

SERFF Tracking #:

GSHP-130558318

State Tracking #:

GSHP-130558318

Company Tracking #:

INDHMO

State: Pennsylvania**Filing Company:** Geisinger Health Plan**TOI/Sub-TOI:** H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense**Product Name:** HMO/POS**Project Name/Number:** Indiv HMO 2017 ACA Filing/IndHMO

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Additional Information Needed	Rashmi Mathur	07/21/2016	07/21/2016
Additional Information Needed	Rashmi Mathur	07/13/2016	07/13/2016
Data Request Sent	Rashmi Mathur	06/15/2016	06/15/2016

Response Letters

Responded By	Created On	Date Submitted
Vicki Bardsley	07/27/2016	07/27/2016
Everard Riley	07/14/2016	07/14/2016
Vicki Bardsley	06/23/2016	06/23/2016

State: Pennsylvania **Filing Company:** Geisinger Health Plan
TOI/Sub-TOI: H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense
Product Name: HMO/POS
Project Name/Number: Indiv HMO 2017 ACA Filing/IndHMO

Objection Letter

Objection Letter Status	Additional Information Needed
Objection Letter Date	07/21/2016
Submitted Date	07/21/2016
Respond By Date	07/26/2016

Dear Vicki Bardsley,

Introduction:

The Pennsylvania Insurance Department has conducted a review of the responses received from you on the above captioned filing, and at this time additional information is needed. To facilitate a timely review, we request this information be provided by close of business on July 26, 2016. If you have any questions or difficulties in providing the data within this time frame, please call me.

1. 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.

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

Should you have any questions regarding this correspondence, please contact me at (717) 783-0675 or e-mail at rmathur@pa.gov.

Sincerely,

Rashmi Mathur, ASA, MAAA
Actuary
Bureau of Life, Accident & Health Insurance
Office of Insurance Product Regulation & Administration

Conclusion:

Sincerely,
Rashmi Mathur

State: Pennsylvania **Filing Company:** Geisinger Health Plan
TOI/Sub-TOI: H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense
Product Name: HMO/POS
Project Name/Number: Indiv HMO 2017 ACA Filing/IndHMO

Objection Letter

Objection Letter Status	Additional Information Needed
Objection Letter Date	07/13/2016
Submitted Date	07/13/2016
Respond By Date	07/19/2016

Dear Vicki Bardsley,

Introduction:

Please see the attachment that has additional questions on induced Utilization and AV of the plans. Please respond to these questions by close of business on Tuesday, July 19, 2016.

Thank you.

Conclusion:

Sincerely,
Rashmi Mathur

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: Geisinger Health Plan
 TOI/Sub-TOI: H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense
 Product Name: HMO/POS
 Project Name/Number: Indiv HMO 2017 ACA Filing/IndHMO

Objection Letter

Objection Letter Status	Data Request Sent
Objection Letter Date	06/15/2016
Submitted Date	06/15/2016
Respond By Date	06/23/2016

Dear Vicki Bardsley,

Introduction:

The Pennsylvania Insurance Department has received and conducted a preliminary review of the above captioned filing. In order to complete the review, we are requesting the following information. To facilitate a timely review, we request this information be provided within 7 days of the date of this letter. If you have any questions or difficulties in providing the data within this time frame, please call me.

The following questions are from Dona Novak, our Consulting Actuary:

1. Page 5 of the Actuarial Memorandum described additional EHB benefits. Please explain where the adjustment for these benefits is included on the URRT. Note Table 5 shows an "Other" Adjustment of 1%.
2. Please explain why there is no demographic adjustment for the population being 2 years older than the base period.
3. Please explain how the additional EHB amounts described on page 5 of the Actuarial Memorandum were developed.
4. Were changes in provider contracting considered in the development of cost trends?
5. Regarding the manual rate,
 - a) Please explain why a manual rate was used considering over 200,000 experience period member months is typically considered fully credible. It appears that you are combining Geisinger Health Plan with Geisinger Quality Options into one filing since the manual rate is the same. Since the Geisinger Health Plan is fully credible, why do you believe that this is allowed according the URR Instructions?
 - b) Please provide a quantitative development of the manual rate resulting in the projected allowed claims of \$638.70 PMPM. This should include any adjustments made to the manual data to bring it in line with GHP's projected population and should include at least the adjustments on Worksheet 1 of the URRT. As part of this answer please explain how you adjusted for morbidity differences between the data used for the manual rate and the projected population since the projected population will not include Geisinger Quality Options members.
6. Please provide the quantitative development of the projected paid-to-allowed ratio of 77.9%. (Include excel worksheet with formulas to support the calculation). If not clear from the development, please explain why this ratio differs so significantly from the base period paid-to-allowed of 73.0% and the weighted average AV from WS2 of the URRT of 72.7%.
7. The correct Risk Adjustment Fee for 2017 is \$0.13 PMPM per the final Notice of Benefit and Payment Parameters for 2017. Please correct all materials and calculations.
8. Please provide your current estimate of the risk adjustment for 2015.
9. Please provide the development of the 2.33% of QI expenses as shown on page 7 of the Actuarial Memorandum.
10. Please explain why the full 3.50% (20.63/589.39) is being included for the Exchange User Fee in Table 5 considering it should be adjusted by the estimated percentage of 2017 premiums from membership enrolled on the exchange.
11. Please explain why the weighted average in Table 10 of the Benefit Richness in Column L is not 1.000.
12. Please provide the quantitative development of the age and area calibration factors.
13. Please provide the "RateTables_GHP_Indiv.pdf" file in excel.
14. Please provide AV screenshots and Unique Plan Design Justification (if applicable) for all plans being offered.

The following are questions form PID:

15. Please explain what adjustments were made to the large group data in the development of trends for the individual versus small group market and HMO versus PPO product.
16. Please provide the January 1, 2016 through April 30, 2016 emerging experience in an Excel worksheet formatted similar to Table 2.
17. In Tables 2 and 4, does the premium include HHS cost sharing, estimated risk adjustment or revenue generated from transitional business? If so, please provide the dollar amount of HHS cost sharing and estimated risk adjustment and the number of transitional members.

State: Pennsylvania **Filing Company:** Geisinger Health Plan
TOI/Sub-TOI: H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense
Product Name: HMO/POS
Project Name/Number: Indiv HMO 2017 ACA Filing/IndHMO

18. Your Actuarial Memorandum indicates that you have assumed the Projected Risk Adjustment transfer payment for 2017 to be zero and the Department acknowledges the rationale for this assumption. However, did you conduct any analysis to support your rationale? If so, please provide a detailed narrative that describes the development of the estimated risk adjustment transfer payment. In demonstrating the development of the transfer payment, please show all risk transfer formula components, the estimated market-wide average risk assumptions as well as support for those assumptions. When responding to this data call, you may redact this response as it will contain proprietary information.

19. Please show quantitatively the derivation of the Tobacco Surcharge adjustment of .987 shown in Tale 10.

20. The plan Id numbers displayed in Tables 10 and 11 do not match the Plan Id numbers shown in the Department rate exhibit in SERFF. Please explain and correct this anomaly.

21. Please show quantitatively with an Excel spreadsheet with formulas that the Table 11 Consumer Adjusted Premium Rates match the rates shown in the Rates Table template.

22. 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.

23. Regarding broker commissions:

a) Under what circumstances and in what geographic locations will commissions be paid?

b) Are commissions paid for Special Enrollment Periods?

c) Provide a copy of the broker agreement – current and 2017.

d) Show the calculation of the average commission – current and 2017.

When responding to this question, you may provide a redacted version of the response as it contains proprietary information.

24. 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.

Conclusion:

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

Should you have any questions regarding this correspondence, please contact me at (717) 783-0675 or e-mail at rmathur@pa.gov.

Sincerely,

Rashmi Mathur, ASA, MAAA

Actuary

Bureau of Life, Accident & Health Insurance

Office of Insurance Product Regulation & Administration

Sincerely,

Rashmi Mathur

State: Pennsylvania **Filing Company:** Geisinger Health Plan
TOI/Sub-TOI: H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense
Product Name: HMO/POS
Project Name/Number: Indiv HMO 2017 ACA Filing/IndHMO

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	07/27/2016
Submitted Date	07/27/2016

Dear Rashmi Mathur,

Introduction:

The following is in response to the Department's 7/21/16 request:

Response 1

Comments:

The first 2 years of the ACA risk adjustment program have shown a wide variation in risk adjustment transfer payments. Unfortunately, little confidence was gained with the second data point. Our development of our 2017 risk adjustment payment transfer centered on the instability of the individual market and the changes in the risk adjustment model. It was not dependent on the actual or estimate risk adjustment transfer payments from 2015, therefore there is no impact to our proposed 2017 rates.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Please let us know if you have any questions regarding our response. Thank you!

Vicki Bardsley
Sincerely,
Vicki Bardsley

State: Pennsylvania **Filing Company:** Geisinger Health Plan
TOI/Sub-TOI: H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense
Product Name: HMO/POS
Project Name/Number: Indiv HMO 2017 ACA Filing/IndHMO

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 07/14/2016
 Submitted Date 07/14/2016

Dear Rashmi Mathur,

Introduction:

Geisinger Health Plans has received and reviewed the questions from the PID regarding the small group PPO rate filing.

Response 1

Comments:

1. Induced Utilization

- a. The table requested is provided in the attached file: GHP Indiv Responses 20160714.xlsx. I have added column (8) and modified the formula in column (9) to show the tobacco normalization factor as requested. We did not project allowed and paid claims at the plan level because it is not credible or meaningful based on benefit design changes and plan mapping.
- b. A confidential internal pricing model is used to determine the AV and cost sharing factors based on the member cost sharing for each plan.
- c. The induced utilization factors were determined from an analysis of our market position by metallic level. The federal factors used in the risk adjustment model were not reflective of the differential in metallic premium rates in the market in Pennsylvania. Morbidity was not considered in determining the premium differential between metallic levels.
- d. The weighted average induced utilization factor is 1.000 as demonstrated in cell G35 of the attached file referenced in 1a above.
2. The plan premiums are calculated from the 2017 Calibrated Plan Adjusted Index Rate PMPM shown in the PA Act Memo Exhibits Table 10. The plan premiums vary by rating area, age and tobacco and will retain the same proportional relationship for each unique member as the 2017 Calibrated Plan Adjusted Index Rate PMPM. The AV Pricing Values include all plan specific factors allowed by 45 CFR 156.80(d)(2). The AV Pricing Values and 2017 Calibrated Plan Adjusted Index Rate PMPM are shown in the file referenced in 1a above in columns (10) and (11). Columns (12) and (13) then show the proportion of each of these to the first plan to demonstrate that the plan premiums are in proportion to the plan AV Pricing Values. The plan AV Pricing Values displayed on the URRT and the attached file are calculated from the PA Act Memo Exhibits Table 10 2017 Calibrated Plan Adjusted Index Rate PMPM removing the calibration and dividing by the Market Adjusted Index Rate. These are rounded to 3 decimal places to be displayed in the URRT and cause some differences in the comparison because of this rounding.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied - Item:	7/14/16 Responses to the Department's 7/13/16 Questions
Comments:	
Attachment(s):	GHP Indiv Response 20160714.xlsx

SERFF Tracking #:

GSHP-130558318

State Tracking #:

GSHP-130558318

Company Tracking #:

INDHMO

State:

Pennsylvania

Filing Company:

Geisinger Health Plan

TOI/Sub-TOI:

H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense

Product Name:

HMO/POS

Project Name/Number:

Indiv HMO 2017 ACA Filing/IndHMO

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Please feel free to contact either Everard Riley (@ 570-214-8849) or Vicki Bardsley (@ 570-271-7842) with any questions. Thank you!

Sincerely,

Vicki Bardsley

State: Pennsylvania **Filing Company:** Geisinger Health Plan
TOI/Sub-TOI: H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense
Product Name: HMO/POS
Project Name/Number: Indiv HMO 2017 ACA Filing/IndHMO

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 06/23/2016
 Submitted Date 06/23/2016

Dear Rashmi Mathur,

Introduction:

Geisinger Health Plans has received and reviewed the questions from the PID regarding the small group PPO rate filing.

Response 1

Comments:

Geisinger Health Plans has provided the responses in the Supporting Documentation section outlined below. The file titled "GHP Indiv Responses.pdf" provides each question and response. Due to the character limitation in place in this section of SERFF we are unable to provide the responses in this comment section.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	6/23/16 Responses to the Department's 6/15/16 Questions
Comments:	
Attachment(s):	GHP Indiv Additional EHBs.xlsx GHP Indiv Manual Rate Development.xlsx Projected Paid to Allowed Ratio - 2017 ACA Filings.xlsx Age Calibration 2017 ACA Filings.xlsx GHP Indiv Area Calibration.xlsx GHP Indiv Emerging Experience Table 2.xlsx GHP Indiv Rate Calculation.xlsx RatesTables_GHP_Indiv.xls GHP Indiv Responses.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Please feel free to contact either Everard Riley (@ 570-214-8849) or Vicki Bardsley (@ 570-271-7842) with any questions. Thank you! :-)

Vicki

Sincerely,

Vicki Bardsley

SERFF Tracking #:

GSHP-130558318

State Tracking #:

GSHP-130558318

Company Tracking #:

INDHMO

State:

Pennsylvania

Filing Company:

Geisinger Health Plan

TOI/Sub-TOI:

H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense

Product Name:

HMO/POS

Project Name/Number:

Indiv HMO 2017 ACA Filing/IndHMO

Supporting Document Schedules

Satisfied - Item:	6/23/16 Responses to the Department's 6/15/16 Questions
Comments:	
Attachment(s):	GHP Indiv Additional EHBs.xlsx GHP Indiv Manual Rate Development.xlsx Projected Paid to Allowed Ratio - 2017 ACA Filings.xlsx Age Calibration 2017 ACA Filings.xlsx GHP Indiv Area Calibration.xlsx GHP Indiv Emerging Experience Table 2.xlsx GHP Indiv Rate Calculation.xlsx RatesTables_GHP_Indiv.xls GHP Indiv Responses.pdf
Item Status:	
Status Date:	
Satisfied - Item:	7/14/16 Responses to the Department's 7/13/16 Questions
Comments:	
Attachment(s):	GHP Indiv Response 20160714.xlsx
Item Status:	
Status Date:	

State:	Pennsylvania	Filing Company:	Geisinger Health Plan
TOI/Sub-TOI:	H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense		
Product Name:	HMO/POS		
Project Name/Number:	Indiv HMO 2017 ACA Filing/IndHMO		

Attachment GHP Indiv Additional EHBs.xlsx is not a PDF document and cannot be reproduced here.

Attachment GHP Indiv Manual Rate Development.xlsx is not a PDF document and cannot be reproduced here.

Attachment Projected Paid to Allowed Ratio - 2017 ACA Filings.xlsx is not a PDF document and cannot be reproduced here.

Attachment Age Calibration 2017 ACA Filings.xlsx is not a PDF document and cannot be reproduced here.

Attachment GHP Indiv Area Calibration.xlsx is not a PDF document and cannot be reproduced here.

Attachment GHP Indiv Emerging Experience Table 2.xlsx is not a PDF document and cannot be reproduced here.

Attachment GHP Indiv Rate Calculation.xlsx is not a PDF document and cannot be reproduced here.

Attachment RatesTables_GHP_Indiv.xls is not a PDF document and cannot be reproduced here.

Attachment GHP Indiv Response 20160714.xlsx is not a PDF document and cannot be reproduced here.

1. Page 5 of the Actuarial Memorandum described additional EHB benefits. Please explain where the adjustment for these benefits is included on the URRT. Note Table 5 shows an “Other” Adjustment of 1%.

The URRT does not show the development of the Credibility Manual PMPM and therefore additional EHB benefits included in the Credibility Manual PMPM are not shown on the URRT. Table 5 shows the Single Risk Pool Adjustment Factors applied to our Unadjusted Projected Allowed EHB Claims PMPM, which is the Credibility Manual PMPM before allowable adjustments. The additional EHB described on page 5 of the Actuarial Memorandum is included in the “Change in Benefits” category on Table 5. The Adjusted Projected Allowed EHB Claims PMPM on Table 5 equals the Credibility Manual Total PMPM on the URRT.

2. Please explain why there is no demographic adjustment for the population being 2 years older than the base period.

There is no demographic adjustment to the population based on our assumption that newborns and new enrollment will replace deaths and lapsing enrollment to maintain an overall average age in the projection period that is similar to the experience period.

3. Please explain how the additional EHB amounts described on page 5 of the Actuarial Memorandum were developed.

A file explaining the derivation for each of these additional EHB amounts has been uploaded in SERFF (see “GHP Indiv Additional EHBs.xlsx”).

4. Were changes in provider contracting considered in the development of cost trends?

Page 5 of the Actuarial Memorandum states that unit cost trend factors are based on anticipated increases in facility and professional fees. This includes detailed analysis of provider contracts to determine the anticipated increases in fees.

5. Regarding the manual rate,

a) Please explain why a manual rate was used considering over 200,000 experience period member months is typically considered fully credible. It appears that you are combining Geisinger Health Plan with Geisinger Quality Options into one filing since the manual rate is the same. Since the Geisinger Health Plan is fully credible, why do you believe that this is allowed according the URR Instructions?

The 2017 Unified Rate Review Instructions, section 1.5 on page 7 states under Single Risk Pool:

“The single risk pool, as specified in 45 CFR 456.80(a-c), must include ALL (non-grandfathered) covered persons (lives) an issuer has in a state, within a market (individual, small group, or combined).”

It is our interpretation that an issuer should use all available information to estimate the total Individual market projected allowed PMPM in the state. Page 4 of the Actuarial Memorandum describes that we believe that combining the experience of Geisinger Health Plan and Geisinger Quality Options is a better representation of the Single Risk Pool. Our intention is to accurately project the Single Risk Pool experience based on all available information for that Single Risk Pool and we believe that combining the experience of HMO, POS and PPO products will accomplish that.

b) Please provide a quantitative development of the manual rate resulting in the projected allowed claims of \$638.70 PMPM. This should include any adjustments made to the manual data to bring it in line with GHP's projected population and should include at least the adjustments on Worksheet 1 of the URRT. As part of this answer please explain how you adjusted for morbidity differences between the data used for the manual rate and the projected population since the projected population will not include Geisinger Quality Options members.

Attachment "GHP Indiv Manual Rate Development.xlsx" provides a quantitative development of the projected allowed claims PMPM of \$638.70. Page 5 of the Actuarial Memorandum states: "The morbidity of each population segment is expected to continue into the projection period as represented in the base period experience." We are not adjusting the morbidity because the Single Risk Pool projected experience includes all available information we have on this population. All of the Geisinger Health Plan and Geisinger Quality Options experience used in the manual rate represent our expected projection of the ACA compliant experience in the Pennsylvania Individual Single Risk Pool. We do not believe the morbidity of one product line will differ greatly from the other.

6. Please provide the quantitative development of the projected paid-to-allowed ratio of 77.9%. (Include excel worksheet with formulas to support the calculation). If not clear from the development, please explain why this ratio differs so significantly from the base period paid-to-allowed of 73.0% and the weighted average AV from WS2 of the URRT of 72.7%.

A file showing the development of the "Projected Paid to Allowed Ratio" has been uploaded in SERFF (see "Projected Paid to Allowed Ratio – 2017 ACA Filings"). The projected paid-to-allowed ratio of 77.9% differs from the actual base period factor of 73% due to the significant changes in our plan offerings between CY2015 and CY2017 (e.g. 2015 Platinum & Bronze plans were terminated in 2016 and members were mapped to the closest [Gold or Silver] plan).

We are unable to replicate the weighted average AV (URRT WS2) of 72.7% referenced above. Would it be possible to explain to us how this percentage was calculated so we can address this portion of the question?

7. The correct Risk Adjustment Fee for 2017 is \$0.13 PMPM per the final Notice of Benefit and Payment Parameters for 2017. Please correct all materials and calculations.

We can re-upload all of the rate filing documents to accurately reflect the \$0.13 PMPM Risk Adjustment User Fee if the PID requests this. This change does not impact the proposed rate change shown on Table 10 of 41.23%. The impact to the Premium PMPM is a reduction of \$0.01 or \$0.02 for each plan.

8. Please provide your current estimate of the risk adjustment for 2015.

Table 2 in the PA Actuarial Memorandum Exhibits shows our estimated 2015 Risk Adjustment transfer payment of \$10,733,482 for Geisinger Health Plan. Table 2b in the PA Actuarial Memorandum Exhibits shows our estimated 2015 Risk Adjustment transfer payment of \$11,596,083 for Geisinger Health Plan and Geisinger Quality Options combined.

9. Please provide the development of the 2.33% of QI expenses as shown on page 7 of the Actuarial Memorandum.

The QI Expense amount (i.e. 2.33%) used in the calculation of the MLR (on page 7 of our Actuarial Memo) is taken directly from our 2015 SHCE financial statement. QI Expenses are incurred related with activities to improve health outcomes, prevent hospital readmission, improve patient safety and reduce medical errors, wellness and health promotion activities, and Health Information Technology expenses related to health improvement.

10. Please explain why the full 3.50% (20.63/589.39) is being included for the Exchange User Fee in Table 5 considering it should be adjusted by the estimated percentage of 2017 premiums from membership enrolled on the exchange.

Geisinger does not intend to maintain a consumer facing enrollment portal in 2017 for the Individual ACA market. It is expected that all enrollment will come through the Federally Facilitated Marketplace in 2017. We can re-upload all of the rate filing documents to reflect a lower Exchange User Fee if the PID requests this. Utilizing an assumption that 79.4% of enrollment will be through the Federally Facilitated Marketplace the impact to the premium rate increase shown on Table 10 is a decrease from 41.23% to 40.12%. The impact to the Premium PMPM is a reduction of \$1.66 or \$3.82 for each plan.

11. Please explain why the weighted average in Table 10 of the Benefit Richness in Column L is not 1.000.

Table 10 of the PA Actuarial Memorandum Exhibits shows totals that are based on member weighted average enrollment in each plan. The membership weights used are February 2016 enrollment. We do not believe that February 2016 enrollment accurately reflects our projection period, therefore the Benefit Richness weighted average does not equal 1.000. The Benefit Richness factors were normalized to our projected population and if Table 10 were based on the projection population the weighted average would be 1.000.

12. Please provide the quantitative development of the age and area calibration factors.

The supporting files have been uploaded into SERFF (see "Age Calibration 2017 ACA Filings.xlsx" & "GHP Indiv Area Calibration.xlsx").

13. Please provide the "RateTables_GHP_Indiv.pdf" file in excel.

The supporting file has been uploaded into SERFF (see "RateTables_GHP_Indiv.xls").

14. Please provide AV screenshots and Unique Plan Design Justification (if applicable) for all plans being offered.

Please refer to the corresponding Binder filing (GSHP-PA17-125062074) under the "Supporting Documentation" tab for this file.

The following are questions from the PID:

15. Please explain what adjustments were made to the large group data in the development of trends for the individual versus small group market and HMO versus PPO product.

Due to the volatile nature of our individual and small group markets (both ACA & transitional), we have decided to utilize our credible, stable large group block to develop pricing trends for all of our

commercial markets. The same applies to our HMO & PPO products where we have seen significant movement between products as pricing strategies change over time. Since our provider contracts do not differentiate between our various commercial markets or products, the unit cost projections generated from our large group block can be appropriately applied to both our individual and small group markets (for both HMO & PPO products). Likewise, our medical management process does not differentiate between products so we would expect similar results in utilization trends.

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

Attachment "GHP Indiv Emerging Experience Table 2.xlsx" has the January 1, 2016 through April 30, 2016 information in Table 2.

17. In Tables 2 and 4, does the premium include HHS cost sharing, estimated risk adjustment or revenue generated from transitional business? If so, please provide the dollar amount of HHS cost sharing and estimated risk adjustment and the number of transitional members.

The premium in Tables 2 and 4 of the PA Actuarial Memorandum Exhibits do not include the HHS cost sharing or the estimated risk adjustment. The HHS cost sharing should have been included in the Estimated Cost Sharing (Member & HHS) and was inadvertently not included. The estimated risk adjustment is included in Estimated Risk Adjustment. Page 6 of the Final 2017 ACA-Compliant Health Insurance Rate Filing Guidance dated March 11, 2016 states that Table 2 is to include transitional business, so we have included transitional business in Tables 2 and 4.

- The Geisinger Health Plan HHS cost sharing estimate for CY 2015 is \$9,640,491.
- The Geisinger Health Plan risk adjustment estimate for CY 2015 is \$10,733,482.
- The Geisinger Health Plan Individual market non-grandfathered non-ACA member months included in Table 2 are 1,502 for CY 2015. These same member months are included in Table 4.
- The Geisinger Health Plan Individual market non-grandfathered non-ACA member months included in Table 4 are 3,383 for CY 2014.
- All of the CY 2013 experience in Table 4 is Geisinger Health Plan Individual market non-grandfathered non-ACA membership, 4,461 member months.

The premium in Table 2b also does not include HHS cost sharing or estimated risk adjustment. The HHS cost sharing should have been included in the Estimated Cost Sharing (Member & HHS) and was inadvertently not included. The HHS cost sharing for Table 2b is \$11,033,886. The estimated Risk Adjustment is shown in Table 2b and is \$11,596,083.

Table 4b is large group experience used to develop trends and does not include any ACA market or transitional experience.

18. Your Actuarial Memorandum indicates that you have assumed the Projected Risk Adjustment transfer payment for 2017 to be zero and the Department acknowledges the rationale for this assumption. However, did you conduct any analysis to support your rationale? If so, please provide a detailed narrative that describes the development of the estimated risk adjustment transfer payment. In demonstrating the development of the transfer payment, please show all risk transfer formula components, the estimated market-wide average risk assumptions as well as support for those

assumptions. When responding to this data call, you may redact this response as it will contain proprietary information.

Due to the volatility of the market and uncertainty in the Risk Adjustment Program transfer payment calculations we do not believe an accurate estimate can be determined and therefore no analysis was done to support a zero transfer payment. Also, given our small percentage of membership in the market and large proposed increases by some competitors, it is difficult for us to project the impact the broader risk pool.

19. Please show quantitatively the derivation of the Tobacco Surcharge adjustment of .987 shown in Tale 10.

Geisinger Health Plan experience period data show that we collected the tobacco surcharge on 12.2% of the population. The tobacco surcharge adjustment is the normalization of the tobacco load of 10% on these members. The calculation is: $12.2\% * 1.1 + (1 - 12.2\%) * 1 = 1.122$ and since this factor is multiplied and not divided the reciprocal is $1 / 1.122 = 0.988$. The 1.122 is shown in Table 7 and the 0.988 is shown in Table 10.

20. The plan Id numbers displayed in Tables 10 and 11 do not match the Plan Id numbers shown in the Department rate exhibit in SERFF. Please explain and correct this anomaly.

Page 9 of the Final 2017 ACA-Compliant Health Insurance Rate Filing Guidance dated March 11, 2016 states that Table 10 HIOS Plan ID column should include all of the plans offered in 2016 and new plans for 2017. Several of the plans are listed as Discontinued and therefore will not appear on the Department rate exhibit. The HIOS Plan Id's shown on Table 10 and Table 11 do match the HIOS Plan Id's on the SERFF rate exhibits submitted in SERFF.

21. Please show quantitatively with an Excel spreadsheet with formulas that the Table 11 Consumer Adjusted Premium Rates match the rates shown in the Rates Table template.

Attached file "GHP Indiv Rate Calculation.xlsx" includes the rate calculation details. Due to IT system constraints there are four specific places where we need to round figures to be entered into our premium system. The four factors that need to be rounded and their respective decimal places are listed below and detailed in the Excel file.

1. Calibrated Plan Adjusted Index Rate – 3 decimal places
2. Rating Area Factor – 3 decimal places
3. Age Factor and Tobacco Factor multiplied together – 3 decimal places
4. Age, Rating Area and Tobacco specific Premium rate – 2 decimal places

22. 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.

As referenced on page 8 of the Actuarial Memorandum, we did account for this regulation in the development of our average age factor, i.e. a factor of "0" was used for all "non-billable" members (e.g. all dependent children beyond the third child on a family contract). This calculation is illustrated in the "Age Calibration 2017 ACA Filings.xlsx" file (referenced in Q#12).

23. Regarding broker commissions:

a) Under what circumstances and in what geographic locations will commissions be paid?

Commission are paid for contracts effective prior to 1/1/2016 in all geographic locations. Commissions are not paid for any contracts effective 1/1/2016 or after.

b) Are commissions paid for Special Enrollment Periods?

Commissions have not been paid for contracts effective 1/1/2016 or after for contracts written during Special Enrollment Periods nor Annual Open Enrollment Period.

c) Provide a copy of the broker agreement – current and 2017.

Proprietary document.

d) Show the calculation of the average commission – current and 2017.

Proprietary information.

When responding to this question, you may provide a redacted version of the response as it contains proprietary information.

24. 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.

We acknowledge that the URRT uploaded in SERFF must also be uploaded in HIOS (i.e. URRTs should be consistent between SERFF & HIOS).