced Services										
	9.3 EDP Equipment and Software (incl $ ..... for affiliated services)										
	9.4 Other Equipment (excl. EDP) (incl $ ..... for affiliated services)										
	9.5 Accreditation and Certification (incl $ ..... for affiliated services)		XXX	XXX	XXX	XXX					
	9.6 Other Expenses (incl $ ..... for affiliated services)										
	9.7 Subtotal before Reimbursements and Taxes (Lines 9.1 to 9.6)										
	9.8 Reimbursements by uninsured plans and fiscal intermediaries										
	9.9 Taxes, Licenses and Fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
	9.10 Total (9.7 to 9.9)										
	9.11 Total Fraud and Abuse Detection/Recovery Expenses included in Column 7 (informational only)										

8500 Normandale Lake Blvd.
Suite 1850
Minneapolis, MN 55437
USA

Tel +1 952 897 5300
Fax +1 952 897 5301

milliman.com

July 11, 2016

Mr. Scott Haglund, FSA, MAAA, FLMI
Vice President & Director of Actuarial Services – Life & Health
Federated Mutual Insurance Company
O301
121 East Park Square
Owatonna, MN 55060-3046

Re: Response to Objection Received from Pennsylvania on July 6, 2016

Dear Scott:

Thank you for asking Milliman to assist Federated Mutual Insurance Company (Federated) with its 2017 commercial rate filings. The purpose of this letter is to provide a response to the objection letter received from the Pennsylvania Insurance Department on July 6 for the small group rate filing. *The requests stated in the objection letter are restated in italics for reference.* This letter may not be appropriate for other purposes.

We've enclosed a revised PA Actuarial Memorandum with this response. It came to our attention as we prepared this response that there were two typos in the PA Actuarial Memorandum in Tables 2.1 and 2.3. Specifically, in Table 2.1 the adjusted index rate for the manual rate development should have read $514.27 instead of $514.97 and in Table 2.3 the net risk adjustment in row (f) should have read $48.75 instead of $47.16. These revisions did not affect rates or any other values in the filing.

1. *Please provide all tables, exhibits, etc. supporting actuarial memorandum in Excel format with formulas for each entry. The Department notes that the Tables included in the PA Actuarial Memorandum were not included in your response.*

   Worksheet *Response #1 (PA-Specific)* of the enclosed Excel spreadsheet *Response to PA Objection dated 20160706_20160711.xlsx* (spreadsheet) provides the tables from the PA Actuarial Memorandum. For convenience, we have also provided all of the tables included in the Part III Actuarial Memorandum, which was provided in our response dated June 23, 2016.

2. *Regarding the calculation of the Age Curve Calibration Factor, please explain why the Company used 5-year age bands instead of each individual age. Please provide the calculation based on the age bands shown in Table 12.*

   The Age Calibration Factor was calculated using 5-year age bands because that is the level of granularity we used when projecting membership by age. We assumed a uniform distribution of membership within each age band.

Worksheet *Response #2* of the enclosed spreadsheet provides the calculation of the Age Curve Calibration Factor using the age bands consistent with Table 12 of the PA Actuarial Memorandum Rate Exhibits template.

3. *Regarding the Large Claim Pooling adjustment:*
    a. *What was the per member per month charge?*
    b. *What was the overall effect on Pennsylvania policyholders?*

    Federated sells small group ACA plans in 23 states nationwide, and has a relatively low market share in each state. Since random large claims can cause significant swings in the average claim cost level for a given state, Federated has implemented a pooling process in order to help stabilize premiums across the block as a whole. Given that large claims are unpredictable and volatile, a state that pays into the pool in one year may benefit in another year (or vice versa).

    In the current filing, the per member per month (PMPM) pooling charge is $25.77 and the overall net impact on Pennsylvania policyholders is a downward adjustment of $42.54 PMPM. Worksheet *Response #3* of the enclosed spreadsheet provides a breakdown of the pooled claims, pooling charge, and net impact of the large claims pooling adjustment as a percent of allowed claims and on a PMPM basis.

4. *Please provide a narrative justifying the use of a 7.0% trend rate in projecting the Experience Period data and an 8.1% trend rate in calculating the Small Group Index Rates Reflecting Quarterly Trends.*

    As discussed in the actuarial memorandum, a leveraging adjustment of 1.0% is made to account for the difference between the trend in allowed claims and the trend in paid claims due to the impact of fixed cost sharing. In the rate development illustration required by the URR instructions, paid claims for each plan are calculated from the single risk pool Index Rate using the AV & Cost sharing values. The AV & Cost Sharing values are not allowed to be adjusted quarterly, so the impact of leveraging must be embedded in the quarterly trend adjustments.

    The impact of leveraging is applied in the calculation of the projection period index rate in Table 13.2 of the actuarial memorandum so that it flows through to the calculation of paid claims in the rate build-up demonstration. Since the AV & Cost Sharing values were developed around the first quarter rate effective period, there is no leveraging adjustment required for first quarter rates.

    In effect, the quarterly trend is a premium trend, not an allowed cost trend. Needed premium levels are impacted by leveraging of cost sharing.

5. *Please indicate if the Company included an adjustment to account for the regulation that prohibits charging for more than three children per family, and, if applicable, demonstrate how the adjustment was derived and where it is included in the filing.*

   Yes, Federated made an adjustment to account for the regulation that prohibits charging for more than three children per family. This adjustment is reflected in the Age Calibration Factor by applying an age rating factor of 0 for children in excess of the rating limit (as allowed for in the 2017 URR instructions). This is reflected in the development of the Age Calibration Factor provided on worksheets *Response #1 (PA-Specific)* and *Response #2*.

Other Considerations

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.

Limits on Distribution

I understand that this letter will be used by Federated for state filing purposes. Milliman consents to the release of this document to the applicable agency. Any additional release of the document by Federated requires prior written consent by Milliman. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.

Variability of Results

Differences between projections in this analysis and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent the assumptions in this memorandum are not realized.

Data Reliance

In performing this analysis, I have relied on data and other information provided by Federated. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of the analysis may likewise be inaccurate or incomplete.

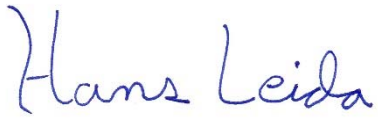
I performed a limited review of the data used directly in the analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of the assignment.

♦♦♦

Milliman

Mr. Scott Haglund, FSA, MAAA, FLMI
July 11, 2016

Scott, thank you again for the opportunity to work with you. Please contact me directly at (952) 820-2410 or hans.leida@milliman.com if you have any questions.
Sincerely,



Hans Leida, PhD, FSA, MAAA
Principal & Consulting Actuary

HKL/sww

Milliman

8500 Normandale Lake Blvd.
Suite 1850
Minneapolis, MN 55437
USA

Tel +1 952 897 5300
Fax +1 952 897 5301

milliman.com

July 18, 2016

Mr. Scott Haglund, FSA, MAAA, FLMI
Vice President & Director of Actuarial Services – Life & Health
Federated Mutual Insurance Company
O301
121 East Park Square
Owatonna, MN 55060-3046

Re: Response to Objection Received from Pennsylvania on July 13, 2016

Dear Scott:

Thank you for asking Milliman to assist Federated Mutual Insurance Company (Federated) with its 2017 commercial rate filings. The purpose of this letter is to provide a response to the objection letter received from the Pennsylvania Insurance Department on July 13 for the small group rate filing. *The requests stated in the objection letter are restated in italics for reference.* This letter may not be appropriate for other purposes.

1. *Induced Utilization*
   a. *Please complete the table below for all plans, and confirm that the ratio in column (8) represents the AV and Cost Sharing for each plan in your filing.*
   b. *Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of each, the AV and the cost sharing factors for each plan. Also, provide narrative that explains the derivation.*
   c. *Please provide justification for relative induced utilization assumptions in the Company's pricing that exceed the federal factors used in the risk adjustment model proving that morbidity is not reflected.*
   d. *Please confirm that each plan's induced utilization factor was normalized by an aggregate factor, and that the resulting sumproduct (against projected membership) produces a factor of 1.000. Please show the steps that demonstrate this.*

   The following provides responses to items a through d regarding the induced utilization assumption.

   a. Worksheet *Response #1a* of the enclosed Excel spreadsheet *Response to PA Objection dated 20160713_20160718.xlsx* (spreadsheet) provides the requested exhibit. We confirm that the entries in column (8) represent the AV & Cost Sharing factors for the plans in this filing.

   b. Worksheet *Response #1b* of the enclosed spreadsheet provides the derivation of the AV and the cost sharing factors for each plan. As described in Exhibit 8 of the Part III Actuarial Memorandum, we used benchmark data from Milliman's 2016 Commercial *Health Cost*

Guidelines™ (HCGs) to develop benefit factors (induced utilization and paid-to-allowed ratios) for these plans. The induced utilization factors reflect expected differences in allowed costs by plan (due to the behavioral impact of cost sharing on the utilization of services), and the paid-to-allowed ratios reflect the impact of member cost sharing on plan liability. The HCGs were calibrated to Federated's projected population in aggregate, and plans were valued assuming the same underlying population was enrolled in every plan, so the induced utilization and paid-to-allowed factors do not reflect differences in health status among members who choose different plan designs.

Note that all plans have the same covered benefits (that is, they cover the same services), so the induced utilization and paid-to-allowed factors only reflect the impact of differences in cost sharing by plan.

c. Worksheet *Response #1c* of the enclosed spreadsheet provides a comparison of the induced utilization factors used in the rate filing to the induced utilization factors used in the federal risk adjustment model. Both sets of utilization factors have been normalized on Federated's projected 2017 membership distribution by plan to put them on a comparable basis.

   Overall, the utilization assumptions by metal level are generally fairly similar to the federal induced utilization factors. The induced utilization for plans within each metal level vary around the average for the metal level, but this is expected given the differences in cost sharing design. It is not possible for us to reconcile the differences between our results and the federal factors because the government has not released detailed information regarding how the federal factors were developed.

   As mentioned in the response to item 1b above, the induced utilization factors used in the rate filing were based on the standard factors included in Milliman's HCG actuarial rating model. In particular, the induced utilization factors were not based on Federated's historical experience, which may reflect differences in health status by plan. This approach was used both because Federated has limited data for many plan designs, and also because the HCG factors provide a basis to model induced utilization while excluding differences in health status. We set our rating model to assume the same population across all plans when developing plan factors (that is, the same morbidity, age, gender, and area mix).

d. The response to item 1a includes the induced utilization factors by plan used in this rate filing, which have been normalized on the projected population. The total induced utilization factor in this exhibit is calculated using a sum product formula, weighted on projected membership, which results in a 1.000 factor.

2. *Please show quantitatively that plan premiums are in proportion to the plan AV Pricing Values.*

   Worksheet *Response #2* of the enclosed spreadsheet provides a quantitative analysis showing that the Calibrated Plan Adjusted Index Rates (CPAIRs) are in proportion to the AV Pricing Values. Plan premiums (represented by the Consumer Adjusted Premium Rates) will be calculated by applying the allowable rating factors (i.e., age, area, and enrollment quarter) to the

CPAIRs. That is to say, the components of plan premium that do not vary at the member level (i.e., AV, cost sharing, provider network, and administrative expenses) are proportionate to the AV Pricing Values.

Other Considerations

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.

Limits on Distribution

I understand that this letter will be used by Federated for state filing purposes. Milliman consents to the release of this document to the applicable agency. Any additional release of the document by Federated requires prior written consent by Milliman. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.

Variability of Results

Differences between projections in this analysis and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent the assumptions in this memorandum are not realized.

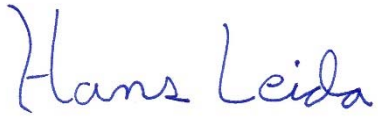
Data Reliance

In performing this analysis, I have relied on data and other information provided by Federated. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of the analysis may likewise be inaccurate or incomplete.

I performed a limited review of the data used directly in the analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of the assignment.

♦♦♦

Scott, thank you again for the opportunity to work with you. Please contact me directly at (952) 820-2410 or hans.leida@milliman.com if you have any questions.
Sincerely,



Hans Leida, PhD, FSA, MAAA
Principal & Consulting Actuary

HKL/sww

8500 Normandale Lake Blvd.
Suite 1850
Minneapolis, MN 55437
USA

Tel +1 952 897 5300
Fax +1 952 897 5301

milliman.com

July 25, 2016

Mr. Scott Haglund, FSA, MAAA, FLMI
Vice President & Director of Actuarial Services – Life & Health
Federated Mutual Insurance Company
O301
121 East Park Square
Owatonna, MN 55060-3046

Re: Response to Objection from Pennsylvania dated July 21, 2016

Dear Scott:

Thank you for asking Milliman to assist Federated Mutual Insurance Company (Federated) with its 2017 commercial rate filings. The purpose of this letter is to provide a response to the objection letter from the Pennsylvania Insurance Department dated July 21 for the small group rate filing. *The request stated in the objection letter is restated in italics for reference.* This letter may not be appropriate for other purposes.

Given the difference between the Company's estimated risk adjustment for 2015 and actual 2015 amount, please provide narrative and quantitatively show the development of the pmpm impact this will have on the projected 2017 risk adjustment pmpm amount and the rate impact. Do not revise your filing because of this request; just provide the information requested. Provide by Tuesday July, 26, 2016

Federated's estimated risk adjustment transfer for 2015 was a payment of $1,755,000, or 15% of premium for ACA-compliant small group policies (that is, excluding transitional and large group). The actual risk adjustment transfer for 2015 will be a payment of $2,549,616, or 22% of premium.

Despite this difference, Federated still believes that the projected 2017 risk adjustment transfer of 7.4% of premium included in the rate filing is reasonable, and does not wish to modify the rates filed. Given that there will be turnover and new sales between 2015 and 2017, as well as changes taking place in the market in general, Federated does not have reason to believe that 2017 will unfold the same as 2015. As a carrier with smaller market share, Federated's risk adjustment transfers are subject to volatility in any given state and year. Given this volatility, Federated believes that the projected 2017 transfer in Pennsylvania is still within a reasonable range of likely outcomes.

As described in our response dated June 23, Federated estimated the risk adjustment transfer payment for 2017 by considering its position relative to the market on a demographic and plan mix basis, and then adjusting for the expected morbidity in each state relative to the nationwide block. This nationwide approach was taken in order to limit the influence of the volatile results on a state by state basis.

Finally, we note that any revision to attempt to recognize the higher than expected actual risk adjustment payment in 2015 in Pennsylvania would likely result in a higher rate increase. Given the significant rate action already filed, Federated would like to avoid increasing rates further at this time.

Other Considerations

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.

Limits on Distribution

I understand that this letter will be used by Federated for state filing purposes. Milliman consents to the release of this document to the applicable agency. Any additional release of the document by Federated requires prior written consent by Milliman. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.

Variability of Results

Differences between projections in this analysis and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent the assumptions in this memorandum are not realized.

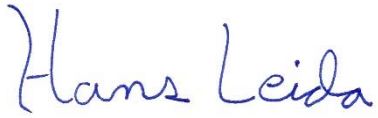
Data Reliance

In performing this analysis, I have relied on data and other information provided by Federated. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of the analysis may likewise be inaccurate or incomplete.

I performed a limited review of the data used directly in the analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of the assignment.

♦♦♦

Scott, thank you again for the opportunity to work with you. Please contact me directly at (952) 820-2410 or hans.leida@milliman.com if you have any questions.
Sincerely,



Hans Leida, PhD, FSA, MAAA
Principal & Consulting Actuary

HKL/lmk