May 17, 2023
Ms. Lindsi Swartz, Director
Bureau of Life, Accident and Health Insurance
Office of Insurance Product Regulation and Administration
Commonwealth of Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

## Re: Keystone Health Plan Central Small Group Rates <br> Filing No 23-52 <br> TOI Code: H15G Group Health - Hospital/Surgical/Medical Expense Sub-TOI Code: H15G.003 Small Group Only Filing Type: Rate

Dear Ms. Swartz:
By this filing Capital Blue Cross, on behalf of its wholly owned subsidiary Keystone Health Plan Central, submits to the Department Small Group Rates effective January 1, 2024.

The following is a summary of the rate filing:

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2024
- Average Rate Change: 5.1\%
- Range of Requested Rate Change: $5.1 \%$ to $5.1 \%$
- Total additional annual revenue generated from the proposed rate change: $\$ 29,596$
- Product: HMO
- Rating Areas: 6,7,9
- Metal Levels: Bronze
- Current Covered Lives and Policyholders: 86/70
- 2024 Number of Plans/Change from 2023: 1/No Changes
- Contract Form \#: C24-KHPC-SGP
- Form Filing SERFF \#: CABC-133657256
- Binder SERFF \#: CABC-PA24-125116273
- HIOS Issuer ID: 53789

In support of this filing, I have included an Actuarial Memorandum with supporting exhibits, URRT, Rates Table Template, and PA Plan Design Summary and Rate Tables.

If you have any questions regarding this filing, please call me at $\square$ (or via email at $\square$ ). Thank you for your assistance in this matter.

Sincerely,


Director, Actuarial Services
Capital Blue Cross
Enclosures
cc:
, FSA, MAAA, Senior Director, Actuarial Services
, Associate General Counsel

# KEYSTONE HEALTH PLAN CENTRAL 

## ACTUARIAL MEMORANDUM <br> Small Group Rates <br> Effective January 1, 2024

## General Information

## Company Information

- Company Legal Name: Keystone Health Plan Central
- State: PA
- HIOS Issuer ID: 53789
- Market: Small Group
- Effective Date: 1/1/2024


## PID Company Information

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2024
- Average Rate Change: 5.1\%
- Range of Requested Rate Change: $5.1 \%$ to $5.1 \%$
- Total additional annual revenue generated from the proposed rate change: $\$ 29,596$
- Product: HMO
- Rating Areas: 6,7,9
- Metal Levels: Bronze
- Current Covered Lives and Policyholders: 86/70
- 2024 Number of Plans/Change from 2023: 1/No Changes
- Contract Form \#: C24-KHPC-SGP
- Form Filing SERFF \#: CABC-133657256
- Binder SERFF \#: CABC-PA24-125116273
- HIOS Issuer ID: 53789


## Company Contact Information

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


## Scope and Purpose

By this filing, Keystone Health Plan Central (KHPC), a subsidiary of Capital Blue Cross (Capital), submits rates for products to be made available to all small groups effective January 1, 2024. KHPC will offer small group products off the federally-facilitated exchange.

Rate History and Proposed Variations in Rate Changes

| Market | Company | Effective <br> Date | SERFF \# | Annual <br> Increase |
| :---: | :---: | :---: | :---: | :---: |
| Small Group | KHPC | $1 / 1 / 2020$ | CABC-131921815 | $1.2 \%$ |
| Small Group | KHPC | $7 / 1 / 2020$ | CABC-132294841 | $-2.1 \%$ |
| Small Group | KHPC | $1 / 1 / 2021$ | CABC-132352804 | $-8.7 \%$ |
| Small Group | KHPC | $10 / 1 / 2021$ | CABC-132750972 | $-7.3 \%$ |
| Small Group | KHPC | $1 / 1 / 2022$ | CABC-132795960 | $4.6 \%$ |
| Small Group | KHPC | $1 / 1 / 2023$ | CABC-133252133 | $8.4 \%$ |
| Small Group | KHPC | $7 / 1 / 2023$ | CABC-133583560 | $7.1 \%$ |

## Average Rate Change

KHPC is proposing an aggregate annual $5.1 \%$ rate change, which varies by plan. The rate change is calculated in PA Rate Exhibits Part IV, Table 11, cell AN13.

The key drivers of the rate change, and approximate impact, are as follows:

- Future cost and utilization: 6.3\%
- Favorable manual data 2022 claims net risk adjustment experience: $-1.2 \%$


## Membership

Membership is shown in PA Rate Template Part I, Table 1. The average age is 38.

## Benefit Changes 2023-2024

A summary of proposed 2024 benefits is included in Exhibit A.
There are benefit changes being implemented in 2024. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). Any plan with a benefit change that did not meet the uniform modification of coverage standard was terminated, and
a new plan was created in its place. Benefit changes by plan are listed in Exhibit B, highlighted in yellow.

## Experience Period Premium and Claims

Single Risk Pool: The data used to develop rates and shown in URRT and PA Rate Exhibits abides by 45 CFR part 156.80 (d) single risk pool requirements. The single risk pool reflects all covered lives for every non-grandfathered, non-transitional product/plan combination for KHPC in the small group market.

Base Experience Period: The base experience period (BEP) includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2022 and December 31, 2022.

Transitional membership is not included in PA Rate Exhibits Table 2 or URRT.
Paid Through Date: Claims in the BEP are paid through February 28, 2023
Premiums (net of MLR Rebate) in BEP: Premiums are calculated on an earned basis in the BEP. MLR rebate adjustments are equal to zero as KHPC does not expect to refund any MLR rebates in the BEP.

## Allowed and Incurred Claims in BEP:

- Allowed claims are developed by combining paid claims with member cost-sharing. Allowed claims meet the definition in the URR instructions. They do not include provider quality incentive payments.
- Incurred claims are net of HHS CSR payments (CSR does not apply to Small Group).
- Capital only covers Essential Health benefits (EHBs).
- KHPC includes capitated PCP and mental health services.
- Allowed and Incurred claims are net of pharmacy rebates. BEP rebates are completed based on actual utilization of rebate-eligible drugs and rebate amounts.

Estimated Incurred but Not Paid Claims: Paid claims by date of service come directly from Capital's data warehouse. The method for calculating incurred claims in the BEP is as follows:

1. Historical fee-for-service claims are viewed by date of service and date of payment in a claims triangle.
2. The claims triangle payments are then accumulated by date of service to develop factors that represent the rate of accumulation or rate of "completion".
3. Historical rates of completion by duration are used to derive projected rates of completion. Some of the methods used to develop projected completion factors are averages (e.g. harmonic averages, time weighted averages, geometric averages) and regression methods. Numerous items are considered when viewing these averages or regression statistics, such as the impact of high claims on perceived completion patterns.
4. For durations that exhibit a projected completion factor greater than the Valuation Actuary's chosen threshold (e.g. 80\% complete), cumulative paid and incurred claims are divided by the projected completion factor to arrive at ultimate incurred claims. For durations that are less than the chosen threshold, a projection methodology is used. Similar to completion factor development, projection methodologies are worthy of a lengthy discussion. In general, an ultimate incurred claims PMPM is derived by projecting a recent 12-month period to the current month(s) and seasonally adjusting.
5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

$$
\text { BEP Incurred Claims }=\sum \frac{\text { BEP Paid Claims by Incurred Month }}{\text { Completion by Incurred Month }}
$$

## BEP Allowed Claims

$$
=\sum \frac{\text { BEP Paid Claims }+ \text { BEP Member Cost Share by Incurred Month }}{\text { Completion by Incurred Month }}
$$

Risk Adjustment in BEP: Risk adjustment amounts in the BEP are equal to the amounts sent by the Department on 5/3/2023.

Loss Ratio in BEP: Loss ratio is 124.22\%

## Credibility of Data

For the purpose of rate development, KHPC small group products are combined with other product offerings (HMO, PPO) from Capital subsidiaries. Combining the experience is actuarially justifiable for several reasons:

1. The demographics of members buying PPO and other products are similar.
2. Cost and utilization between PPO and other products are similar.
3. Medical policy between PPO and other products are almost identical, with the exception of referrals and no out-of-network benefit on HMO.

The credibility manual is the combination of KHPC, Capital Advantage Assurance Company (CAAC), and Capital Advantage Insurance Company (CAIC) data. The credibility manual BEP includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2022 and December 31, 2022. All data is trended and benefit-adjusted in the same manner as the experience data (same projection factors and trend).

## Trend Identification

Trend: 6.27\%

Trend levels reflect Capital's best estimate of changes in utilization, provider reimbursement contracts, the network of facilities and providers, disease management initiatives and the impact of utilization management.

The following is a description of considerations used to determine trend.

1. Base Cost/ Change in hospital and physician contracting: The contracted increase in reimbursements to hospitals and physicians is the basis of cost trends. Capital uses the following to project future costs:
a. Vendor Physician Cost Model and Internal Hospital Contracting Model
i. The medical cost models use best estimates of Capital Blue Cross
(Capital)'s future contracting increases with physicians and hospitals. The models use cost estimates based on varying contract effective dates by physician and hospital. All facilities and providers are considered in this modeling effort (i.e. acute and non-acute, network and non-network, inpatient and outpatient, in- area and out-of-area). From there, a monthly anticipated cost (assuming static utilization) summary is produced which can be used in projecting future claims costs. Cost trends are determined at the Capital book of business level for all commercial business.
b. Internal Prescription Drug Trend Model
i. Price Inflation
ii. Contract Pricing
iii. Member Cost-Sharing
iv. Units per Script
v. Brand/Generic Mix
vi. Therapeutic Mix
vii. Cost per Script
viii. Pipeline (new drugs)
2. Utilization Considerations:
a. Intensity of medical services rendered
b. Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
c. Further migration from brand prescription drugs to generic prescription drugs
d. Favorable impacts of value based benefits designs
e. Medical utilization estimates reviewed by Capital's Chief Medical Officer
3. Leveraging: The trend model is based on allowed cost increases. Paid claims trend at a higher rate than allowed due to leveraging. Leveraging is the impact of static cost-share, such as deductibles and copays, to the paid trend.
4. Intensity: Measure of cost increase due to change in treatment sophistication. An example is migration from x-rays to MRIs at significantly higher cost.
5. Underwriting Cycle: The underwriting cycle is defined as the tendency to swing between profitable and unprofitable periods over time. The underwriting cycle is exacerbated partly by pricing performed with incomplete information as to the level of current experience trends. A reaction delay occurs, as carriers tend to rely on measurements of past experience in developing current pricing assumptions. As a result, carriers are often increasing their pricing trends when actual experience trends have begun to decline, and decreasing their pricing trends actual trends are increasing. Capital strives to mitigate the underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

Historical Experience: Historical experience was not used to the develop trend.
Benefit Categories: Claims in the benefit categories displayed in URRT come directly from Capital's data warehouse. These same categories are used to develop category-level trend. See Exhibit C for a description of benefits by benefit category.

See Exhibit E for KHPC's pricing trend, as well as cost and utilization components of the pricing trend.

## Rate Development \& Change

## Projection Factors

Changes in Morbidity: Found in URRT Worksheet 1, "Morbidity Adjustment", and PA Rate Exhibits, Table 5.

KHPC is applying a factor of 0.467 to reflect the difference is projected Plan Liability Risk Score (PLRS) between KHPC and its subsidiary, CAAC, which underwrites the vast majority of the BEP experience. This factor aligns the rates with similar benefits offered under CAAC.

The above factor is found in Exhibit Q, Morbidity Factor Calculation.
Changes in Benefits: Benefit changes are not applied to allowed claims as allowed should stay consistent from 2022 to 2024. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from Capital's internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

In addition to cost-sharing changes, Capital is also implementing two benefit coverage changes.

- Senate Bill 8: Coverage of mammographic examinations and diagnostic breast imaging at no cost share. This bill goes into effect for Small Group and Individual policies in 2025, but Capital is adopting early compliance and will cover the relevant services at no cost share starting in 2024.
- Claim PMPM is developed by pulling 2022 Group and Individual MRI and diagnostic breast imaging member cost share associated with the relevant diagnosis codes.
- Additional Claim Cost PMPM is equal to member cost share divided by Group and Individual membermonths.
- The Mental Health Parity and Addiction Equity Act (MHPAEA) has expanded definitions of mental health services to include Autism coverage. With this expansion, Capital will cover Autism services in the Small Group market starting in 2024.
- Claim PMPM is developed by pulling 2022 Group and Individual denied Autism service claims.
- Additional Claim Cost PMPM is equal to denied Autism claims divided by 2022 Group and Individual membermonths.

The additional claim cost PMPMs are shown on Exhibit D2 - Benefit Additions. Senate Bill 8 only impacts incurred claims (the change is to member cost share), and MHPAEA change impacts both allowed and incurred claims.

The PMPM calculations are included with this filing in the following supporting workbooks:
SG_23-52_Initial_KHP_HMO_AutismDefinition_Supporting_20230517.xls
SG_23-52_Initial_KHP_HMO_SenateBill8_Supporting_20230517.xls
Changes in Demographics: KHPC does not expect changes in demographics in its small group population.

Changes in Network: A network adjustment is applied to show the value of changes in network from the BEP to the rating period. The value is calculated as:

> Network Factor $\quad=([$ Projected MM by Plan $] \times[$ Network Factor by Plan $])$  $\div[$ Total Projected MM $]$

The network calculation is found on Exhibit D2 - Network Mix Changes.
Other Adjustments: No other adjustment is applied to the BEP.
Benefits, Demographics, Network and Other adjustments are found in URRT, Worksheet 1, and PA Rate Exhibits, Table 5.

## Index Rate

The experience period index rate is KHPC's allowed claims PMPM, set in accordance with the single risk pool provision. All KHPC covered benefits are categorized as Essential Health Benefits ( EHBs ), therefore no adjustment was made to the experience period index.

Projected Allowed Claims: The KHPC experience period allowed claims, benefit-adjusted, trended to the projection period (See Projection Factors section above), and credibility adjusted, is the Projected Allowed Claims at Current Benefits. This number is reflected in Worksheet 1 of URRT ("Projected Allowed Experience Claims PMPM (w/ applied credibility if applicable)").

To calculate the projected index rate:

1. Start with Projected Allowed Claims at Current Benefits
2. The Projected Allowed Claims at Current Benefits reflect EHBs 100 percent, so no adjustment needs to be made to add EHBs and remove non-EHB claim cost. This is the index rate for individuals renewing January - December.

See Exhibit J for the Index Rate.

## Paid to Allowed Ratio

KHPC used the prescribed URRT allowed claim rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. URRT projects allowed claims, and uses a paid-to-allowed ratio in order to adjust allowed claims to paid levels. This value is then used to develop premiums. In order to determine the paid-to-allowed ratio, KHPC projected paid and incurred claims, adjusted for benefits, to the experience period.

Projected Paid and Incurred Claims are calculated as follows:

1. Gather claims experience as described in the Data section above.
a. Base Experience Period (BEP) Paid Claims, Capitation, and Rx Rebates
b. BEP Member Months
2. Develop BEP Paid and Incurred Claims:

$$
\text { BEP Paid and Incurred Claims }=\frac{\text { BEP Paid Claims }}{\text { Completion Factor }}
$$

The development of completion factors is described in Experience Period Premium and Claims above.
3. Develop the BEP Paid and Incurred Claim PMPM:

$$
\text { BEP Paid and Incurred Claim PMPM }=\frac{\text { BEP Paid and Incurred Claims }}{\text { BEP Member Months }}
$$

4. Develop Trended Claim PMPM: Using the aggregate trend described in the Projection Factors section above, trend the BEP Paid and Incurred Claim PMPM from the midpoint of the experience period to the midpoint of the rating period.

$$
=[B E P \text { Paid and Incurred Claim PMPM }] \times(1+[\text { Trend } \%])^{\text {Trend Months } / 12}
$$

5. Develop Projected Paid and Incurred Claim PMPM:

Projected Paid and Incurred Claims PMPM
$=[$ Trended Claim PMPM $] \times[$ Benefit Adjustment $]$
$\times[$ Morbidity Adjustment $]+[$ Benefit Additions $]$
The Benefit Adjustment, Morbidity Adjustment, and Benefit Additions are discussed in the Projections Factors section above.
6. Develop Projected Claims PMPM by Benefit as follows:
a. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a $\$ 0$ office visit copayment and a $\$ 25$ ER copayment. Given a particular benefit design (for example, $\$ 20$ office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on cumulative probability distributions (CPDs), where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
b. This actuarial cost model derives a Manual Cost for each benefit design in the experience period, as well as plans being offered in the projection period. The average Manual Cost of the experience is compared to the Manual Cost of the base plan. The projected experience period data is then adjusted to the base plan:

$$
\text { Benefit Level Adjustment }=\frac{\text { Average Manual Cost in Projection Period }}{\text { Manual Cost of Base Plan }}
$$

c. The Projected Paid and Incurred Claim PMPM (Step 5) is then adjusted to the Base Plan as follows:

Base Plan Paid and Incurred Claims PMPM
$=\frac{\text { Benefit Adjusted Paid and Incurred Claims PMPM }}{\text { Benefit Level Adjustment }}$
d. Each additional benefit design has its own unique Manual Cost, which can then be compared to the Base Plan to develop a Benefit Relativity:

$$
\text { Benefit Relativity } A=\frac{\text { Manual Cost of Benefit A }}{\text { Manual Cost of Base Plan }}
$$

e. The Benefit Relativity developed in d. above is then used as a gauge to develop a final Pricing Relativity. This pricing relativity is developed using actuarial judgment including the following considerations:
i. Final premium relativities must make sense based on benefits. For example, the annual cost difference between a 2000 plan and 1000 plan must be less than $\$ 1000$.
ii. Adjustments for plan designs that fall outside of the actuarial cost model.
a. So the Projected Claims PMPM by Benefit is:

$$
\begin{aligned}
& \text { Projected Claims PMPM Benefit A } \\
&=\text { Projected Claims PMPM Base Plan } \\
& \times \text { Pricing Relativity } A
\end{aligned}
$$

b. And to arrive at the Total Projected Claims PMPM, KHPC assumes a distribution of members across the benefit plans being offered in the projection period. The Total Projected Claims PMPM :

$$
\begin{aligned}
& =\text { Projected Claims PMPM Benefit A } \times \text { Expected Member Dist of Benefit } A \\
& \quad+\text { Projected Claims PMPM Benefit } B \\
& \quad \times \text { Expected Member Dis of Benefit } B+\cdots
\end{aligned}
$$

7. The Paid-To-Allowed Ratio is then:

$$
\text { Paid to Allowed Ratio }=\frac{\text { Total Projected Claims PMPM }}{\text { Projected Allowed Claims at Current Benefits }}
$$

See Exhibit G for the development of the Paid-to-Allowed Ratio. And see Exhibit L for the plan-level projected incurred amount development.

## Market Adjusted Index Rate

The Market Adjusted Index Rate is calculated as the Index Rate adjusted for all allowable marketwide modifiers defined in the market rating rules, 45 CFR Part 156.80(d)(1). So,

```
[Market Adjusted Index Rate]
    = ([Index Rate] x [Paid to Allowed Ratio]
    - [Projected Incurred Reinsurace Recoveries]
    - [Projected Incurred Risk Adjustment PMPM]
    +[Exchange Fees PMPM]) }\div[\mathrm{ [Paid to Allowed Ratio]
```


## Projected Incurred Risk Adjustments PMPM:

Relevant to 2024 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2024. The following items are those that we deem important in generating a CRA payment transfer adjustment:

1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
2. Statewide average premiums
3. Current market penetration of this company and competitors in the market and in the state
4. 2021-2022 risk adjustment results
5. Market improvement in coding risk: Capital's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that Capital is disadvantaged in the market. This will drive Capital's relative risk to the market down over time.

The 2024 projected risk adjustment PMPM is set equal to the 2022 amount sent by the Department on $5 / 3 / 2023$ adjusted for expected changes in statewide average premium.

## Projected Incurred Reinsurance Recoveries:

Reinsurance does not apply to the small group market.

## Exchange Fee PMPM:

KHPC only offers off-exchange plans in the small group market, so the exchange fee is $\$ 0$.
The exchange fee PMPM is calculated as:

$$
\begin{aligned}
& \text { Exchange Fee PMPM } \\
&=[\text { Avg } 2024 \text { On }- \text { Exchange Premium PMPM }] \times[\% \text { Members On } \\
&- \text { Exchange }]
\end{aligned}
$$

Where

$$
\begin{aligned}
{[\text { Avg } 2024 \text { On }} & - \text { Exchange Premium PMPM } \\
& =[\text { Avg } 2023 \text { On }- \text { Exchange Premium PMPM } \times(1 \\
& +[\text { Avg Proposed Rate Change }])
\end{aligned}
$$

See Exhibit K for the development of the Market Adjusted Index Rate.

## Retention Items

## Administrative Expense Load:

1. Risk Adjustment User Fee: To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.21 PMPM. The Risk Adjustment Fee PMPM is included in URRT Worksheet 1, URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.
2. Administrative Expense: Calculated using an allocation method from Capital's Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to Capital small group products. Administrative expenses are included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.
a. Value-Based Benefits (VBB): Standard with each plan, Capital Blue Cross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
i. Complete biometric screening and receive a gift card.
ii. Meeting biometric measure or finish online coaching program and receive a gift card reward.
iii. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
iv. Fees are included in overall administrative expense fee discussed above.
v. Included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.
3. Broker Expense: Calculated based on Capital's explicit per contract broker fee. Broker Expense is included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6. Brokers are paid on new business and renewals the same commission rate for all geographic locations, enrollment dates, and metal levels. Attached please find the proposed 2024 broker agreements - redacted versions. Files are as follows:
a. Redacted Standard Producer Master Agreement: "SG_23-

52_Initial_KHP_HMO_SPMABrokerGroupRedacted_Supporting_20230517.pdf"
b. Redacted Preferred Producer Master Agreement: "SG_23-

52_Initial_KHP_HMO_PPMABrokerGroupRedacted_Supporting_20230517.pdf"
4. Additional Quality Improvement: Additional QI amounts applied in rating equal $0.0 \%$. Included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.

## Profit (or Contribution to Surplus) \& Risk Margin:

5. Contingency: Contingency is included in URRT Worksheet 2, "Profit \& Risk Load" and PA Rate Exhibits Table 6.

## Taxes and Fees:

1. Fee for Patient-Centered Outcomes Research Trust Fund (PCORTF): As per the Notice of Proposed Rulemaking for Fees on Health Insurance Policies and Self-Insured Plans for the Patient-Centered Outcomes Research Trust Fund (REG-136008-11), 77 Fed. Reg. 22691: For policy years ending on or after October 1, 2022, and before October 1, 2023, the applicable dollar amount is $\$ 3$ per member per year ( $\$ 0.25$ PMPM). Capital assumes the 2024 projected fee will be trended at $0 \%$.
2. Exchange Fee: N/A
3. Federal Income Tax: Federal Income Tax will be collected on the $2 \%$ contingency built into the premium. The projected Federal Income Tax is included in URRT Worksheet 2, "Taxes and Fees", and PA Rate Exhibits, Table 6.

See Exhibit H as well as PA Rate Exhibits Table 6 for all retention values.

## Plan Rate Development

The Plan Adjusted Index Rates are included in Worksheet 2, Section IV of URRT.
The following adjustments were used to derive the Plan Adjusted Index Rate:

1. Actuarial Value and Cost Sharing adjustment: The Actuarial Value and Cost Sharing Adjustment is determined using KHPC's actuarial cost model. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a $\$ 0$ office visit copayment and a $\$ 25$ ER copayment. Given a particular benefit design (for example, $\$ 20$ office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a claim PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on CPDs, where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
2. Induced Demand: Induced Demand: Induced Demand: Please see Table 8. Induced Demand is calculated as:
$[\text { Pricing AV }]^{2}-[$ Pricing AV $]+1.24$
Where Pricing $A V$ is adjusted by the Non-Funding of CSR factor: PA Rate Exhibits, Table 10, column K x column P.
3. Provider Network: The Provider network is the same across all HMO plans.
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Adjustment for distribution and administrative costs: Described in Retention Items section above.
6. Tobacco Adjustment: Not applied to Small Group plans.

The development of the Plan Adjusted Index rate is found in Exhibit L, and summarized in Exhibit M.

## Calibrated Plan Adjusted Index Rates

Age Curve Calibration: The average age factor is calculated by taking the member-weighted average of current small group enrollment by age in Capital. Age factors are applied in accordance with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file SG_23-52_Initial_KHP_HMO_ListBilled_Supporting_20230517.xlsb for the calculation.

Geographic Factor Calibration: The average geographic rating factor is calculated by taking the Capital member-weighted average by region.

Geographic factors are unchanged from 2023.
Tobacco Factor Calibration: Tobacco factor not applied.
The calibration is:
$[$ Calibrated Plan Adjusted Index Rate $]=[$ Plan Adjusted Index Rate $] \div$ ([Age Curve Calibration] $\times$ [Geographic Factor Calibration] $x$ [Tobacco Factor $]$ )

Calibrated Plan Adjusted Index Rates are found on PA Rate Exhibits Table 10.
The calibration factors and development are found on Exhibit N.

## Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:
$[$ Member - Level Consumer Adjusted Premium Rate $]$
$\quad=[$ Calibrated Plan Adjusted Index Rate $] \times[$ Age Factor $]$
$\quad \times[$ Geographic Factor $] \times[$ Tobacco Factor $]$
2. $[$ Family Consumer Adjusted Premium Rate $]=\sum[$ Member Level Consumer Adjusted Premium Rate]

With no more than three child dependents under age 21 taken into account

All consumer-level adjustments are applied uniformly to all plans in the Single Risk Pool. These adjustments do not vary by plan. Age and Geographic factors are displayed in Exhibits O.

Base Rates, i.e. Calibrated Plan Adjusted Index Rates, are found on Exhibit P.

## AV Metal Values

Plans: 53789PA0090004 use alternative method $156.135(\mathrm{~b})(2)$ to establish AV.
SG_23-52_Initial_KHP_HMO_UniquePlanDesign_Supporting_20230517 includes a detailed explanation of the approach.

See AV Screenshots included with the submission:
SG_23-52_Initial_KHP_HMO_AVScreenPrints_Supporting_CONF_20230517

## AV Pricing Values

All AV Pricing values were developed using Capital's actuarial cost model and actuarial judgment as described in section Paid to Allowed above. Differences in health status are not included.

## Projected Loss Ratio

See Exhibit I for the projected loss ratio calculation. The projected loss ratio is calculated using the federally prescribed MLR methodology.

## Membership Projection

The membership projections found in Worksheet 2 of URRT were developed by assuming that moderate decline in enrollment and similar distribution to current.

## Projected versus Actual MLR

Exhibit R shows a history of projected versus actual MLR and Member Months. Projected comes from the 2019-2021 filings. Actual comes from Table 4.

|  | MLR |  | Member Months |  |
| ---: | ---: | ---: | ---: | ---: |
| Calendar Year | Actual | Pricing | Actual | Pricing |
| 2019 | $89.27 \%$ | $81.67 \%$ | 1,145 | 1,514 |
| 2020 | $86.92 \%$ | $80.33 \%$ | 888 | 1,140 |
| 2021 | $62.60 \%$ | $80.92 \%$ | 1,183 | 766 |

## Claim Cost Projection

Exhibit S shows a history of claim cost projection versus actual from 2019-2022 filings.

## Attachments and Examples

The following is a list of Exhibits and Data to support this filing:
PA Rate Exhibits Part I through Part VI
Table B
Exhibit A - Benefit Summary
Exhibit B - Benefit Change Summary
Exhibit C - Benefit Categories
Exhibit D - Benefit Mix
Exhibit D1 - Network Mix
Exhibit D2 - Benefit Additions
Exhibit E - Trend
Exhibit F - URRT
Exhibit G - Paid-to-Allowed Development
Exhibit H - Retention
Exhibit I - Projected Loss Ratio
Exhibit J - Index Rate
Exhibit K - Market Adjusted Index Rate
Exhibit L - Rate Development by Plan
Exhibit M - Plan Adjusted Index Rates
Exhibit N - Calibration
Exhibit O-Rating Factors
Exhibit P - Quarterly Base Rates
Exhibit Q - Morbidity Factor
Exhibit R - MLR Exhibit
Exhibit S - Claim Cost Projection
Broker Contracts
Actuarial Value Screenshots
List-Billed Data
Benefit Additions Calculation Workbooks
Standard Questions

## Actuarial Statement

I, , ASA, MAAA, am of the opinion that this filing is in compliance with the applicable Federal and State Laws and Regulations concerning the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010.

I, , ASA, MAAA, do hereby certify that:

1. This filing has been prepared in accordance with the following:
a. Actuarial Standard of Practice No. 5, "Health and Disability Claims"
b. Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans"
c. Actuarial Standard of Practice No. 12, "Risk Classification"
d. Actuarial Standard of Practice No. 23, "Data Quality"
e. Actuarial Standard of Practice No. 25, "Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverage"
f. Actuarial Standard of Practice No. 26, "Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans"
g. Actuarial Standard of Practice No. 41, "Actuarial Communications".
2. The index rate is:
a. Projected in compliance with all applicable state and federal statutes and regulations (45 CFR 156.80 (d) (1)).
b. Developed in compliance with the applicable Actuarial Standards of Practice.
c. Reasonable in relation to the benefits provided and the population anticipated to be covered.
d. Neither excessive nor deficient.
e. Adjusted by only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) to generate plan level rates.
3. The percent of total premium that represents essential health benefits were calculated in accordance with actuarial standards of practice.
4. The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans, and in accordance with CFR $156.135(\mathrm{~b})(2)$ as necessary. For any plan requiring an alternative method, the development of the actuarial value is based on one of the acceptable alternative methods outlined in $156.135(\mathrm{~b})(2)$ or 156.135 (b)(3) for benefits that deviate substantially from the parameters of the AVC and have a material impact on the actuarial value.
a. The analysis was
i. conducted by a member of the American Academy of Actuaries, and
ii. performed in accordance with generally accepted actuarial principles and methods.
5. Geographic area rating factors reflect only differences in the costs of delivery and not differences due to population morbidity.
6. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
7. New plans are not considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
8. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2023 Rate Filing Justification.


PA Rate Template Part I
Data Relevant to the Rate Filing
Table 0 . Identifying Information


|  | Member-months | Members | Member-monts |
| :---: | :---: | :---: | :---: |
|  | Experience Period |  | Projected Rating Period |
| Average Age | 37.8 | 37. | 37.9 |
| Total | 1.345 | 95 | 1.124 |
| ${ }_{18.24}^{18}$ | 92 <br> 134 | ${ }^{6}$ | ${ }_{11}^{118}$ |
| ${ }^{2529}$ | ${ }_{1} 130$ | ${ }_{11}^{11}$ |  |
| ${ }_{\text {coser }}^{\substack{30.34 \\ 359}}$ | ${ }_{105}^{105}$ | ${ }^{12}$ | ${ }_{112}^{118}$ |
| ${ }^{0.4 .49}$ | ${ }_{1}^{148}$ | 5 | ${ }_{59}^{59}$ |
|  | ${ }_{152}^{119}$ | $\stackrel{8}{9}$ | 95 <br> 106 <br> ¢ |
| ${ }_{5}^{55.59}$ | 151 | 14 | 166 |
| ${ }_{64+}^{64}$ | ${ }_{63}$ | 4 | 17 |


| Earned Premium | Paid Claims | Ultimate Incureec clims | Member Months | $\underbrace{\text { (member Hhts }}_{\text {Estimated costsharing }}$ | Allowed Claims (Non-Capitates) | ${ }^{\text {NoneHEHB ortion of Allowed }}$ Clims | Total Prescription Drus Reabates* | Total EHB Capitation | Total Non:EHB Capitation | Estimated Risk Adjustment | $\underbrace{\substack{\text { a }}}_{\substack{\text { Estimated R Rinsurance } \\ \text { Recoveres }}}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | $\xrightarrow{\text { 424.45 }}$ |

Table 3. Trend Components


| Month-Var | Total Anual Premium | Incurred Claims | Completion Factors* | Ulimate Inurred Clims | Members | Ulimate Incurred PMPM | Estimated Annual Cost Sharing (Member + HHS) | Prescripioio Drus Reabast* | ${ }_{\text {a }}^{\text {Allowed clims }}$ Nete of | Allowed PMPM |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Jan-19 |  | S105,524,78 | 1.000 | 105,524,78 | 118 | 89428 |  | [ $52,549,73$ | s10, 280.55 ${ }_{\text {s }}$ | 90.68 |
| $\underset{\text { Feb-19, }}{\text { Mar-19 }}$ |  |  | ${ }_{1}^{1.00000}$ | 69,20235 | ${ }_{104}^{10}$ | - $\begin{array}{r}\text { 629.112 } \\ \hline 328 \\ \hline\end{array}$ |  |  |  | (729.12 |
| Apr-19 |  | ${ }_{\text {S17,960.58 }}^{51}$ | ${ }_{1}^{1.0000}$ | 17,960.58 | 105 | ${ }_{\text {171.05 }}^{172}$ |  | (s1.078.60] | ${ }_{\text {S22, } 61.71 .71}$ | ${ }^{20621}$ |
| May -19 |  | S194660,88 | ${ }_{1}^{10000}$ | 18,466088 | ${ }_{90}$ |  |  | ${ }_{\text {L }}^{531818.17}$ | S22,510.59 | $\xrightarrow{2380.01}$ |
| jul-2 |  | ${ }_{525,552,67}$ | 1.0000 | ${ }_{2,555267}$ | 93 | $\stackrel{\text { 274,76 }}{ }$ |  | ${ }_{\text {L }}$ (5754.199] |  | ${ }^{2040404}$ |
| $\frac{\mathrm{Aug}-19}{\mathrm{Se} \cdot 19}$ |  | ¢ ${ }_{\text {S19,991.61 }}^{5113980}$ | $\xrightarrow{1.00000}$ | 19,991.61 <br> 1113980 | ${ }_{91}^{92}$ | 214,19 <br> 12108 |  |  |  | (19383, |
| Oot-1, |  | S13,483,38 | ${ }^{1.0000}$ | 13,438,38 | 91 | ${ }_{1727,67}^{12,6}$ |  |  | S17,93, 26.5 | 19293 |
| ${ }_{\text {Dec-19 }}$ | S558.086.51 |  | ${ }_{1}^{100000}$ |  | ${ }_{7}{ }^{86}$ | 237.00 <br> 30.55 | ¢93,54.79 | ${ }^{[5312.977}$ |  | ${ }_{4}^{463.72}$ |
| Jan-21 |  | \$17,237, ${ }^{\text {8 }}$ | 1.0000 | 17,237,38 | 69 | 29988 |  | [ 5354.48 ] | S81,576.31 ${ }^{\text {S }}$ |  |
| reb-20 |  | Sis, | 0.9998 | 15,17999 <br> 85949 | 69 | 220.00 |  | ${ }^{(520,955}$ | S19,678.40 ${ }^{\text {s }}$ | 285.19 |
| Apr-20 |  | S88,864,42 | 1.0000 | 88,864,42 | 69 | ${ }^{1288789}$ |  | [5977.33] | S95,567.36 | ${ }_{1}^{1,8550.3}$ |
|  |  |  |  |  |  |  |  |  |  |  |
| Jul-20 |  | S53,738.900 | ${ }_{1}^{1.0000}$ | 3,738.90 | 69 | 55.19 |  | (5595.55] | ${ }_{\text {S13, } 12.404}$ S | 190.20 |
| $\mathrm{Aug} 220^{20}$ |  | ${ }_{\text {S19,008 } 53}$ | 1.0000 | 19,008,53 | 85 | ${ }^{23,53}$ |  | 50.00 | S25,030.03 | ${ }^{29447}$ |
| $\frac{\text { Sep-20 }}{\text { oct-20 }}$ |  | ${ }_{\text {S68,348.20 }}^{511.4935}$ | ${ }_{1.0000}^{1.000}$ |  | ${ }_{84}^{84}$ | ${ }_{\text {In4, }}^{14.51}$ |  | ${ }_{\text {L }}^{\text {(S194.40) }}$ (534.72) |  | 88327 <br> 29.21 <br> 29 |
| $\xrightarrow{\text { Noor } 20}$ | S422,699.05 | ${ }_{\text {S }}^{514,30602}$ | ${ }^{1.0000}{ }^{1}$ | 14,306.56 | 80 <br> 80 <br> 88 | $\begin{array}{r}178.83 \\ \hline 885 \\ \hline 8.85 \\ \hline\end{array}$ | S10817230 | ${ }_{\text {(51,120.37) }}^{50}$ | S26,46.21. | ${ }^{330.82}$ |
|  | S424,999,05 |  | ${ }_{1.0000}^{1.000}$ | ${ }_{\text {23,000.0.15 }}^{10}$ | ${ }_{8}^{89}$ |  | S108,12, 30 |  |  |  |
| Feb-21 |  | S32,907.99 | 1.0000 s | 32,909,10 | 90 | 365.66 |  | [ 51.427 .96 ] | S38,869,62 ${ }^{\text {s }}$ | ${ }_{431.88}^{488}$ |
| ${ }_{\substack{\text { Mar-21 } \\ \text { Aro } 21}}$ |  |  | ${ }_{\text {L }}^{1.000099}$ |  | ${ }_{98}^{95}$ | 19464 <br> 19722 <br> 18 |  | ${ }_{\text {( } 5660.96)}^{50.00}$ |  | - |
| May 21 |  | 533.414 .58 | 0.9998 s | 33,420.34 | 101 | 330.89 |  | (51, 58.190 | S43,674.47 ${ }^{\text {s }}$ | ${ }_{432,42}$ |
|  |  |  | ${ }_{\text {o }}^{0.9998985}$ |  | ${ }_{9}^{94}$ | 188.82 <br> 13107 <br> 1.07 |  | (51,90.41) | $\xrightarrow{\frac{580,320.08}{526.600} \text { S }}$ |  |
|  |  |  | 0.997) |  | ${ }_{103}^{103}$ | 21870 <br> 11306 <br> 1306 |  | ${ }_{\text {( } 52.247 .54]}^{[581437}$ |  |  |
| Sop-21 |  |  | ${ }_{0}^{0.99999}$ |  | ${ }_{106}^{106}$ | 13.06 <br> 85.46 |  |  |  |  |
| Nov-2 | S521.86889 |  | 0.9997 | ${ }^{21,719,95}$ | ${ }_{106} 10$ | ${ }_{20490}^{2049}$ | S1128135 | [51.501.16] | ¢ | ${ }^{2622}$ |
|  |  |  | ${ }_{0}^{0.9999}$ | 377765080 | 103 |  |  |  | ${ }_{\text {Skin }}$ |  |
| Feb-22 |  | ${ }_{\text {S42, }}^{543.688}$ | 0.9994 s | 42.664.48 | 111 | ${ }^{\text {384,36 }}$ |  |  | S41, 5 S5.94 | ${ }^{369.87}$ |
| $\xrightarrow{\text { Arar } 22}$ |  |  | ${ }_{0}^{0.9889}$ |  | 114 | 353.26 <br> 341.18 |  |  |  | $\xrightarrow{439,17}$ |
| Mar ${ }_{\text {che }}$ |  |  | ${ }_{0}^{0.99945^{\text {a }} \text { [ }}$ | 70,29032 <br> 1777284 | ${ }_{114}^{115}$ | 616.58 <br> 15416 <br> 1. |  |  |  | 791.76 <br> 1858 |
| Jul-2 |  | 539,60837 | 0.9993 | 39,956.03 | 114 | 350.49 |  | (252,59.36] | 546.876 .78 S | 41120 |
| ${ }_{\text {Aub }}^{\text {Sep } 22}$ |  |  | ${ }_{0}^{0.997311}$ [ |  | ${ }_{112}^{112}$ | 604,56 <br> 23.86 |  |  |  | 694,82 <br> 2845 |
| Oet22 |  | (is | ${ }_{\text {a }}^{0.9319}$ | $\begin{array}{r}32882.59 \\ \hline 28511 \\ \hline\end{array}$ | $\xrightarrow{111}$ | 295.74 <br> $\substack{2954 \\ \hline 545 \\ \hline}$ |  | (5100.18) |  | (464.75 |
| Dec22 | S614,84104 | 54,155.97 | 0.8694 [ | s $\quad 4,780.12$ | 108 | 44.26 | S140,47.45 | (S270.65) | S16,155.73 | ${ }_{14959}$ |

##  <br> Sate Effective Date：

Table 2b．Manual Experience Period Claims and Premiums


Table 3b．Manual Trend Component

rable 4b．Historical Manual Experience

| Month－var | Total Annal Premium | Incurred Claims | Completion Factors＊ | Ulimate Incurred Clims | Members | Ulimate Incurred PMPM | $\begin{gathered} \text { Estimated Annual Cost Sharing } \\ \text { (Member + HHS) } \end{gathered}$ | Prescripion Drus Reates＊＊ | Allowed Claims（Net of Prescription Drug Rebates | Allowe PMPM |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\underset{\substack{\text { Ian－19 } \\ \text { Feb－19 }}}{ }$ |  | $\frac{5}{524,348,820.5}$ | 1.000 <br> 1.00 | ${ }_{\text {24，44480．58 }}^{22.7148178}$ | $\frac{45072}{40450}$ | 540．13 <br> S10．00 |  |  |  |  |
|  |  | 约 | ${ }_{1}^{1.00}$ | ${ }_{\text {2 }}^{2,1,16,6868,04}$ | ${ }_{4}^{43,740}$ | ${ }_{\text {510，90 }}^{5295}$ |  |  |  | ${ }^{\text {580．41 }}$ 6014 |
| ${ }_{\text {Apr }}^{\text {May } 19}$ |  |  |  |  | ${ }_{4}^{43,129}$ | ${ }_{546.15}^{50.65}$ |  |  |  | 57620 <br> 60388 |
| Jun－19 |  | Sti， |  |  |  | ¢ |  |  |  | 5 |
| Aug |  | \％ | ${ }_{1}^{1.000}$ | ${ }_{\text {2，}}^{2,5,54,5,774.02}$ | ${ }_{\text {4，}}^{4.4666}$ | $\underset{\substack{580.05 \\ 54,72}}{ }$ |  |  |  | － 6400.54 |
| Sep－19 |  | \＄22，05，1．189．15 | ${ }_{1}^{1.000}$ | 21，53，1．19．15 | ${ }_{\text {4，}}^{4.020}$ |  |  |  |  | ${ }_{564.12}$ |
| $\xrightarrow{\text { Noor－10 }}$ | S31545581822 |  | $\stackrel{1}{1000}$ |  | $\xrightarrow{40.359}$ |  |  |  |  |  |
| ${ }_{\text {Dec－19 }} \mathrm{Jan} 20$ | S31，45，［818，22 |  |  | ${ }_{\text {20，765，062．21 }}^{18,24180181}$ | ${ }_{\substack{39,582 \\ 35.088}}$ |  | $566,88,883,76$ | $\frac{[51,176,472,72]}{[5750,63,51]}$ |  |  |
| ${ }_{\text {Feb } 20}$ |  | S19，816，799．17 |  |  | ${ }_{34,111}$ | ${ }_{581.03}^{515}$ |  |  | ${ }_{\text {S22，419，51．76 }}$ | ${ }_{6557.25}^{65}$ |
| $\xrightarrow{\text { Mar－20 }}$ Ar－20 |  |  | $\xrightarrow{1.000}$ |  |  |  |  |  |  |  |
| Mar－20 |  | Stinemi， | 1.000 |  | ${ }_{31,482}^{32}$ | ${ }_{442.72}$ |  | ［5915，806，32］ | $\frac{515,13,583,599}{}$ | ${ }_{480.90}$ |
| Jun－20 |  | Sili，89，291．99 | $\xrightarrow[1.000]{1}$ | ${ }_{\text {L }}^{11,8,84,2921.19}$ | $\xrightarrow{30,550}$30.167 |  |  |  |  |  |
| ${ }_{\substack{\text { Aub } 20 \\ \text { Se－20 }}}$ |  |  | $\xrightarrow{1.000}$ |  | ${ }_{\substack{29,896 \\ \hline 296}}$ | －624.69 <br> 5100 |  |  |  | ${ }_{\text {c }}^{68229}$ |
| Seot－20 |  | ${ }_{\text {S10，304，} 50.55}$ | ${ }_{1}^{1.000}$ | ${ }_{10,505,334,68}$ | ${ }_{28,677}^{2,363}$ | ${ }_{569.18}^{51}$ |  |  |  | ${ }_{621.67}^{62.37}$ |
| $\xrightarrow{\text { Noor－20 }}$ | S222，962．350．95 | Sile | 1.000 <br> 1.00 |  | ${ }^{28,079}$ |  | S31．58，129．90 |  |  |  |
| $\stackrel{\mathrm{Jan} 2 \mathrm{2l}}{ }$ |  |  | 1.000 |  | ${ }_{\text {27，753 }}^{20,}$ | 年22．47 |  |  |  | 㐌99．63 |
|  |  |  |  |  |  |  |  |  |  |  |
| Apr－21 |  | S18，20，750，97 | 0.99 | $18,224,880.96$ | ${ }_{28,23}^{28,04}$ | ${ }_{665,70}^{6027}$ |  | ［51， $095,584,0,07$ |  | ${ }_{70643}$ |
| May－21 |  |  | 0.909 |  |  |  |  |  |  | ${ }_{\text {cher }}^{625.15}$ |
| Jut21 |  | S17，35，0，36．44 | 0.99 | ${ }_{1}^{17,40,2,273,23}$ | ${ }_{\text {28，}}^{28,877}$ | ${ }_{6}^{604.16}$ |  | ［ $51.065,5957.28]$ | S19，028，63，465 | ${ }_{659.18}$ |
| $\stackrel{\text { Aug } 21}{\text { Seo } 21}$ |  |  | 0.099 |  | ${ }_{\text {28，932 }}^{20,27}$ |  |  |  |  |  |
| Oct－21 |  | ${ }_{5}^{519,324,2127]}$ | 0.99 | ${ }_{\text {19，331，10．63 }}$ | ${ }^{29,975}$ | ${ }_{6}^{64991}$ |  |  | ${ }^{521.003,027.74}$ | ${ }^{700.68}$ |
| $\xrightarrow{\text { Nooc－212 }}$ | ¢228，181，082，66 |  | 0.99 |  | cick | ${ }_{6}^{624.66}$ | $534,788.544,63$ | 约 |  | ${ }_{\text {733，}}^{73.65}$ |
| Jan－22 |  | S22，193，00．31 | 0.909 |  |  |  |  |  |  |  |
| Mar－22 |  |  | 0.99 | 20．508．031．13 |  |  |  |  |  | 7－79．56 |
| $\mathrm{Apr}_{\text {Ar } 22}$ |  |  |  |  |  |  |  |  |  |  |
| Jun－22 |  | S22，521，999，37 | 0.99 | ${ }^{22,685,40208}$ | ${ }_{37,625}$ | ${ }_{60293}$ |  |  | S24，886，78，2．215 | 660.11 |
| ${ }_{\text {Jut }}$ |  |  | 0．988 |  |  |  |  |  |  |  |
| ${ }_{\text {Aue }}^{\text {Sep } 22}$ |  |  | 0.979 |  | ${ }_{\substack{3,88,54 \\ 38.05}}$ | ${ }_{\text {640．73 }}$ |  | ［151，79，885，44］ |  |  |
| $\xrightarrow{\text { Otat－22 }}$ |  |  | $\xrightarrow[0]{0.996}$ |  | $\xrightarrow{37,97}{ }_{\text {37，876 }}$ |  |  |  |  |  |
| Dec 22 | 2882 | S22，403，5050．56 | 0.88 | 25，386，454，49 | ${ }^{3} 72,245$ | ${ }_{681.61}$ | ${ }_{548,688,105.07}$ | ［ $51,471,18,84,93]$ | 528，812，216．13 | ${ }_{773.64}$ |

## PA Rate Template PartII <br> Rate Developmentent and Chang Canier vame




| Reaterion lems. EEpesest |  |  |
| :---: | :---: | :---: |
| Administaive exenese |  | cis |
|  | $\xrightarrow{4.0080}$ | Stios |
|  | (o.0.085 | (tan |
|  | coiol | $\underset{\substack{\text { S025 } \\ \text { S000 }}}{50}$ |
|  | $\xrightarrow{0.5058} 0$ | (is |
|  | 2008 | S10.25 |
| Total eeeerion | 173582 | 5889 |
| Project | s 51232 |  |


|  |  | ${ }^{2033} 3048875$ |  | ${ }^{2024} 30.44$ s | ${ }_{5}^{\text {offereses }}$ | Perenen chane |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | (685690) |  | ${ }_{(203856}^{70.15}$ | ${ }_{5}^{5}$ | ${ }_{\substack{5.58 \\ 228}}$ |
|  |  |  |  |  |  |  |
|  |  | ${ }_{\substack{4 \\ 55545 \\ 595}}^{4}$ |  |  | 9,9,8 |  |
|  |  | (12sata |  | cis | (es) | cose |
|  |  | ${ }^{1886,55}$ |  | 2664.4 | 59.9 |  |
|  |  | ${ }_{488,61} 4$ |  | ${ }_{77} 7444$ | \% (10.77 | (0, |
|  |  |  |  |  |  |  |
|  |  |  |  |  | 23.99 |  |
|  |  |  |  | [20961] 5 | ${ }^{23.49}$ | , |
| Chanei neeenion componens |  |  |  |  |  |  |
|  |  |  |  |  | ${ }_{\substack{1.00 \\ 0.00}}^{\text {and }}$ |  |
|  |  |  |  |  | ( | 0, |
| 6. Changei Misellaneous tems |  | 5000 |  |  | 5. | $\bigcirc$ |
|  |  | 30511 S |  | ${ }^{32044}$ s | ¢ 1533 | 5008 |






## PA Rate Quarterly Template Part V

## Consumer Factors

Table 12. Age and Tobacco Factors

| Projection Period Age and Tobacco Factors |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Age <br> Band | Age Factor | Tobacco Factor | Age <br> Band | Age Factor | Tobacco Factor |
| 0-14 | 0.765 |  | 40 | 1.278 | 1.000 |
| 15 | 0.833 |  | 41 | 1.302 | 1.000 |
| 16 | 0.859 |  | 42 | 1.325 | 1.000 |
| 17 | 0.885 |  | 43 | 1.357 | 1.000 |
| 18 | 0.913 |  | 44 | 1.397 | 1.000 |
| 19 | 0.941 |  | 45 | 1.444 | 1.000 |
| 20 | 0.970 |  | 46 | 1.500 | 1.000 |
| 21 | 1.000 | 1.000 | 47 | 1.563 | 1.000 |
| 22 | 1.000 | 1.000 | 48 | 1.635 | 1.000 |
| 23 | 1.000 | 1.000 | 49 | 1.706 | 1.000 |
| 24 | 1.000 | 1.000 | 50 | 1.786 | 1.000 |
| 25 | 1.004 | 1.000 | 51 | 1.865 | 1.000 |
| 26 | 1.024 | 1.000 | 52 | 1.952 | 1.000 |
| 27 | 1.048 | 1.000 | 53 | 2.040 | 1.000 |
| 28 | 1.087 | 1.000 | 54 | 2.135 | 1.000 |
| 29 | 1.119 | 1.000 | 55 | 2.230 | 1.000 |
| 30 | 1.135 | 1.000 | 56 | 2.333 | 1.000 |
| 31 | 1.159 | 1.000 | 57 | 2.437 | 1.000 |
| 32 | 1.183 | 1.000 | 58 | 2.548 | 1.000 |
| 33 | 1.198 | 1.000 | 59 | 2.603 | 1.000 |
| 34 | 1.214 | 1.000 | 60 | 2.714 | 1.000 |
| 35 | 1.222 | 1.000 | 61 | 2.810 | 1.000 |
| 36 | 1.230 | 1.000 | 62 | 2.873 | 1.000 |
| 37 | 1.238 | 1.000 | 63 | 2.952 | 1.000 |
| 38 | 1.246 | 1.000 | 64+ | 3.000 | 1.000 |
| 39 | 1.262 | 1.000 |  |  |  |


| Carrier Name: | Keystone Health Plan Central |
| :--- | :--- |
| Product(s): | HMO |
| Market Segment: | Small Group |
| Rate Effective Date: | $\mathbf{1 / 1 / 2 0 2 4}$ |

Table 13. Geographic Factors

| Geographic Area Factors |  |  |  |  |
| :--- | :--- | ---: | ---: | :---: |
| Area | Counties | Current <br> Factor | Proposed <br> Factor |  |
| Rating Area 1 |  |  |  |  |
| Rating Area 2 |  |  |  |  |
| Rating Area 3 |  |  |  |  |
| Rating Area 4 |  |  |  |  |
| Rating Area 5 | Centre, Columbia, Lehigh, Mifflin, Montour, <br> Northampton, Northumberland, Schutlkill, Snyder, <br> Union | 1.000 | 1.000 |  |
| Rating Area 6 | Adams, Berks, Lancaster, York | 1.080 | 1.080 |  |
| Rating Area 7 | Cumberland, Dauphin, Franklin, Fulton, Juniata, <br> Lebanon, Perry | 1.020 | 1.020 |  |
| Rating Area 8 |  |  |  |  |
| Rating Area 9 |  |  |  |  |

Table 14. Network Factors

| Projection Period Network Factors |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Network Name | Rating Area | Current <br> Factor | Proposed <br> Factor | Approval <br> Date |
| HMO | All | 1.000 | 1.000 |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

PA Rate Template Part VI - Rate Change Summary
Table 15. Rate Change Summary Information

| Overview |  |
| :---: | :---: |
| Initial Requested Average Rate Change: | 0.051063728 |
| Revised Requested Average Rate Change: | 5.11\% |
| Minimum Requested Rate Change: | 5.11\% |
| Maximum Requested Rate Change: | 5.11\% |
| Mapped Members: | 86 |
| Available in Rating Areas: |  |

Available in Rating Areas:
Rating Areas 6, 7, and 9

| Carrier Name: | Keystone Health Plan |
| :--- | :--- |
| Product(s): | HMO |
| Market Segment: | Small Group |


| Key Information |  |
| :--- | ---: |
| Jan. $\mathbf{2 0 2 2}$ - Dec. 2022 Financial Experience |  |
| Premium |  |
| Claims | $\$ 346,526.04$ |
| Administrative Expenses | $\$ 430,463.58$ |
| Taxes \& Fees | $\$ 2,265.00$ |
| Company Made After Taxes | $\$ 10,229.00$ |
|  |  |
|  | $\$$ |
| $96,431.54)$ |  |

The company expects its annual medical costs to increase:

Explanation of requested rate change

Keystone Health Plan Central
Small Group Rates
Effective 1/1/2024
Table B


| Company Name:Market:Product:Effective Date of Rates: | Keystone Health Plan Central (KHPC) |  | Ending date of Rates: |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Small Group |  |  |  |  |  |
|  | HMO |  |  |  |  |  |
|  | January 1, 2024 |  |  |  |  |  |
| HIOS Plan ID (On Exchange)=> |  |  |  |  |  |  |
| HIOS Plan ID (Off Exchange)=> | 53789PA0090004 |  | 53789PA0090004 |  | 53789PA0090004 |  |
| Plan Marketing Name => | Bronze HMO 8000/0/50 |  | Bronze HMO 8000/0/50 |  | Bronze HMO 8000/0/50 |  |
| Form \# => | C24-KHPC-SGP |  | C24-KHPC-SGP |  | C24-KHPC-SGP |  |
| Rating Area => | 6 |  | 7 |  | 9 |  |
| Network => | HMO |  | HMO |  | HMO |  |
| Metal => | Bronze |  | Bronze |  | Bronze |  |
| Deductible => | \$8000 Med/Rx Combined |  | \$8000 Med/Rx Combined |  | \$8000 Med/Rx Combined |  |
| Coinsurance => | 0\% |  | 0\% |  | 0\% |  |
| Copays => | \$50/\$85/\$0 PCP/SPC/ER |  | \$50/\$85/\$0 PCP/SPC/ER |  | \$50/\$85/\$0 PCP/SPC/ER |  |
| OOP Maximum => | \$8700 Med/Rx Combined |  | \$8700 Med/Rx Combined |  | \$8700 Med/Rx Combined |  |
| Pediatric Dental (Yes/No) => | Yes |  | Yes |  | Yes |  |
| Age Band | Non-Tobacco | Tobacco | Non-Tobacco | Tobacco | Non-Tobacco | Tobacco |
| 0-14 | \$245.14 | \$245.14 | \$264.75 | \$264.75 | \$250.04 | \$250.04 |
| 15 | \$266.93 | \$266.93 | \$288.28 | \$288.28 | \$272.27 | \$272.27 |
| 16 | \$275.26 | \$275.26 | \$297.28 | \$297.28 | \$280.76 | \$280.76 |
| 17 | \$283.59 | \$283.59 | \$306.28 | \$306.28 | \$289.26 | \$289.26 |
| 18 | \$292.56 | \$292.56 | \$315.97 | \$315.97 | \$298.41 | \$298.41 |
| 19 | \$301.53 | \$301.53 | \$325.66 | \$325.66 | \$307.56 | \$307.56 |
| 20 | \$310.83 | \$310.83 | \$335.69 | \$335.69 | \$317.04 | \$317.04 |
| 21 | \$320.44 | \$320.44 | \$346.08 | \$346.08 | \$326.85 | \$326.85 |
| 22 | \$320.44 | \$320.44 | \$346.08 | \$346.08 | \$326.85 | \$326.85 |
| 23 | \$320.44 | \$320.44 | \$346.08 | \$346.08 | \$326.85 | \$326.85 |
| 24 | \$320.44 | \$320.44 | \$346.08 | \$346.08 | \$326.85 | \$326.85 |
| 25 | \$321.72 | \$321.72 | \$347.46 | \$347.46 | \$328.16 | \$328.16 |
| 26 | \$328.13 | \$328.13 | \$354.38 | \$354.38 | \$334.69 | \$334.69 |
| 27 | \$335.82 | \$335.82 | \$362.69 | \$362.69 | \$342.54 | \$342.54 |
| 28 | \$348.32 | \$348.32 | \$376.18 | \$376.18 | \$355.28 | \$355.28 |
| 29 | \$358.57 | \$358.57 | \$387.26 | \$387.26 | \$365.74 | \$365.74 |
| 30 | \$363.70 | \$363.70 | \$392.80 | \$392.80 | \$370.97 | \$370.97 |
| 31 | \$371.39 | \$371.39 | \$401.10 | \$401.10 | \$378.82 | \$378.82 |
| 32 | \$379.08 | \$379.08 | \$409.41 | \$409.41 | \$386.66 | \$386.66 |
| 33 | \$383.89 | \$383.89 | \$414.60 | \$414.60 | \$391.56 | \$391.56 |
| 34 | \$389.01 | \$389.01 | \$420.14 | \$420.14 | \$396.79 | \$396.79 |
| 35 | \$391.58 | \$391.58 | \$422.90 | \$422.90 | \$399.41 | \$399.41 |
| 36 | \$394.14 | \$394.14 | \$425.67 | \$425.67 | \$402.02 | \$402.02 |
| 37 | \$396.70 | \$396.70 | \$428.44 | \$428.44 | \$404.64 | \$404.64 |
| 38 | \$399.27 | \$399.27 | \$431.21 | \$431.21 | \$407.25 | \$407.25 |
| 39 | \$404.40 | \$404.40 | \$436.75 | \$436.75 | \$412.48 | \$412.48 |
| 40 | \$409.52 | \$409.52 | \$442.28 | \$442.28 | \$417.71 | \$417.71 |
| 41 | \$417.21 | \$417.21 | \$450.59 | \$450.59 | \$425.56 | \$425.56 |
| 42 | \$424.58 | \$424.58 | \$458.55 | \$458.55 | \$433.07 | \$433.07 |
| 43 | \$434.84 | \$434.84 | \$469.62 | \$469.62 | \$443.53 | \$443.53 |
| 44 | \$447.65 | \$447.65 | \$483.47 | \$483.47 | \$456.61 | \$456.61 |
| 45 | \$462.72 | \$462.72 | \$499.73 | \$499.73 | \$471.97 | \$471.97 |
| 46 | \$480.66 | \$480.66 | \$519.11 | \$519.11 | \$490.27 | \$490.27 |
| 47 | \$500.85 | \$500.85 | \$540.92 | \$540.92 | \$510.86 | \$510.86 |
| 48 | \$523.92 | \$523.92 | \$565.83 | \$565.83 | \$534.40 | \$534.40 |
| 49 | \$546.67 | \$546.67 | \$590.40 | \$590.40 | \$557.60 | \$557.60 |
| 50 | \$572.31 | \$572.31 | \$618.09 | \$618.09 | \$583.75 | \$583.75 |
| 51 | \$597.62 | \$597.62 | \$645.43 | \$645.43 | \$609.57 | \$609.57 |
| 52 | \$625.50 | \$625.50 | \$675.54 | \$675.54 | \$638.01 | \$638.01 |
| 53 | \$653.70 | \$653.70 | \$705.99 | \$705.99 | \$666.77 | \$666.77 |
| 54 | \$684.14 | \$684.14 | \$738.87 | \$738.87 | \$697.82 | \$697.82 |
| 55 | \$714.58 | \$714.58 | \$771.75 | \$771.75 | \$728.87 | \$728.87 |
| 56 | \$747.59 | \$747.59 | \$807.39 | \$807.39 | \$762.54 | \$762.54 |
| 57 | \$780.91 | \$780.91 | \$843.39 | \$843.39 | \$796.53 | \$796.53 |
| 58 | \$816.48 | \$816.48 | \$881.80 | \$881.80 | \$832.81 | \$832.81 |
| 59 | \$834.11 | \$834.11 | \$900.83 | \$900.83 | \$850.79 | \$850.79 |
| 60 | \$869.67 | \$869.67 | \$939.25 | \$939.25 | \$887.07 | \$887.07 |
| 61 | \$900.44 | \$900.44 | \$972.47 | \$972.47 | \$918.45 | \$918.45 |
| 62 | \$920.62 | \$920.62 | \$994.27 | \$994.27 | \$939.04 | \$939.04 |
| 63 | \$945.94 | \$945.94 | \$1,021.61 | \$1,021.61 | \$964.86 | \$964.86 |
| 64+ | \$961.31 | \$961.31 | \$1,038.23 | \$1,038.23 | \$980.54 | \$980.54 |


| Company Name: <br> Market: <br> Product: <br> Effective Date of Rates: | Keystone Health Plan Central <br> (KHPC) <br> Small Group |  | Ending date of Rates: |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| HIOS Plan ID (On Exchange)=> |  |  |  |  |  |  |
| HIOS Plan ID (Off Exchange)=> | 53789PA0090004 |  | 53789PA0090004 |  | 53789PA0090004 |  |
| Plan Marketing Name => | Bronze HMO 8000/0/50 |  | Bronze HMO 8000/0/50 |  | Bronze HMO 8000/0/50 |  |
| Form \# => | C24-KHPC-SGP |  | C24-KHPC-SGP |  | C24-KHPC-SGP |  |
| Rating Area => | 6 |  | 7 |  | 9 |  |
| Network => | HMO |  | HMO |  | HMO |  |
| Metal => | Bronze |  | Bronze |  | Bronze |  |
| Deductible => | \$8000 Med/Rx Combined |  | \$8000 Med/Rx Combined |  | \$8000 Med/Rx Combined |  |
| Coinsurance => | 0\% |  | 0\% |  | 0\% |  |
| Copays => | \$50/\$85/\$0 PCP/SPC/ER |  | \$50/\$85/\$0 PCP/SPC/ER |  | \$50/\$85/\$0 PCP/SPC/ER |  |
| OOP Maximum => | \$8700 Med/Rx Combined |  | \$8700 Med/Rx Combined |  | \$8700 Med/Rx Combined |  |
| Pediatric Dental (Yes/No) => | Yes |  | Yes |  | Yes |  |
| Age Band | Non-Tobacco | Tobacco | Non-Tobacco | Tobacco | Non-Tobacco | Tobacco |
| 0-14 | \$248.89 | \$248.89 | \$268.80 | \$268.80 | \$253.87 | \$253.87 |
| 15 | \$271.02 | \$271.02 | \$292.70 | \$292.70 | \$276.44 | \$276.44 |
| 16 | \$279.48 | \$279.48 | \$301.83 | \$301.83 | \$285.07 | \$285.07 |
| 17 | \$287.93 | \$287.93 | \$310.97 | \$310.97 | \$293.69 | \$293.69 |
| 18 | \$297.04 | \$297.04 | \$320.81 | \$320.81 | \$302.99 | \$302.99 |
| 19 | \$306.15 | \$306.15 | \$330.65 | \$330.65 | \$312.28 | \$312.28 |
| 20 | \$315.59 | \$315.59 | \$340.84 | \$340.84 | \$321.90 | \$321.90 |
| 21 | \$325.35 | \$325.35 | \$351.38 | \$351.38 | \$331.86 | \$331.86 |
| 22 | \$325.35 | \$325.35 | \$351.38 | \$351.38 | \$331.86 | \$331.86 |
| 23 | \$325.35 | \$325.35 | \$351.38 | \$351.38 | \$331.86 | \$331.86 |
| 24 | \$325.35 | \$325.35 | \$351.38 | \$351.38 | \$331.86 | \$331.86 |
| 25 | \$326.65 | \$326.65 | \$352.78 | \$352.78 | \$333.18 | \$333.18 |
| 26 | \$333.16 | \$333.16 | \$359.81 | \$359.81 | \$339.82 | \$339.82 |
| 27 | \$340.97 | \$340.97 | \$368.24 | \$368.24 | \$347.79 | \$347.79 |
| 28 | \$353.66 | \$353.66 | \$381.95 | \$381.95 | \$360.73 | \$360.73 |
| 29 | \$364.07 | \$364.07 | \$393.19 | \$393.19 | \$371.35 | \$371.35 |
| 30 | \$369.27 | \$369.27 | \$398.81 | \$398.81 | \$376.66 | \$376.66 |
| 31 | \$377.08 | \$377.08 | \$407.25 | \$407.25 | \$384.62 | \$384.62 |
| 32 | \$384.89 | \$384.89 | \$415.68 | \$415.68 | \$392.59 | \$392.59 |
| 33 | \$389.77 | \$389.77 | \$420.95 | \$420.95 | \$397.56 | \$397.56 |
| 34 | \$394.97 | \$394.97 | \$426.57 | \$426.57 | \$402.87 | \$402.87 |
| 35 | \$397.58 | \$397.58 | \$429.38 | \$429.38 | \$405.53 | \$405.53 |
| 36 | \$400.18 | \$400.18 | \$432.19 | \$432.19 | \$408.18 | \$408.18 |
| 37 | \$402.78 | \$402.78 | \$435.01 | \$435.01 | \$410.84 | \$410.84 |
| 38 | \$405.39 | \$405.39 | \$437.82 | \$437.82 | \$413.49 | \$413.49 |
| 39 | \$410.59 | \$410.59 | \$443.44 | \$443.44 | \$418.80 | \$418.80 |
| 40 | \$415.80 | \$415.80 | \$449.06 | \$449.06 | \$424.11 | \$424.11 |
| 41 | \$423.61 | \$423.61 | \$457.49 | \$457.49 | \$432.08 | \$432.08 |
| 42 | \$431.09 | \$431.09 | \$465.58 | \$465.58 | \$439.71 | \$439.71 |
| 43 | \$441.50 | \$441.50 | \$476.82 | \$476.82 | \$450.33 | \$450.33 |
| 44 | \$454.51 | \$454.51 | \$490.88 | \$490.88 | \$463.60 | \$463.60 |
| 45 | \$469.81 | \$469.81 | \$507.39 | \$507.39 | \$479.20 | \$479.20 |
| 46 | \$488.02 | \$488.02 | \$527.07 | \$527.07 | \$497.79 | \$497.79 |
| 47 | \$508.52 | \$508.52 | \$549.20 | \$549.20 | \$518.69 | \$518.69 |
| 48 | \$531.95 | \$531.95 | \$574.50 | \$574.50 | \$542.59 | \$542.59 |
| 49 | \$555.05 | \$555.05 | \$599.45 | \$599.45 | \$566.15 | \$566.15 |
| 50 | \$581.08 | \$581.08 | \$627.56 | \$627.56 | \$592.70 | \$592.70 |
| 51 | \$606.78 | \$606.78 | \$655.32 | \$655.32 | \$618.91 | \$618.91 |
| 52 | \$635.08 | \$635.08 | \$685.89 | \$685.89 | \$647.78 | \$647.78 |
| 53 | \$663.71 | \$663.71 | \$716.81 | \$716.81 | \$676.99 | \$676.99 |
| 54 | \$694.62 | \$694.62 | \$750.19 | \$750.19 | \$708.51 | \$708.51 |
| 55 | \$725.53 | \$725.53 | \$783.57 | \$783.57 | \$740.04 | \$740.04 |
| 56 | \$759.04 | \$759.04 | \$819.76 | \$819.76 | \$774.22 | \$774.22 |
| 57 | \$792.88 | \$792.88 | \$856.31 | \$856.31 | \$808.74 | \$808.74 |
| 58 | \$828.99 | \$828.99 | \$895.31 | \$895.31 | \$845.57 | \$845.57 |
| 59 | \$846.89 | \$846.89 | \$914.64 | \$914.64 | \$863.82 | \$863.82 |
| 60 | \$883.00 | \$883.00 | \$953.64 | \$953.64 | \$900.66 | \$900.66 |
| 61 | \$914.23 | \$914.23 | \$987.37 | \$987.37 | \$932.52 | \$932.52 |
| 62 | \$934.73 | \$934.73 | \$1,009.51 | \$1,009.51 | \$953.43 | \$953.43 |
| 63 | \$960.43 | \$960.43 | \$1,037.27 | \$1,037.27 | \$979.64 | \$979.64 |
| 64+ | \$976.04 | \$976.04 | \$1,054.13 | \$1,054.13 | \$995.57 | \$995.57 |


| Company Name: <br> Market: <br> Product: <br> Effective Date of Rates: | Keystone Health Plan Central <br> (KHPC) <br> Small Group |  | Ending date of Rates: |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| HIOS Plan ID (On Exchange)=> |  |  |  |  |  |  |
| HIOS Plan ID (Off Exchange)=> | 53789PA0090004 |  | 53789PA0090004 |  | 53789PA0090004 |  |
| Plan Marketing Name => | Bronze HMO 8000/0/50 |  | Bronze HMO 8000/0/50 |  | Bronze HMO 8000/0/50 |  |
| Form \# => | C24-KHPC-SGP |  | C24-KHPC-SGP |  | C24-KHPC-SGP |  |
| Rating Area => | 6 |  | 7 |  | 9 |  |
| Network => | HMO |  | HMO |  | HMO |  |
| Metal => | Bronze |  | Bronze |  | Bronze |  |
| Deductible => | \$8000 Med/Rx Combined |  | \$8000 Med/Rx Combined |  | \$8000 Med/Rx Combined |  |
| Coinsurance => | 0\% |  | 0\% |  | 0\% |  |
| Copays => | \$50/\$85/\$0 PCP/SPC/ER |  | \$50/\$85/\$0 PCP/SPC/ER |  | \$50/\$85/\$0 PCP/SPC/ER |  |
| OOP Maximum => | \$8700 Med/Rx Combined |  | \$8700 Med/Rx Combined |  | \$8700 Med/Rx Combined |  |
| Pediatric Dental (Yes/No) => | Yes |  | Yes |  | Yes |  |
| Age Band | Non-Tobacco | Tobacco | Non-Tobacco | Tobacco | Non-Tobacco | Tobacco |
| 0-14 | \$252.70 | \$252.70 | \$272.92 | \$272.92 | \$257.76 | \$257.76 |
| 15 | \$275.16 | \$275.16 | \$297.18 | \$297.18 | \$280.67 | \$280.67 |
| 16 | \$283.75 | \$283.75 | \$306.45 | \$306.45 | \$289.43 | \$289.43 |
| 17 | \$292.34 | \$292.34 | \$315.73 | \$315.73 | \$298.19 | \$298.19 |
| 18 | \$301.59 | \$301.59 | \$325.72 | \$325.72 | \$307.62 | \$307.62 |
| 19 | \$310.84 | \$310.84 | \$335.71 | \$335.71 | \$317.06 | \$317.06 |
| 20 | \$320.42 | \$320.42 | \$346.05 | \$346.05 | \$326.83 | \$326.83 |
| 21 | \$330.33 | \$330.33 | \$356.76 | \$356.76 | \$336.94 | \$336.94 |
| 22 | \$330.33 | \$330.33 | \$356.76 | \$356.76 | \$336.94 | \$336.94 |
| 23 | \$330.33 | \$330.33 | \$356.76 | \$356.76 | \$336.94 | \$336.94 |
| 24 | \$330.33 | \$330.33 | \$356.76 | \$356.76 | \$336.94 | \$336.94 |
| 25 | \$331.65 | \$331.65 | \$358.18 | \$358.18 | \$338.28 | \$338.28 |
| 26 | \$338.26 | \$338.26 | \$365.32 | \$365.32 | \$345.02 | \$345.02 |
| 27 | \$346.19 | \$346.19 | \$373.88 | \$373.88 | \$353.11 | \$353.11 |
| 28 | \$359.07 | \$359.07 | \$387.79 | \$387.79 | \$366.25 | \$366.25 |
| 29 | \$369.64 | \$369.64 | \$399.21 | \$399.21 | \$377.03 | \$377.03 |
| 30 | \$374.92 | \$374.92 | \$404.92 | \$404.92 | \$382.42 | \$382.42 |
| 31 | \$382.85 | \$382.85 | \$413.48 | \$413.48 | \$390.51 | \$390.51 |
| 32 | \$390.78 | \$390.78 | \$422.04 | \$422.04 | \$398.60 | \$398.60 |
| 33 | \$395.74 | \$395.74 | \$427.39 | \$427.39 | \$403.65 | \$403.65 |
| 34 | \$401.02 | \$401.02 | \$433.10 | \$433.10 | \$409.04 | \$409.04 |
| 35 | \$403.66 | \$403.66 | \$435.96 | \$435.96 | \$411.74 | \$411.74 |
| 36 | \$406.31 | \$406.31 | \$438.81 | \$438.81 | \$414.43 | \$414.43 |
| 37 | \$408.95 | \$408.95 | \$441.66 | \$441.66 | \$417.13 | \$417.13 |
| 38 | \$411.59 | \$411.59 | \$444.52 | \$444.52 | \$419.82 | \$419.82 |
| 39 | \$416.88 | \$416.88 | \$450.23 | \$450.23 | \$425.21 | \$425.21 |
| 40 | \$422.16 | \$422.16 | \$455.93 | \$455.93 | \$430.60 | \$430.60 |
| 41 | \$430.09 | \$430.09 | \$464.50 | \$464.50 | \$438.69 | \$438.69 |
| 42 | \$437.69 | \$437.69 | \$472.70 | \$472.70 | \$446.44 | \$446.44 |
| 43 | \$448.26 | \$448.26 | \$484.12 | \$484.12 | \$457.22 | \$457.22 |
| 44 | \$461.47 | \$461.47 | \$498.39 | \$498.39 | \$470.70 | \$470.70 |
| 45 | \$477.00 | \$477.00 | \$515.16 | \$515.16 | \$486.54 | \$486.54 |
| 46 | \$495.50 | \$495.50 | \$535.13 | \$535.13 | \$505.40 | \$505.40 |
| 47 | \$516.31 | \$516.31 | \$557.61 | \$557.61 | \$526.63 | \$526.63 |
| 48 | \$540.09 | \$540.09 | \$583.30 | \$583.30 | \$550.89 | \$550.89 |
| 49 | \$563.54 | \$563.54 | \$608.63 | \$608.63 | \$574.81 | \$574.81 |
| 50 | \$589.97 | \$589.97 | \$637.17 | \$637.17 | \$601.77 | \$601.77 |
| 51 | \$616.07 | \$616.07 | \$665.35 | \$665.35 | \$628.39 | \$628.39 |
| 52 | \$644.80 | \$644.80 | \$696.39 | \$696.39 | \$657.70 | \$657.70 |
| 53 | \$673.87 | \$673.87 | \$727.78 | \$727.78 | \$687.35 | \$687.35 |
| 54 | \$705.25 | \$705.25 | \$761.67 | \$761.67 | \$719.36 | \$719.36 |
| 55 | \$736.64 | \$736.64 | \$795.57 | \$795.57 | \$751.37 | \$751.37 |
| 56 | \$770.66 | \$770.66 | \$832.31 | \$832.31 | \$786.07 | \$786.07 |
| 57 | \$805.01 | \$805.01 | \$869.42 | \$869.42 | \$821.11 | \$821.11 |
| 58 | \$841.68 | \$841.68 | \$909.02 | \$909.02 | \$858.51 | \$858.51 |
| 59 | \$859.85 | \$859.85 | \$928.64 | \$928.64 | \$877.05 | \$877.05 |
| 60 | \$896.52 | \$896.52 | \$968.24 | \$968.24 | \$914.45 | \$914.45 |
| 61 | \$928.23 | \$928.23 | \$1,002.49 | \$1,002.49 | \$946.79 | \$946.79 |
| 62 | \$949.04 | \$949.04 | \$1,024.96 | \$1,024.96 | \$968.02 | \$968.02 |
| 63 | \$975.13 | \$975.13 | \$1,053.14 | \$1,053.14 | \$994.64 | \$994.64 |
| 64+ | \$990.98 | \$990.98 | \$1,070.27 | \$1,070.27 | \$1,010.81 | \$1,010.81 |


| Company Name: <br> Market: <br> Product: <br> Effective Date of Rates: | Keystone Health Plan Central <br> (KHPC) <br> Small Group |  | Ending date of Rates: |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| HIOS Plan ID (On Exchange)=> |  |  |  |  |  |  |
| HIOS Plan ID (Off Exchange)=> | 53789PA0090004 |  | 53789PA0090004 |  | 53789PA0090004 |  |
| Plan Marketing Name => | Bronze HMO 8000/0/50 |  | Bronze HMO 8000/0/50 |  | Bronze HMO 8000/0/50 |  |
| Form \# => | C24-KHPC-SGP |  | C24-KHPC-SGP |  | C24-KHPC-SGP |  |
| Rating Area => | 6 |  | 7 |  | 9 |  |
| Network => | HMO |  | HMO |  | HMO |  |
| Metal => | Bronze |  | Bronze |  | Bronze |  |
| Deductible => | \$8000 Med/Rx Combined |  | \$8000 Med/Rx Combined |  | \$8000 Med/Rx Combined |  |
| Coinsurance => | 0\% |  | 0\% |  | 0\% |  |
| Copays => | \$50/\$85/\$0 PCP/SPC/ER |  | \$50/\$85/\$0 PCP/SPC/ER |  | \$50/\$85/\$0 PCP/SPC/ER |  |
| OOP Maximum => | \$8700 Med/Rx Combined |  | \$8700 Med/Rx Combined |  | \$8700 Med/Rx Combined |  |
| Pediatric Dental (Yes/No) => | Yes |  | Yes |  | Yes |  |
| Age Band | Non-Tobacco | Tobacco | Non-Tobacco | Tobacco | Non-Tobacco | Tobacco |
| 0-14 | \$256.57 | \$256.57 | \$277.10 | \$277.10 | \$261.70 | \$261.70 |
| 15 | \$279.38 | \$279.38 | \$301.73 | \$301.73 | \$284.97 | \$284.97 |
| 16 | \$288.10 | \$288.10 | \$311.15 | \$311.15 | \$293.86 | \$293.86 |
| 17 | \$296.82 | \$296.82 | \$320.57 | \$320.57 | \$302.76 | \$302.76 |
| 18 | \$306.21 | \$306.21 | \$330.71 | \$330.71 | \$312.34 | \$312.34 |
| 19 | \$315.60 | \$315.60 | \$340.85 | \$340.85 | \$321.91 | \$321.91 |
| 20 | \$325.33 | \$325.33 | \$351.35 | \$351.35 | \$331.83 | \$331.83 |
| 21 | \$335.39 | \$335.39 | \$362.22 | \$362.22 | \$342.10 | \$342.10 |
| 22 | \$335.39 | \$335.39 | \$362.22 | \$362.22 | \$342.10 | \$342.10 |
| 23 | \$335.39 | \$335.39 | \$362.22 | \$362.22 | \$342.10 | \$342.10 |
| 24 | \$335.39 | \$335.39 | \$362.22 | \$362.22 | \$342.10 | \$342.10 |
| 25 | \$336.73 | \$336.73 | \$363.67 | \$363.67 | \$343.47 | \$343.47 |
| 26 | \$343.44 | \$343.44 | \$370.91 | \$370.91 | \$350.31 | \$350.31 |
| 27 | \$351.49 | \$351.49 | \$379.61 | \$379.61 | \$358.52 | \$358.52 |
| 28 | \$364.57 | \$364.57 | \$393.73 | \$393.73 | \$371.86 | \$371.86 |
| 29 | \$375.30 | \$375.30 | \$405.33 | \$405.33 | \$382.81 | \$382.81 |
| 30 | \$380.67 | \$380.67 | \$411.12 | \$411.12 | \$388.28 | \$388.28 |
| 31 | \$388.72 | \$388.72 | \$419.81 | \$419.81 | \$396.49 | \$396.49 |
| 32 | \$396.77 | \$396.77 | \$428.51 | \$428.51 | \$404.70 | \$404.70 |
| 33 | \$401.80 | \$401.80 | \$433.94 | \$433.94 | \$409.83 | \$409.83 |
| 34 | \$407.16 | \$407.16 | \$439.74 | \$439.74 | \$415.31 | \$415.31 |
| 35 | \$409.85 | \$409.85 | \$442.63 | \$442.63 | \$418.04 | \$418.04 |
| 36 | \$412.53 | \$412.53 | \$445.53 | \$445.53 | \$420.78 | \$420.78 |
| 37 | \$415.21 | \$415.21 | \$448.43 | \$448.43 | \$423.52 | \$423.52 |
| 38 | \$417.90 | \$417.90 | \$451.33 | \$451.33 | \$426.25 | \$426.25 |
| 39 | \$423.26 | \$423.26 | \$457.12 | \$457.12 | \$431.73 | \$431.73 |
| 40 | \$428.63 | \$428.63 | \$462.92 | \$462.92 | \$437.20 | \$437.20 |
| 41 | \$436.68 | \$436.68 | \$471.61 | \$471.61 | \$445.41 | \$445.41 |
| 42 | \$444.39 | \$444.39 | \$479.94 | \$479.94 | \$453.28 | \$453.28 |
| 43 | \$455.12 | \$455.12 | \$491.53 | \$491.53 | \$464.23 | \$464.23 |
| 44 | \$468.54 | \$468.54 | \$506.02 | \$506.02 | \$477.91 | \$477.91 |
| 45 | \$484.30 | \$484.30 | \$523.05 | \$523.05 | \$493.99 | \$493.99 |
| 46 | \$503.08 | \$503.08 | \$543.33 | \$543.33 | \$513.15 | \$513.15 |
| 47 | \$524.21 | \$524.21 | \$566.15 | \$566.15 | \$534.70 | \$534.70 |
| 48 | \$548.36 | \$548.36 | \$592.23 | \$592.23 | \$559.33 | \$559.33 |
| 49 | \$572.18 | \$572.18 | \$617.95 | \$617.95 | \$583.62 | \$583.62 |
| 50 | \$599.01 | \$599.01 | \$646.93 | \$646.93 | \$610.99 | \$610.99 |
| 51 | \$625.50 | \$625.50 | \$675.54 | \$675.54 | \$638.01 | \$638.01 |
| 52 | \$654.68 | \$654.68 | \$707.06 | \$707.06 | \$667.77 | \$667.77 |
| 53 | \$684.20 | \$684.20 | \$738.93 | \$738.93 | \$697.88 | \$697.88 |
| 54 | \$716.06 | \$716.06 | \$773.34 | \$773.34 | \$730.38 | \$730.38 |
| 55 | \$747.92 | \$747.92 | \$807.75 | \$807.75 | \$762.88 | \$762.88 |
| 56 | \$782.46 | \$782.46 | \$845.06 | \$845.06 | \$798.11 | \$798.11 |
| 57 | \$817.35 | \$817.35 | \$882.73 | \$882.73 | \$833.69 | \$833.69 |
| 58 | \$854.57 | \$854.57 | \$922.94 | \$922.94 | \$871.67 | \$871.67 |
| 59 | \$873.02 | \$873.02 | \$942.86 | \$942.86 | \$890.48 | \$890.48 |
| 60 | \$910.25 | \$910.25 | \$983.07 | \$983.07 | \$928.45 | \$928.45 |
| 61 | \$942.45 | \$942.45 | \$1,017.84 | \$1,017.84 | \$961.29 | \$961.29 |
| 62 | \$963.58 | \$963.58 | \$1,040.66 | \$1,040.66 | \$982.85 | \$982.85 |
| 63 | \$990.07 | \$990.07 | \$1,069.28 | \$1,069.28 | \$1,009.87 | \$1,009.87 |
| 64+ | \$1,006.16 | \$1,006.16 | \$1,086.65 | \$1,086.65 | \$1,026.29 | \$1,026.29 |

Keystone Health Plan Central (KHPC)
Small Group
Plan Design Summary

| HIOS Plan ID | Plan Marketing Name | Product | Metal | On/Off <br> Exchange | Network | Rating Area | Counties Covered |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 53789PA0090004 | Bronze HMO 8000/0/50 | HMO | Bronze | Off | HMO | $6,7,9$ |  |

## Company Name Keystone Healk Plan Central (KHPC) <br> Small Group

RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY




Rating Area Data Collection
Specify the total number of Rating Select only the Rating Areas you ar To validate, select the Validate but To finalize, select the Finalize buttc

| Rating Area | Rating Factor |
| :--- | :--- |
| Rating Area 6 | 1.0000 |
| Rating Area 7 | 1.0800 |
| Rating Area 9 | 1.0200 |

# KEYSTONE HEALTH PLAN CENTRAL 

## ACTUARIAL MEMORANDUM <br> Small Group Rates <br> Effective January 1, 2024

## General Information

## Company Information

- Company Legal Name: Keystone Health Plan Central
- State: PA
- HIOS Issuer ID: 53789
- Market: Small Group
- Effective Date: 1/1/2024


## PID Company Information

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2024
- Average Rate Change: 5.1\%
- Range of Requested Rate Change: $5.1 \%$ to $5.1 \%$
- Total additional annual revenue generated from the proposed rate change: $\$ 29,596$
- Product: HMO
- Rating Areas: 6,7,9
- Metal Levels: Bronze
- Current Covered Lives and Policyholders: 86/70
- 2024 Number of Plans/Change from 2023: 1/No Changes
- Contract Form \#: C24-KHPC-SGP
- Form Filing SERFF \#: CABC-133657256
- Binder SERFF \#: CABC-PA24-125116273
- HIOS Issuer ID: 53789


## Company Contact Information

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


## Scope and Purpose

By this filing, Keystone Health Plan Central (KHPC), a subsidiary of Capital Blue Cross (Capital), submits rates for products to be made available to all small groups effective January 1, 2024. KHPC will offer small group products off the federally-facilitated exchange.

Rate History and Proposed Variations in Rate Changes

| Market | Company | Effective <br> Date | SERFF \# | Annual <br> Increase |
| :---: | :---: | :---: | :---: | :---: |
| Small Group | KHPC | $1 / 1 / 2020$ | CABC-131921815 | $1.2 \%$ |
| Small Group | KHPC | $7 / 1 / 2020$ | CABC-132294841 | $-2.1 \%$ |
| Small Group | KHPC | $1 / 1 / 2021$ | CABC-132352804 | $-8.7 \%$ |
| Small Group | KHPC | $10 / 1 / 2021$ | CABC-132750972 | $-7.3 \%$ |
| Small Group | KHPC | $1 / 1 / 2022$ | CABC-132795960 | $4.6 \%$ |
| Small Group | KHPC | $1 / 1 / 2023$ | CABC-133252133 | $8.4 \%$ |
| Small Group | KHPC | $7 / 1 / 2023$ | CABC-133583560 | $7.1 \%$ |

## Average Rate Change

KHPC is proposing an aggregate annual $5.1 \%$ rate change, which varies by plan. The rate change is calculated in PA Rate Exhibits Part IV, Table 11, cell AN13.

The key drivers of the rate change, and approximate impact, are as follows:

- Future cost and utilization: 6.3\%
- Favorable manual data 2022 claims net risk adjustment experience: $-1.2 \%$


## Membership

Membership is shown in PA Rate Template Part I, Table 1. The average age is 38.

## Benefit Changes 2023-2024

A summary of proposed 2024 benefits is included in Exhibit A.
There are benefit changes being implemented in 2024. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). Any plan with a benefit change that did not meet the uniform modification of coverage standard was terminated, and
a new plan was created in its place. Benefit changes by plan are listed in Exhibit B, highlighted in yellow.

## Experience Period Premium and Claims

Single Risk Pool: The data used to develop rates and shown in URRT and PA Rate Exhibits abides by 45 CFR part 156.80 (d) single risk pool requirements. The single risk pool reflects all covered lives for every non-grandfathered, non-transitional product/plan combination for KHPC in the small group market.

Base Experience Period: The base experience period (BEP) includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2022 and December 31, 2022.

Transitional membership is not included in PA Rate Exhibits Table 2 or URRT.
Paid Through Date: Claims in the BEP are paid through February 28, 2023
Premiums (net of MLR Rebate) in BEP: Premiums are calculated on an earned basis in the BEP. MLR rebate adjustments are equal to zero as KHPC does not expect to refund any MLR rebates in the BEP.

## Allowed and Incurred Claims in BEP:

- Allowed claims are developed by combining paid claims with member cost-sharing. Allowed claims meet the definition in the URR instructions. They do not include provider quality incentive payments.
- Incurred claims are net of HHS CSR payments (CSR does not apply to Small Group).
- Capital only covers Essential Health benefits (EHBs).
- KHPC includes capitated PCP and mental health services.
- Allowed and Incurred claims are net of pharmacy rebates. BEP rebates are completed based on actual utilization of rebate-eligible drugs and rebate amounts.

Estimated Incurred but Not Paid Claims: Paid claims by date of service come directly from Capital's data warehouse. The method for calculating incurred claims in the BEP is as follows:

1. Historical fee-for-service claims are viewed by date of service and date of payment in a claims triangle.
2. The claims triangle payments are then accumulated by date of service to develop factors that represent the rate of accumulation or rate of "completion".
3. Historical rates of completion by duration are used to derive projected rates of completion. Some of the methods used to develop projected completion factors are averages (e.g. harmonic averages, time weighted averages, geometric averages) and regression methods. Numerous items are considered when viewing these averages or regression statistics, such as the impact of high claims on perceived completion patterns.
4. For durations that exhibit a projected completion factor greater than the Valuation Actuary's chosen threshold (e.g. 80\% complete), cumulative paid and incurred claims are divided by the projected completion factor to arrive at ultimate incurred claims. For durations that are less than the chosen threshold, a projection methodology is used. Similar to completion factor development, projection methodologies are worthy of a lengthy discussion. In general, an ultimate incurred claims PMPM is derived by projecting a recent 12-month period to the current month(s) and seasonally adjusting.
5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

$$
\text { BEP Incurred Claims }=\sum \frac{\text { BEP Paid Claims by Incurred Month }}{\text { Completion by Incurred Month }}
$$

## BEP Allowed Claims

$$
=\sum \frac{\text { BEP Paid Claims }+ \text { BEP Member Cost Share by Incurred Month }}{\text { Completion by Incurred Month }}
$$

Risk Adjustment in BEP: Risk adjustment amounts in the BEP are equal to the amounts sent by the Department on 5/3/2023.

Loss Ratio in BEP: Loss ratio is 124.22\%

## Credibility of Data

For the purpose of rate development, KHPC small group products are combined with other product offerings (HMO, PPO) from Capital subsidiaries. Combining the experience is actuarially justifiable for several reasons:

1. The demographics of members buying PPO and other products are similar.
2. Cost and utilization between PPO and other products are similar.
3. Medical policy between PPO and other products are almost identical, with the exception of referrals and no out-of-network benefit on HMO.

The credibility manual is the combination of KHPC, Capital Advantage Assurance Company (CAAC), and Capital Advantage Insurance Company (CAIC) data. The credibility manual BEP includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2022 and December 31, 2022. All data is trended and benefit-adjusted in the same manner as the experience data (same projection factors and trend).

## Trend Identification

Trend: 6.27\%

Trend levels reflect Capital's best estimate of changes in utilization, provider reimbursement contracts, the network of facilities and providers, disease management initiatives and the impact of utilization management.

The following is a description of considerations used to determine trend.

1. Base Cost/ Change in hospital and physician contracting: The contracted increase in reimbursements to hospitals and physicians is the basis of cost trends. Capital uses the following to project future costs:
a. Vendor Physician Cost Model and Internal Hospital Contracting Model
i. The medical cost models use best estimates of Capital Blue Cross
(Capital)'s future contracting increases with physicians and hospitals. The models use cost estimates based on varying contract effective dates by physician and hospital. All facilities and providers are considered in this modeling effort (i.e. acute and non-acute, network and non-network, inpatient and outpatient, in- area and out-of-area). From there, a monthly anticipated cost (assuming static utilization) summary is produced which can be used in projecting future claims costs. Cost trends are determined at the Capital book of business level for all commercial business.
b. Internal Prescription Drug Trend Model
i. Price Inflation
ii. Contract Pricing
iii. Member Cost-Sharing
iv. Units per Script
v. Brand/Generic Mix
vi. Therapeutic Mix
vii. Cost per Script
viii. Pipeline (new drugs)
2. Utilization Considerations:
a. Intensity of medical services rendered
b. Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
c. Further migration from brand prescription drugs to generic prescription drugs
d. Favorable impacts of value based benefits designs
e. Medical utilization estimates reviewed by Capital's Chief Medical Officer
3. Leveraging: The trend model is based on allowed cost increases. Paid claims trend at a higher rate than allowed due to leveraging. Leveraging is the impact of static cost-share, such as deductibles and copays, to the paid trend.
4. Intensity: Measure of cost increase due to change in treatment sophistication. An example is migration from x-rays to MRIs at significantly higher cost.
5. Underwriting Cycle: The underwriting cycle is defined as the tendency to swing between profitable and unprofitable periods over time. The underwriting cycle is exacerbated partly by pricing performed with incomplete information as to the level of current experience trends. A reaction delay occurs, as carriers tend to rely on measurements of past experience in developing current pricing assumptions. As a result, carriers are often increasing their pricing trends when actual experience trends have begun to decline, and decreasing their pricing trends actual trends are increasing. Capital strives to mitigate the underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

Historical Experience: Historical experience was not used to the develop trend.
Benefit Categories: Claims in the benefit categories displayed in URRT come directly from Capital's data warehouse. These same categories are used to develop category-level trend. See Exhibit C for a description of benefits by benefit category.

See Exhibit E for KHPC's pricing trend, as well as cost and utilization components of the pricing trend.

## Rate Development \& Change

## Projection Factors

Changes in Morbidity: Found in URRT Worksheet 1, "Morbidity Adjustment", and PA Rate Exhibits, Table 5.

KHPC is applying a factor of 0.467 to reflect the difference is projected Plan Liability Risk Score (PLRS) between KHPC and its subsidiary, CAAC, which underwrites the vast majority of the BEP experience. This factor aligns the rates with similar benefits offered under CAAC.

The above factor is found in Exhibit Q, Morbidity Factor Calculation.
Changes in Benefits: Benefit changes are not applied to allowed claims as allowed should stay consistent from 2022 to 2024. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from Capital's internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

In addition to cost-sharing changes, Capital is also implementing two benefit coverage changes.

- Senate Bill 8: Coverage of mammographic examinations and diagnostic breast imaging at no cost share. This bill goes into effect for Small Group and Individual policies in 2025, but Capital is adopting early compliance and will cover the relevant services at no cost share starting in 2024.
- Claim PMPM is developed by pulling 2022 Group and Individual MRI and diagnostic breast imaging member cost share associated with the relevant diagnosis codes.
- Additional Claim Cost PMPM is equal to member cost share divided by Group and Individual membermonths.
- The Mental Health Parity and Addiction Equity Act (MHPAEA) has expanded definitions of mental health services to include Autism coverage. With this expansion, Capital will cover Autism services in the Small Group market starting in 2024.
- Claim PMPM is developed by pulling 2022 Group and Individual denied Autism service claims.
- Additional Claim Cost PMPM is equal to denied Autism claims divided by 2022 Group and Individual membermonths.

The additional claim cost PMPMs are shown on Exhibit D2 - Benefit Additions. Senate Bill 8 only impacts incurred claims (the change is to member cost share), and MHPAEA change impacts both allowed and incurred claims.

The PMPM calculations are included with this filing in the following supporting workbooks:
SG_23-52_Initial_KHP_HMO_AutismDefinition_Supporting_20230517.xls
SG_23-52_Initial_KHP_HMO_SenateBill8_Supporting_20230517.xls
Changes in Demographics: KHPC does not expect changes in demographics in its small group population.

Changes in Network: A network adjustment is applied to show the value of changes in network from the BEP to the rating period. The value is calculated as:

> Network Factor $\quad=([$ Projected MM by Plan $] \times[$ Network Factor by Plan $])$  $\div[$ Total Projected MM $]$

The network calculation is found on Exhibit D2 - Network Mix Changes.
Other Adjustments: No other adjustment is applied to the BEP.
Benefits, Demographics, Network and Other adjustments are found in URRT, Worksheet 1, and PA Rate Exhibits, Table 5.

## Index Rate

The experience period index rate is KHPC's allowed claims PMPM, set in accordance with the single risk pool provision. All KHPC covered benefits are categorized as Essential Health Benefits ( EHBs ), therefore no adjustment was made to the experience period index.

Projected Allowed Claims: The KHPC experience period allowed claims, benefit-adjusted, trended to the projection period (See Projection Factors section above), and credibility adjusted, is the Projected Allowed Claims at Current Benefits. This number is reflected in Worksheet 1 of URRT ("Projected Allowed Experience Claims PMPM (w/ applied credibility if applicable)").

To calculate the projected index rate:

1. Start with Projected Allowed Claims at Current Benefits
2. The Projected Allowed Claims at Current Benefits reflect EHBs 100 percent, so no adjustment needs to be made to add EHBs and remove non-EHB claim cost. This is the index rate for individuals renewing January - December.

See Exhibit J for the Index Rate.

## Paid to Allowed Ratio

KHPC used the prescribed URRT allowed claim rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. URRT projects allowed claims, and uses a paid-to-allowed ratio in order to adjust allowed claims to paid levels. This value is then used to develop premiums. In order to determine the paid-to-allowed ratio, KHPC projected paid and incurred claims, adjusted for benefits, to the experience period.

Projected Paid and Incurred Claims are calculated as follows:

1. Gather claims experience as described in the Data section above.
a. Base Experience Period (BEP) Paid Claims, Capitation, and Rx Rebates
b. BEP Member Months
2. Develop BEP Paid and Incurred Claims:

$$
\text { BEP Paid and Incurred Claims }=\frac{\text { BEP Paid Claims }}{\text { Completion Factor }}
$$

The development of completion factors is described in Experience Period Premium and Claims above.
3. Develop the BEP Paid and Incurred Claim PMPM:

$$
\text { BEP Paid and Incurred Claim PMPM }=\frac{\text { BEP Paid and Incurred Claims }}{\text { BEP Member Months }}
$$

4. Develop Trended Claim PMPM: Using the aggregate trend described in the Projection Factors section above, trend the BEP Paid and Incurred Claim PMPM from the midpoint of the experience period to the midpoint of the rating period.

$$
=[B E P \text { Paid and Incurred Claim PMPM }] \times(1+[\text { Trend } \%])^{\text {Trend Months } / 12}
$$

5. Develop Projected Paid and Incurred Claim PMPM:

Projected Paid and Incurred Claims PMPM
$=[$ Trended Claim PMPM $] \times[$ Benefit Adjustment $]$
$\times[$ Morbidity Adjustment $]+[$ Benefit Additions $]$
The Benefit Adjustment, Morbidity Adjustment, and Benefit Additions are discussed in the Projections Factors section above.
6. Develop Projected Claims PMPM by Benefit as follows:
a. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a $\$ 0$ office visit copayment and a $\$ 25$ ER copayment. Given a particular benefit design (for example, $\$ 20$ office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on cumulative probability distributions (CPDs), where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
b. This actuarial cost model derives a Manual Cost for each benefit design in the experience period, as well as plans being offered in the projection period. The average Manual Cost of the experience is compared to the Manual Cost of the base plan. The projected experience period data is then adjusted to the base plan:

$$
\text { Benefit Level Adjustment }=\frac{\text { Average Manual Cost in Projection Period }}{\text { Manual Cost of Base Plan }}
$$

c. The Projected Paid and Incurred Claim PMPM (Step 5) is then adjusted to the Base Plan as follows:

Base Plan Paid and Incurred Claims PMPM
$=\frac{\text { Benefit Adjusted Paid and Incurred Claims PMPM }}{\text { Benefit Level Adjustment }}$
d. Each additional benefit design has its own unique Manual Cost, which can then be compared to the Base Plan to develop a Benefit Relativity:

$$
\text { Benefit Relativity } A=\frac{\text { Manual Cost of Benefit A }}{\text { Manual Cost of Base Plan }}
$$

e. The Benefit Relativity developed in d. above is then used as a gauge to develop a final Pricing Relativity. This pricing relativity is developed using actuarial judgment including the following considerations:
i. Final premium relativities must make sense based on benefits. For example, the annual cost difference between a 2000 plan and 1000 plan must be less than $\$ 1000$.
ii. Adjustments for plan designs that fall outside of the actuarial cost model.
a. So the Projected Claims PMPM by Benefit is:

$$
\begin{aligned}
& \text { Projected Claims PMPM Benefit A } \\
&=\text { Projected Claims PMPM Base Plan } \\
& \times \text { Pricing Relativity } A
\end{aligned}
$$

b. And to arrive at the Total Projected Claims PMPM, KHPC assumes a distribution of members across the benefit plans being offered in the projection period. The Total Projected Claims PMPM :

$$
\begin{aligned}
& =\text { Projected Claims PMPM Benefit A } \times \text { Expected Member Dist of Benefit } A \\
& \quad+\text { Projected Claims PMPM Benefit } B \\
& \quad \times \text { Expected Member Dis of Benefit } B+\cdots
\end{aligned}
$$

7. The Paid-To-Allowed Ratio is then:

$$
\text { Paid to Allowed Ratio }=\frac{\text { Total Projected Claims PMPM }}{\text { Projected Allowed Claims at Current Benefits }}
$$

See Exhibit G for the development of the Paid-to-Allowed Ratio. And see Exhibit L for the plan-level projected incurred amount development.

## Market Adjusted Index Rate

The Market Adjusted Index Rate is calculated as the Index Rate adjusted for all allowable marketwide modifiers defined in the market rating rules, 45 CFR Part 156.80(d)(1). So,

```
[Market Adjusted Index Rate]
    = ([Index Rate] x [Paid to Allowed Ratio]
    - [Projected Incurred Reinsurace Recoveries]
    - [Projected Incurred Risk Adjustment PMPM]
    +[Exchange Fees PMPM]) }\div[\mathrm{ [Paid to Allowed Ratio]
```


## Projected Incurred Risk Adjustments PMPM:

Relevant to 2024 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2024. The following items are those that we deem important in generating a CRA payment transfer adjustment:

1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
2. Statewide average premiums
3. Current market penetration of this company and competitors in the market and in the state
4. 2021-2022 risk adjustment results
5. Market improvement in coding risk: Capital's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that Capital is disadvantaged in the market. This will drive Capital's relative risk to the market down over time.

The 2024 projected risk adjustment PMPM is set equal to the 2022 amount sent by the Department on $5 / 3 / 2023$ adjusted for expected changes in statewide average premium.

## Projected Incurred Reinsurance Recoveries:

Reinsurance does not apply to the small group market.

## Exchange Fee PMPM:

KHPC only offers off-exchange plans in the small group market, so the exchange fee is $\$ 0$.
The exchange fee PMPM is calculated as:

$$
\begin{aligned}
& \text { Exchange Fee PMPM } \\
&=[\text { Avg } 2024 \text { On }- \text { Exchange Premium PMPM }] \times[\% \text { Members On } \\
&- \text { Exchange }]
\end{aligned}
$$

Where

$$
\begin{aligned}
{[\text { Avg } 2024 \text { On }} & - \text { Exchange Premium PMPM } \\
& =[\text { Avg } 2023 \text { On }- \text { Exchange Premium PMPM } \times(1 \\
& +[\text { Avg Proposed Rate Change }])
\end{aligned}
$$

See Exhibit K for the development of the Market Adjusted Index Rate.

## Retention Items

## Administrative Expense Load:

1. Risk Adjustment User Fee: To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.21 PMPM. The Risk Adjustment Fee PMPM is included in URRT Worksheet 1, URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.
2. Administrative Expense: Calculated using an allocation method from Capital's Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to Capital small group products. Administrative expenses are included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.
a. Value-Based Benefits (VBB): Standard with each plan, Capital Blue Cross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
i. Complete biometric screening and receive a gift card.
ii. Meeting biometric measure or finish online coaching program and receive a gift card reward.
iii. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
iv. Fees are included in overall administrative expense fee discussed above.
v. Included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.
3. Broker Expense: Calculated based on Capital's explicit per contract broker fee. Broker Expense is included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6. Brokers are paid on new business and renewals the same commission rate for all geographic locations, enrollment dates, and metal levels. Attached please find the proposed 2024 broker agreements - redacted versions. Files are as follows:
a. Redacted Standard Producer Master Agreement: "SG_23-

52_Initial_KHP_HMO_SPMABrokerGroupRedacted_Supporting_20230517.pdf"
b. Redacted Preferred Producer Master Agreement: "SG_23-

52_Initial_KHP_HMO_PPMABrokerGroupRedacted_Supporting_20230517.pdf"
4. Additional Quality Improvement: Additional QI amounts applied in rating equal $0.0 \%$. Included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.

## Profit (or Contribution to Surplus) \& Risk Margin:

5. Contingency: Contingency is included in URRT Worksheet 2, "Profit \& Risk Load" and PA Rate Exhibits Table 6.

## Taxes and Fees:

1. Fee for Patient-Centered Outcomes Research Trust Fund (PCORTF): As per the Notice of Proposed Rulemaking for Fees on Health Insurance Policies and Self-Insured Plans for the Patient-Centered Outcomes Research Trust Fund (REG-136008-11), 77 Fed. Reg. 22691: For policy years ending on or after October 1, 2022, and before October 1, 2023, the applicable dollar amount is $\$ 3$ per member per year ( $\$ 0.25$ PMPM). Capital assumes the 2024 projected fee will be trended at $0 \%$.
2. Exchange Fee: N/A
3. Federal Income Tax: Federal Income Tax will be collected on the $2 \%$ contingency built into the premium. The projected Federal Income Tax is included in URRT Worksheet 2, "Taxes and Fees", and PA Rate Exhibits, Table 6.

See Exhibit H as well as PA Rate Exhibits Table 6 for all retention values.

## Plan Rate Development

The Plan Adjusted Index Rates are included in Worksheet 2, Section IV of URRT.
The following adjustments were used to derive the Plan Adjusted Index Rate:

1. Actuarial Value and Cost Sharing adjustment: The Actuarial Value and Cost Sharing Adjustment is determined using KHPC's actuarial cost model. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a $\$ 0$ office visit copayment and a $\$ 25$ ER copayment. Given a particular benefit design (for example, $\$ 20$ office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a claim PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on CPDs, where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
2. Induced Demand: Induced Demand: Induced Demand: Please see Table 8. Induced Demand is calculated as:
$[\text { Pricing AV }]^{2}-[$ Pricing AV $]+1.24$
Where Pricing $A V$ is adjusted by the Non-Funding of CSR factor: PA Rate Exhibits, Table 10, column K x column P.
3. Provider Network: The Provider network is the same across all HMO plans.
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Adjustment for distribution and administrative costs: Described in Retention Items section above.
6. Tobacco Adjustment: Not applied to Small Group plans.

The development of the Plan Adjusted Index rate is found in Exhibit L, and summarized in Exhibit M.

## Calibrated Plan Adjusted Index Rates

Age Curve Calibration: The average age factor is calculated by taking the member-weighted average of current small group enrollment by age in Capital. Age factors are applied in accordance with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file SG_23-52_Initial_KHP_HMO_ListBilled_Supporting_20230517.xlsb for the calculation.

Geographic Factor Calibration: The average geographic rating factor is calculated by taking the Capital member-weighted average by region.

Geographic factors are unchanged from 2023.
Tobacco Factor Calibration: Tobacco factor not applied.
The calibration is:
$[$ Calibrated Plan Adjusted Index Rate $]=[$ Plan Adjusted Index Rate $] \div$ ([Age Curve Calibration] $\times$ [Geographic Factor Calibration] $x$ [Tobacco Factor $]$ )

Calibrated Plan Adjusted Index Rates are found on PA Rate Exhibits Table 10.
The calibration factors and development are found on Exhibit N.

## Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:
$[$ Member - Level Consumer Adjusted Premium Rate $]$
$\quad=[$ Calibrated Plan Adjusted Index Rate $] \times[$ Age Factor $]$
$\quad \times[$ Geographic Factor $] \times[$ Tobacco Factor $]$
2. $[$ Family Consumer Adjusted Premium Rate $]=\sum[$ Member Level Consumer Adjusted Premium Rate]

With no more than three child dependents under age 21 taken into account

All consumer-level adjustments are applied uniformly to all plans in the Single Risk Pool. These adjustments do not vary by plan. Age and Geographic factors are displayed in Exhibits O.

Base Rates, i.e. Calibrated Plan Adjusted Index Rates, are found on Exhibit P.

## AV Metal Values

Plans: 53789PA0090004 use alternative method $156.135(\mathrm{~b})(2)$ to establish AV.
SG_23-52_Initial_KHP_HMO_UniquePlanDesign_Supporting_20230517 includes a detailed explanation of the approach.

See AV Screenshots included with the submission:
SG_23-52_Initial_KHP_HMO_AVScreenPrints_Supporting_CONF_20230517

## AV Pricing Values

All AV Pricing values were developed using Capital's actuarial cost model and actuarial judgment as described in section Paid to Allowed above. Differences in health status are not included.

## Projected Loss Ratio

See Exhibit I for the projected loss ratio calculation. The projected loss ratio is calculated using the federally prescribed MLR methodology.

## Membership Projection

The membership projections found in Worksheet 2 of URRT were developed by assuming that moderate decline in enrollment and similar distribution to current.

## Projected versus Actual MLR

Exhibit R shows a history of projected versus actual MLR and Member Months. Projected comes from the 2019-2021 filings. Actual comes from Table 4.

|  | MLR |  | Member Months |  |
| ---: | ---: | ---: | ---: | ---: |
| Calendar Year | Actual | Pricing | Actual | Pricing |
| 2019 | $89.27 \%$ | $81.67 \%$ | 1,145 | 1,514 |
| 2020 | $86.92 \%$ | $80.33 \%$ | 888 | 1,140 |
| 2021 | $62.60 \%$ | $80.92 \%$ | 1,183 | 766 |

## Claim Cost Projection

Exhibit S shows a history of claim cost projection versus actual from 2019-2022 filings.

## Attachments and Examples

The following is a list of Exhibits and Data to support this filing:
PA Rate Exhibits Part I through Part VI
Table B
Exhibit A - Benefit Summary
Exhibit B - Benefit Change Summary
Exhibit C - Benefit Categories
Exhibit D - Benefit Mix
Exhibit D1 - Network Mix
Exhibit D2 - Benefit Additions
Exhibit E - Trend
Exhibit F - URRT
Exhibit G - Paid-to-Allowed Development
Exhibit H - Retention
Exhibit I - Projected Loss Ratio
Exhibit J - Index Rate
Exhibit K - Market Adjusted Index Rate
Exhibit L - Rate Development by Plan
Exhibit M - Plan Adjusted Index Rates
Exhibit N - Calibration
Exhibit O-Rating Factors
Exhibit P - Quarterly Base Rates
Exhibit Q - Morbidity Factor
Exhibit R - MLR Exhibit
Exhibit S - Claim Cost Projection
Broker Contracts
Actuarial Value Screenshots
List-Billed Data
Benefit Additions Calculation Workbooks
Standard Questions

## Actuarial Statement

I, , ASA, MAAA, am of the opinion that this filing is in compliance with the applicable Federal and State Laws and Regulations concerning the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010.

I, , ASA, MAAA, do hereby certify that:

1. This filing has been prepared in accordance with the following:
a. Actuarial Standard of Practice No. 5, "Health and Disability Claims"
b. Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans"
c. Actuarial Standard of Practice No. 12, "Risk Classification"
d. Actuarial Standard of Practice No. 23, "Data Quality"
e. Actuarial Standard of Practice No. 25, "Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverage"
f. Actuarial Standard of Practice No. 26, "Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans"
g. Actuarial Standard of Practice No. 41, "Actuarial Communications".
2. The index rate is:
a. Projected in compliance with all applicable state and federal statutes and regulations (45 CFR 156.80 (d) (1)).
b. Developed in compliance with the applicable Actuarial Standards of Practice.
c. Reasonable in relation to the benefits provided and the population anticipated to be covered.
d. Neither excessive nor deficient.
e. Adjusted by only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) to generate plan level rates.
3. The percent of total premium that represents essential health benefits were calculated in accordance with actuarial standards of practice.
4. The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans, and in accordance with CFR $156.135(\mathrm{~b})(2)$ as necessary. For any plan requiring an alternative method, the development of the actuarial value is based on one of the acceptable alternative methods outlined in $156.135(\mathrm{~b})(2)$ or 156.135 (b)(3) for benefits that deviate substantially from the parameters of the AVC and have a material impact on the actuarial value.
a. The analysis was
i. conducted by a member of the American Academy of Actuaries, and
ii. performed in accordance with generally accepted actuarial principles and methods.
5. Geographic area rating factors reflect only differences in the costs of delivery and not differences due to population morbidity.
6. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
7. New plans are not considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
8. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2023 Rate Filing Justification.




|  | 11 |
| :--- | :--- |
|  | II |
|  |  |
|  |  |

All fields with an asterisk (*) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F. If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns. If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band. If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use. It Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.
HIOS Issuer ID* 53789

Rate Effective Date* | $4 / 1 / 2024$ |
| :--- |
| $6 / 30 / 2024$ |

Rating Method* |  |  |
| :--- | :--- |

Required:
a subscri
rate
Required:
of an Individual
No Preference enrollee on a plan
0

53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PAPA00900004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6
53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6

53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 53789PA0090004 Rating Area 6 | 53789PA0090004 Rating Area 6 |
| :--- |
| 53789PA0090004 | 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789 PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 $53789 P A 0090004$ Rating Area 7 53789PA00900004 Rating Area 7 53789PA00900004 Rating Area 7 53789PA0090004 Rating Area 7

53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7
53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7
53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7
53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7
53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7
53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7
53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7
53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789 PA0090004 Rating Area 7 53789PA0000004 Rating Area 7 53789PA0090004 Rating Area 7
53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Rating Area 7 53789PA0090004 Raling Area 7 53789PA0000004 Raing Area 7 53789PA0090004 Rating Area 7
53789PA0090004 Rating Area 7

No Preferen No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preferencence No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preferencence No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference No Preference

| $0-14$ | 248.89 |
| ---: | ---: |
| 15 | 271.02 |
| 16 | 279.48 |
| 17 | 287.93 |
| 18 | 297.04 |
| 19 | 306.15 |
| 20 | 315.59 |
| 21 | 325.35 |
| 22 | 325.35 |
| 23 | 325.35 |
| 24 | 325.35 |
| 25 | 326.65 |
| 26 | 333.16 |


| 333.16 |
| ---: |
| 340.97 |
| 353. |


| 28 | 353.66 |
| ---: | ---: | ---: |
| 29 | 364.07 |
| 30 | 369.27 |


| 31 | 377 |
| ---: | ---: |
| 32 | 384. |
| 33 | 389.7 |
| 34 | 394.97 |
| 35 | 397.58 |


| 36 | 400.18 |
| ---: | ---: |
| 37 | 402.78 |
| 38 | 405.39 |
| 39 | 410.59 |
| 40 | 415.8 |


| 39 | 410.59 |
| ---: | ---: | ---: |
| 40 | 415.80 |
| 41 | 423.61 |


| 42 | 431.09 |
| ---: | ---: | ---: |
| 43 | 441.50 |
| 44 | 45.51 |


| 45 | 469.81 |
| ---: | ---: | ---: |
| 46 | 488.02 |
| 47 | 53.52 |
| 48 | 54.9. |


| 48 | 531.95 |
| ---: | ---: |
| 49 | 555.05 |
| 50 | 581.08 |
| 51 | 606.78 |
| 52 | 635.08 |


| 52 | 635.08 |
| ---: | ---: |
| 53 | 6634 |
| 54 | 694.62 |
| 55 | 725.53 |


and ove

| 64 and over | 960.43 |
| ---: | ---: |
| $0-14$ | 976.04 |
| 15 | 268.80 |
| 16 | 292.70 |
| 17 | 301.83 |
| 18 | 310.97 |
| 19 | 320.81 |
| 20 | 330.65 |
| 21 | 340.84 |
| 22 | 351.38 |
| 23 | 351.38 |
| 24 | 351.38 |
| 25 | 351.38 |
| 26 | 352.78 |
| 27 | 359.81 |
| 28 | 368.24 |
| 29 | 381.95 |
| 30 | 393.19 |
| 31 | 398.81 |
| 32 | 40.25 |
| 33 | 415.68 |
| 34 | 420.95 |
| 35 | 426.57 |
| 36 | 429.38 |
| 37 | 432.19 |
| 38 | 435.01 |
| 39 | 437.82 |
| 40 | 443.44 |
| 41 | 449.06 |
| 42 | 457.49 |
| 43 | 465.58 |
| 44 | 476.82 |
| 45 | 490.88 |
| 46 | 507.39 |
| 47 | 527.07 |
| 48 | 549.20 |
| 49 | 574.50 |
| 50 | 599.45 |
| 51 | 627.56 |
| 52 | 655.32 |
| 53 | 685.89 |
| 54 | 716.81 |
|  | 750.19 |












| Por Prosesiome | Sisorsmixe |
| :---: | :---: |
|  |  |
|  | IP - Maternity Non-del IP - Medical |
|  | (ip |
|  |  |
|  |  |
|  |  |
| com |  |
|  |  |
| come |  |
| come |  |
| como |  |
| come |  |
| come |  |
| Somen | Op Sineme |
| coicle | Aoniberifio our |
|  |  |
|  |  |
|  |  |
|  | Mateme |
| coicle | onime dininieser Dines |
| coicle |  |
|  |  |
|  | Onder |
|  |  |
|  |  |
|  | Men |
|  |  |
|  | cimemem |
|  |  |
|  |  |
|  |  |
|  | (on |
|  |  |
|  | Ofirenise ofirecteme vis |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  | Prememe |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  | Ouncemandumer |
|  | obiterat DuEs |
|  |  |

## Keystone Health Plan Central

Rate
Effective 1/1/2024

## Benefit Mix Changes

| Benefit Mix Calculation |
| :--- |
|  |
| Average in Experience Period |
| Average in Rating Period | Manual Cost PMPM


| BEP Manual Cost Calcul | 330.84 | $\begin{array}{r} 449,510 \\ 449,510 \end{array}$ | Projected 2024 Manual C | 217.55 | 1,124 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Manual Cost |  |  |  | Proj Member |
| HIOS 14 Digit | PMPM | BEP MM | HIOS 14 Digit | Total | Dist |
| 45127PA0010054 | 392.45 | 9,024 | 53789PA0090004 | 217.55 | 1,124 |
| 45127PA0010055 | 404.51 | 22,909 |  |  |  |
| 45127PA0010057 | 383.14 | 6,077 |  |  |  |
| 45127PA0010058 | 395.69 | 12,544 |  |  |  |
| 82795PA0130001 | 364.20 | 2,266 |  |  |  |
| 45127PA0010116 | 362.73 | 8,642 |  |  |  |
| 45127PA0010117 | 375.89 | 19,692 |  |  |  |
| 45127PA0010084 | 349.11 | 12,053 |  |  |  |
| 45127PA0010085 | 362.38 | 32,992 |  |  |  |
| 45127PA0010089 | 328.06 | 25,818 |  |  |  |
| 45127PA0010090 | 342.06 | 65,959 |  |  |  |
| 45127PA0010194 | 319.64 | 16,460 |  |  |  |
| 45127PA0010195 | 334.34 | 29,169 |  |  |  |
| 45127PA0010161 | 347.05 | 6,028 |  |  |  |
| 45127PA0130001 | 338.14 | 380 |  |  |  |
| 45127PA0130002 | 347.94 | 324 |  |  |  |
| 45127PA0010131 | 295.61 | 15,991 |  |  |  |
| 45127PA0010132 | 310.14 | 26,990 |  |  |  |
| 45127PA0010184 | 281.45 | 13,953 |  |  |  |
| 45127PA0010185 | 296.24 | 18,553 |  |  |  |
| 45127PA0010186 | 276.41 | 7,388 |  |  |  |
| 45127PA0010187 | 291.37 | 9,443 |  |  |  |
| 45127PA0010124 | 312.69 | 17,414 |  |  |  |
| 45127PA0010170 | 290.97 | 22,096 |  |  |  |
| 45127PA0130003 | 312.34 | 516 |  |  |  |
| 45127PA0130004 | 319.81 | 331 |  |  |  |
| 53789PA0090004 | 218.46 | 1,345 |  |  |  |
| 45127PA0010135 | 243.29 | 20,657 |  |  |  |
| 45127PA0010199 | 277.28 | 8,363 |  |  |  |
| 45127PA0010196 | 363.03 | 1,022 |  |  |  |
| 45127PA0010198 | 350.68 | 6,871 |  |  |  |
| 45127PA0010197 | 343.86 | 5,177 |  |  |  |
| 45127PA0130005 | 338.14 | 156 |  |  |  |
| 45127PA0130006 | 347.94 | 339 |  |  |  |
| 45127PA0130007 | 312.34 | 140 |  |  |  |
| 45127PA0130008 | 319.81 | 101 |  |  |  |
| 45127PA0010200 | 357.37 | 42 |  |  |  |
| 45127PA0010202 | 326.90 | 375 |  |  |  |
| 45127PA0010201 | 317.78 | 44 |  |  |  |
| 45127PA0010190 | 344.93 | 431 |  |  |  |
| 45127PA0010191 | 355.76 | 953 |  |  |  |
| 45127PA0010188 | 345.47 | 33 |  |  |  |
| 45127PA0010189 | 354.06 | 438 |  |  |  |
| 45127PA0010144 | 298.39 | 1114 |  |  |  |

# Keystone Health Plan Central 

Small Group Rates
Effective 1/1/2024
Network Mix Changes

| Network Change |  | 0.982 |  |
| :--- | ---: | ---: | ---: |
| Projected MemberMonths |  |  |  |
| HMO | 1,124 | $100.0 \%$ | 0.980 |
|  | 1,124 | $100.0 \%$ | 0.98 |
|  |  |  |  |
|  |  |  |  |
|  |  |  | 0.998 |
|  |  |  | 1.00 |
| BEP | 449,510 | $100.0 \%$ | 0.90 |
| PPO | 433,369 | $96.4 \%$ | 0.90 |
| Valley Advantage EPO | 1,551 | $0.3 \%$ | 0.96 |
| Capital Advantage EPO | 736 | $0.2 \%$ | 0.98 |
| PPO Choice | 12,048 | $2.7 \%$ | 0.89 |
| Performance PPO | 461 | $0.1 \%$ | 0.98 |
| PPO Choice Select | - | $0.0 \%$ |  |
| HMO | 1,345 | $0.3 \%$ |  |

# Keystone Health Plan Central 

Small Group Rates
Effective 1/1/2024

## Benefit Additions

Senate Bill 8 - Coverage of mammographic examinations and diagnostic breast imaging at no cost share Additional Claim PMPM $\$ 0.20$

MHPAEA - Add Autism coverage to Small Group and Individual Plans
Additional Claim PMPM
$\$ 0.40$
Benefit Change Factor
1.001

## Effective 1/1/2024

## Trend

Trend by Service Category

| Trend by Service Category |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Year 1 |  |  | Year 2 |  |  |  |  |  |
| Category | Cost | Util | Induced Demand | Cost | Util | Induced Demand | Total Year 1 | Total Year 2 | Weights | Total Weights |
| Inpatient Hospital | 4.20\% | 0.50\% | 0.00\% | 5.30\% | 0.50\% | 0.0\% | 4.7\% | 5.8\% | 21\% | 17\% |
| Outpatient Hospital | 4.40\% | 1.00\% | 0.00\% | 5.40\% | 1.00\% | 0.0\% | 5.4\% | 6.5\% | 49\% | 40\% |
| Professional | 4.70\% | 1.00\% | 0.00\% | 4.60\% | 1.00\% | 0.0\% | 5.7\% | 5.6\% | 27\% | 22\% |
| Other Medical | 4.40\% | 0.50\% | 0.00\% | 5.40\% | 0.50\% | 0.0\% | 4.9\% | 5.9\% | 3\% | 2\% |
| Capitation | 3.00\% | 0.00\% | 0.00\% | 3.00\% | 0.00\% | 0.0\% | 3.0\% | 3.0\% | 0\% | 0\% |
| Prescription Drug | 7.90\% | 1.10\% | 0.00\% | 7.00\% | 1.00\% | 0.0\% | 9.1\% | 8.1\% | 100\% | 19\% |
| Dental \& Vision | 1.00\% | 1.00\% | 0.00\% | 1.00\% | 1.00\% | 0.0\% | 2.0\% | 2.0\% | 100\% | 100\% |


| Aggregate Pricing Trend Year 1 |  | Aggregate Pricing Trend Year 2 |  | Average Pricing Trend |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Total | 6.1\% | Total | 6.5\% | Total | 6.3\% |
| Medical | 5.4\% | Medical | 6.1\% | Medical | 5.7\% |
| Drug | 9.1\% | Drug | 8.1\% | Drug | 8.6\% |
| Agg Med + Rx Trend | 6.1\% | Agg Med + Rx Trend | 6.5\% | Agg Med + Rx Trend | 6.3\% |
| Dental and Vision | 2.0\% | Dental and Vision | 2.0\% | Dental and Vision | 2.0\% |


|  | Year 1 Raw Trends* |  |  |  | Year 2 Raw Trends* |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| URRT Categories | Cost | Utilization | Induced Demand | Composite | Cost | Utilization | Induced Demand | Composite |
| Inpatient Hospital | 4.2\% | 0.5\% | 0.0\% | 4.8\% | 5.3\% | 0.5\% | 0.0\% | 5.8\% |
| Outpatient Hospital | 4.4\% | 1.0\% | 0.0\% | 5.5\% | 5.4\% | 1.0\% | 0.0\% | 6.5\% |
| Professional | 4.7\% | 1.0\% | 0.0\% | 5.8\% | 4.6\% | 1.0\% | 0.0\% | 5.6\% |
| Other Medical | 4.4\% | 0.5\% | 0.0\% | 4.9\% | 5.4\% | 0.5\% | 0.0\% | 6.0\% |
| Capitation | 3.0\% | 0.0\% | 0.0\% | 3.0\% | 3.0\% | 0.0\% | 0.0\% | 3.0\% |
| Prescription Drugs | 7.9\% | 1.1\% | 0.0\% | 9.1\% | 7.0\% | 1.0\% | 0.0\% | 8.1\% |
| Dental \& Vision | 1.0\% | 1.0\% | 0.0\% | 2.0\% | 1.0\% | 1.0\% | 0.0\% | 2.0\% |

*From Hospital and Physician Trend Models

| Adjustments to Pricing Trend |  |  |  |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: |
|  | $\underline{y y y y y}$ | Medical |  | Drug |  |
| Intensity |  | $0.0 \%$ | Contracting |  | $0.0 \%$ |
| Leveraging |  | $0.0 \%$ | Leveraging | $0.0 \%$ |  |
| Demographics |  | $0.0 \%$ | Demographics | $0.0 \%$ |  |
| Buy-Downs | $0.0 \%$ | Buy-Downs | $0.0 \%$ |  |  |
| Other | $0.0 \%$ | Pipeline | $0.0 \%$ |  |  |
| Total | $0.00 \%$ | Total | $0.00 \%$ |  |  |

## mall Group Rates

Effective 1/1/2024
Credibility Manual Development for URRT

| Experience Period Member Months 449,510 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Section II: Projections |  |  | Year 1 Trend Year 2 Trend |  |  |  |  |  |  |  |  |  |  |
|  | Experience Period Index Rate |  | Cost | Utilization | Cost | Utilization | Trended EHB <br> Allowed Claims |  |  |  |  |  | PMPM |
| Inpatient Hospital | \$ | 119.00 | 1.042 | 1.005 | 1.053 | 1.005 | 131.88 | \$ | 52,201,500 | \$ | 53,489,564 | \$ | 119.00 |
| Outpatient Hospital | \$ | 281.56 | 1.044 | 1.010 | 1.054 | 1.010 | 316.05 | \$ | 104,397,173 | \$ | 126,563,801 | \$ | 281.56 |
| Professional | \$ | 152.24 | 1.047 | 1.010 | 1.046 | 1.010 | 170.08 | \$ | 51,709,510 | \$ | 68,433,287 | \$ | 152.24 |
| Other Medical | \$ | 17.45 | 1.044 | 1.005 | 1.054 | 1.005 | 19.39 | \$ | 6,411,005 | \$ | 7,845,797 | \$ | 17.45 |
| Capitation | \$ | - | 1.030 | 1.000 | 1.030 | 1.000 | 0.00 | \$ | 2,150 | \$ | 2,150 | \$ | - |
| Prescription Drug | \$ | 132.68 | 1.079 | 1.011 | 1.070 | 1.010 | 156.42 | \$ | 52,585,491 | \$ | 59,640,336 | \$ | 132.68 |
| Total | \$ | 702.93 |  |  |  |  | 793.82 |  |  |  |  | \$ | 702.93 |

* All data experience is from CAAC, and other CBC subsidiaries - Capital Advantage Insurance Company (CAIC), and Keystone Health Plan Central (KHPC) Morbidity
Othe
0000
Change in Demographics
Change in Network
Change in Benefits
Change in Other
0.982
. 9820
.0010
364.40



## Retention

|  | Medical + Rx | Dental | Vision | Total | \% of Premium |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Reinsurance Contribution | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0\% |
| Risk Adjustment Fee | \$0.21 | \$0.00 | \$0.00 | \$0.21 | 0.0\% |
|  |  |  |  |  |  |
| Admin PMPM | \$54.27 | \$0.60 | \$0.09 | \$54.96 | 10.7\% |
| Broker PMPM | \$20.52 | \$0.00 | \$0.00 | \$20.52 | 4.0\% |
| Placeholder 1 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0\% |
| Placeholder 2 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0\% |
| Placeholder 3 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0\% |
| Quality Improvement | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% |
| Contingency | 2.0\% | 2.0\% | 2.0\% | 2.0\% | 2.0\% |
| Patient-Centered Outcomes Research Trust Fund: | \$0.25 | \$0.00 | \$0.00 | \$0.25 | 0.0\% |
| Insurer Tax | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% |
| Exchange Fee | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0\% |
| Federal Income Tax | 0.5\% | 0.5\% | 0.5\% | 0.5\% | 0.5\% |
| Premium Tax | 0.0\% | 0.0\% | 0.0\% | 0.0\% | 0.0\% |

## Insurer Tax and Admin Fee Calc

Applied HIF to All Quarters
0.00\%

| Quarter | \% of Enrollees | HIF |  | 2022 assessmen2023 assessment |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1 | 29\% | 0.00\% |  | 0 | 0.00\% | 0.00\% |
| 2 | 13\% | 0.00\% |  | 3 | 0.00\% | 0.00\% |
| 3 | 15\% | 0.00\% |  | 6 | 0.00\% | 0.00\% |
| 4 | 43\% | 0.00\% |  | 9 | 0.00\% | 0.00\% |
|  | Admin | Profit | Taxes |  |  |  |
|  | 14.7\% | 2.0\% | 0.6\% |  |  |  |
| Claims | 10.7\% |  |  |  |  |  |
| Broker | 4.0\% |  |  |  |  |  |
| Quality Improvement | 0.0\% |  |  |  |  |  |


| HIOS | 53789 PA0090004 |
| :---: | :---: |
| Bronze HMO |  |
| Med Plan | $8000 / 0 / 50$ |
| Rx Plan | Combined |
| Deductible | 8000 |
| Expected Claim Cost | 423.42 |
| Expected Premium PMPM * | $\$ 512.33$ |
| Allowed Adjustments to Premium for MLR |  |
| Reinsurance Contribution | 0.00 |
| Patient-Centered Outcomes Research Trust Fund: | 0.25 |
| Risk Adjustment Fee | 0.21 |
| Premium Tax | 0.00 |
| Insurer Tax | 0.00 |
| Exchange Fee | 0.00 |
| Quality Improvement | 0.00 |
| Federal Income Tax** | 2.15 |
| MLR Adjusted Claims | $\$ 423.42$ |
| MLR Adjusted Premium | $\$ 509.71$ |
| Expected Member Distribution | $100.0 \%$ |


| Unadjusted Premium | $\$ 512.33$ |
| :---: | :---: |
| Expected MLR Adjusted Claims | $\$ 423.42$ |
| Expected MLR Adjusted Premium | $\$ 509.71$ |
| MLR | $\mathbf{8 3 . 1 \%}$ |

* From Exhibit L
$* * 21 \%$ of profit or contingency (assumed to be $2 \%$ )


# eystone Health Plan Central 

Small Group Rates
Effective 1/1/2024

## Projected Index Rate

| Projected Index Rate | \$364.53 |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Effective Date | Total Index Rate | Trend | Distribution of Members | Projected Allowed | Market Adjusted Index Rate |
| January - March (Index 1) | \$364.53 |  | 29\% | \$364.53 | \$758.54 |
| April - June (Index 2) | \$369.93 | 6.1\% | 13\% | \$370.11 | \$764.13 |
| July - September (Index 3) | \$375.41 | 6.1\% | 15\% | \$375.78 | \$769.80 |
| October - December (Index 4) | \$380.97 | 6.1\% | 43\% | \$381.54 | \$775.55 |
| Average for Projection Period | \$373.89 |  |  | \$374.21 | \$768.23 |

* From URRT and Exhibit B


# Keystone Health Plan Central <br> Small Group Rates <br> Effective 1/1/2024 <br> Market Adjusted Index Rate 

Development of Market Adjusted Index Rate

| Q1 Index Rate | 364.53 |
| :--- | :---: |
| Paid to Allowed | 0.56 |
| Q1 Projected Claims | 203.48 |
|  |  |
| Net Projected ACA Reinsurace Recoveries | 0.00 |
| Net Projected Risk Adjustments PMPM | -219.94 |
| Exchange User Fee Adjustment | 0.00 |
| Q1 Market-Adjusted Projected Paid EHB Claims PMPM | 423.42 |
| Q1 Market Adjusted Index Rate | 758.55 |

Development of Exchange User Fee

| Average SHOP Premium | $\$ 0.00$ |
| :--- | :---: |
| Average Exchange Fee | $\$ 0.00$ |
| Percentage of Membership on SHOP | $0 \%$ |
| Exchange Fee to Add to Market Index Rate | $\$ 0.00$ |

Development of Risk Adjustment Projection

| Projected 2024 Risk Adjustment Transfer | $-\$ 219.94$ |
| :--- | :--- |


| Projected 2022 Risk Adjustment Transfer | $-\$ 268,315$ |
| :--- | :---: |
| 2022 MemberMonths | 1,345 |
| Projected 2022 Risk Adjustment Payment PMPM | $-\$ 199.49$ |
| Change in Statewide Average Premium 2024 over 2022 | $10.3 \%$ |




| Expected Average Age Factor: <br> List-Billed Adjustment for Max 3 Children <br> Adjusted Average Age Factor <br> Expected Average Region Factor: <br> Expected Average Tobacco Factor <br> Cumulative Rating Factors (Premium Neutrality): |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Age Factors |  |  | Region | Region Factors Distribution of Population |  |
| Age | Distribution of Poplulation | Age Factor |  |  | Factor |
| 0-14 | 12.4\% | 0.7650 | 6 | 44.4\% | 1.0000 |
| 15 | 1.1\% | 0.8330 | 7 | 31.6\% | 1.0800 |
| 16 | 1.0\% | 0.8590 | 9 | 24.0\% | 1.0200 |
| 17 | 1.0\% | 0.8850 |  |  |  |
| 18 | 1.0\% | 0.9130 |  |  |  |
| 19 | 1.1\% | 0.9410 |  |  |  |
| 20 | 1.2\% | 0.9700 |  |  |  |
| 21 | 1.2\% | 1.0000 |  |  |  |
| 22 | 1.3\% | 1.0000 |  |  |  |
| 23 | 1.4\% | 1.0000 |  |  |  |
| 24 | 1.5\% | 1.0000 |  |  |  |
| 25 | 1.5\% | 1.0040 |  |  |  |
| 26 | 1.6\% | 1.0240 |  |  |  |
| 27 | 1.6\% | 1.0480 |  |  |  |
| 28 | 1.7\% | 1.0870 |  |  |  |
| 29 | 1.6\% | 1.1190 |  |  |  |
| 30 | 1.6\% | 1.1350 |  |  |  |
| 31 | 1.7\% | 1.1590 |  |  |  |
| 32 | 1.9\% | 1.1830 |  |  |  |
| 33 | 1.9\% | 1.1980 |  |  |  |
| 34 | 1.8\% | 1.2140 |  |  |  |
| 35 | 1.8\% | 1.2220 |  |  |  |
| 36 | 1.7\% | 1.2300 |  |  |  |
| 37 | 1.7\% | 1.2380 |  |  |  |
| 38 | 1.7\% | 1.2460 |  |  |  |
| 39 | 1.7\% | 1.2620 |  |  |  |
| 40 | 1.8\% | 1.2780 |  |  |  |
| 41 | 1.8\% | 1.3020 |  |  |  |
| 42 | 1.9\% | 1.3250 |  |  |  |
| 43 | 1.8\% | 1.3570 |  |  |  |
| 44 | 1.7\% | 1.3970 |  |  |  |
| 45 | 1.7\% | 1.4440 |  |  |  |
| 46 | 1.7\% | 1.5000 |  |  |  |
| 47 | 1.5\% | 1.5630 |  |  |  |
| 48 | 1.8\% | 1.6350 |  |  |  |
| 49 | 1.8\% | 1.7060 |  |  |  |
| 50 | 1.9\% | 1.7860 |  |  |  |
| 51 | 1.9\% | 1.8650 |  |  |  |
| 52 | 2.0\% | 1.9520 |  |  |  |
| 53 | 2.1\% | 2.0400 |  |  |  |
| 54 | 2.0\% | 2.1350 |  |  |  |
| 55 | 2.1\% | 2.2300 |  |  |  |
| 56 | 2.1\% | 2.3330 |  |  |  |
| 57 | 2.2\% | 2.4370 |  |  |  |
| 58 | 2.2\% | 2.5480 |  |  |  |
| 59 | 2.2\% | 2.6030 |  |  |  |
| 60 | 2.2\% | 2.7140 |  |  |  |
| 61 | 2.2\% | 2.8100 |  |  |  |
| 62 | 2.1\% | 2.8730 |  |  |  |
| 63 | 2.0\% | 2.9520 |  |  |  |
| 64+ | 3.7\% | 3.0000 |  |  |  |
| Filing 23-52 |  |  |  |  |  |


| Age | Premium Ratio | Age | Premium Ratio | Age | Premium Ratio | Age | Premium Ratio | Age | Premium Ratio |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 0-14 | 0.765 | 24 | 1.000 | 34 | 1.214 | 44 | 1.397 | 54 | 2.135 |
| 15 | 0.833 | 25 | 1.004 | 35 | 1.222 | 45 | 1.444 | 55 | 2.230 |
| 16 | 0.859 | 26 | 1.024 | 36 | 1.230 | 46 | 1.500 | 56 | 2.333 |
| 17 | 0.885 | 27 | 1.048 | 37 | 1.238 | 47 | 1.563 | 57 | 2.437 |
| 18 | 0.913 | 28 | 1.087 | 38 | 1.246 | 48 | 1.635 | 58 | 2.548 |
| 19 | 0.941 | 29 | 1.119 | 39 | 1.262 | 49 | 1.706 | 59 | 2.603 |
| 20 | 0.970 | 30 | 1.135 | 40 | 1.278 | 50 | 1.786 | 60 | 2.714 |
| 21 | 1.000 | 31 | 1.159 | 41 | 1.302 | 51 | 1.865 | 61 | 2.810 |
| 22 | 1.000 | 32 | 1.183 | 42 | 1.325 | 52 | 1.952 | 62 | 2.873 |
| 23 | 1.000 | 33 | 1.198 | 43 | 1.357 | 53 | 2.040 | 63 | 2.952 |
|  |  |  |  |  |  |  |  | 64+ | 3.000 |

## Region



| Region | Factor |
| :---: | :---: |
| 6 | 1.0000 |
| 7 | 1.0800 |
| 9 | 1.0200 |


| Network | Factor |
| :---: | :---: |
| HMO | 1.00 |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

# Keystone Health Plan Central 

Small Group Rates
Effective 1/1/2024
Morbidity Factor Calculation

```
Morbidity Factor Applied
0.467
```

*Applied to KHPC to align rates with CAAC

## Keystone Health Plan Central <br> Small Group Rates

Effective 1/1/2024
MLR Exhibit

|  | MLR |  | Member Months |  |
| ---: | ---: | ---: | ---: | ---: |
| Calendar Year | Actual | Pricing | Actual | Pricing |
| 2019 | $89.27 \%$ | $81.67 \%$ | 1,145 | 1,514 |
| 2020 | $86.49 \%$ | $80.33 \%$ | 888 | 1,140 |
| 2021 | $61.43 \%$ | $80.92 \%$ | 1,183 | 766 |

## Keystone Health Plan Central <br> Small Group Rates <br> Effective 1/1/2024 <br> Claim Cost Projection

|  | Paid |  | Risk Adjustment |  | Exhange User Fees |  | Market Adjusted Paid |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Year | Projected | Actual | Projected | Actual | Projected | Actual | Projected |  |
| 2019 | $\$ 378.14$ | $\$ 318.67$ | $-\$ 10.13$ | $-\$ 130.44$ | $\$ 0.00$ | $\$ 0.00$ | $\$ 388.27$ | Actual |
| 2020 | $\$ 166.72$ | $\$ 336.90$ | $-\$ 222.18$ | $-\$ 88.75$ | $\$ 0.00$ | $\$ 0.00$ | $\$ 388.90$ | $\$ 425.12$ |
| 2021 | $\$ 211.31$ | $\$ 183.93$ | $-\$ 138.16$ | $-\$ 141.75$ | $\$ 0.00$ | $\$ 0.00$ | $\$ 349.47$ | $\$ 325.68$ |
| 2022 | $\$ 279.26$ | $\$ 320.05$ | $-\$ 88.75$ | $-\$ 199.49$ | $\$ 0.00$ | $\$ 0.00$ | $\$ 368.01$ | $\$ 519.54$ |

# KEYSTONE HEALTH PLAN CENTRAL <br> Standard Questions <br> Small Group Rates <br> Effective January 1, 2024 

Question 1 - Membership. If the projected membership for plan year 2024 significantly differs from the current 2/1/2023 membership, please explain why.

Answer 1. The projected membership for plan year 2024 does not significantly differ from the current $2 / 1 / 2023$ membership.

## Question 2 - Experience Period Claims.

a. Please confirm that all claims which are capitated have been removed from the experience period claims.
b. Please confirm that all non-EHB claims have been removed from the experience period claims.
c. How are drug rebates projected to change from the base period to the rating period? How has this change been reflected in the rate development?

## Answer 2.

a. I confirm that all claims which are capitated have been removed from the experience period claims.
b. I confirm that all non-EHB claims have been removed from the experience period claims.
c. Drug rebates are projected to be trended at the drug trend. This change has been reflected in the rate development in Exhibit G_PdtoAll. Paid and allowed claims are net of rebates similar to the URRT.

## Question 3 - COVID.

a. Please confirm that Tables 2-4 of the PAAM Exhibits do not have any COVID adjustment. Additionally, please confirm that any COVID adjustment factor in the filing is reflected in Table 5 of the PAAM Exhibits.
b. If there is a COVID adjustment other than 1.0, please provide a quantitative exhibit supporting the factor.

## Answer 3.

a. I confirm that Tables 2-4 of the PAAM Exhibits do not have any COVID adjustment. I also confirm that any COVID adjustment factor in the filing is reflected in Table 5 of the PAAM Exhibits.
b. There are no adjustments in the rate dev due to COVID.

## Question 4 - Trend.

a. [SG Only] If the Total Annual Trend in Table 3 (weighted by credibility) and the Annual Trend used to calculate quarterly rates in Table 5A differ, please provide an explanation and exhibit in support of the variation.
b. [SG Only] In Table 5A, if cells K32:M32 are left to equal J32, please explain why that is a reasonable assumption.

## Answer 4.

a. The Total Annual Trend in Table 3 (weighted by credibility) and the Annual Trend used to calculate the quarterly rates in Table 5A do not differ.
b. Because the year 1 and year 2 trends are almost identical, Capital assumes the year 3 trend will be similar to the year 1 and year 2 trends. Therefore, the trend amounts in cells K32:M32 of Table 5A can reasonably remain equal to J32.

## Question 5 - Retention.

a. Please confirm that the federal income tax is calculated using a Federal Income Tax Rate of $21 \%$. If other adjustments were made in Table 6, cell C57, please provide a demonstration of how this number was calculated and an explanation of the other adjustments included in the calculation.
b. Please confirm that the Risk Adjustment User Fee PMPM is consistent with HHS Final Notice of Benefit and Payment Parameters for plan year 2024.
c. Please provide an exhibit showing the commission PMPM amount to be paid to brokers in the following situations: Open-Enrollment Enrollee - Renewing, Open Enrollment Enrollee - New, Special Enrollment Period Enrollee - New, Special Enrollment Enrollee - Renewing. If the commission PMPM is not consistent between the four options above, please provide a detailed explanation as to the reason for the difference.

## Answer 5.

a. I confirm that the federal income tax in calculated using a Federal Income Tax Rate of $21 \%$.
b. I confirm that the Risk Adjustment User Fee PMPM is consistent with the HHS Final Notice of Benefit and Payment Parameters for plan year 2024.
c. N/A for Small Group

## Question 6 - Pricing AVs.

a. Please confirm that the Pricing AVs were calculated using a single risk pool (i.e., claims experience is not separated by metal level).
b. Please identify and support any differences between the company's metallic AV calculator results and the corresponding Pricing AVs.

## Answer 6.

a. I confirm that the Pricing AVs were calculated using a single risk pool.
b. Capital uses Milliman, Inc. Health Cost Guidelines Commercial Rating Structures (for active employees) to develop benefit relativities, which translate into pricing AVs. Below, I am pulling from Milliman's methodology description. Anything in quotations is directly from Milliman, Inc.
"Milliman utilizes an enrollment and utilization database of full medical and prescription drug claims experience for over 78 million lives, of which approximately 41 million lives were selected and used as the primary source in developing the [model]. Other sources
include a database of inpatient admission representing a large percentage of all admissions nationwide, retail pharmacy information, and other reference data sources." CBC adjusts nationwide data to CBC's average costs and contracting in our service area.

Capital uses the actuarial cost model noted above to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a $\$ 0$ office visit copayment and a $\$ 25$ ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on cumulative probability distributions (CPDs), where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.

The reference to actuarial judgment in the memorandum is a general statement to show that the model is evaluated regularly to ensure pricing relativities are reasonable. For this filing, all pricing AVs are developed in the Milliman model.

The pricing AV is calculated relative to the paid-to-allowed ratio. It is important to note that the average pricing AV in Table 10 matches the pricing AV calculated in Exhibit G, so rates are not inflated. Relativities are developed from Capital's manual cost model.

Question 7 - Expanded Bronze Plans. Please provide an exhibit which demonstrates that the criteria for expanded bronze plans have been met.

Answer 7. Please see the following file for an exhibit which demonstrates that expanded bronze plans have been met.
"SG_23-52_Initial_KHP_HMO_ExpandedBronze_Supporting_20230517.xlsx"

## Question 8 - PAAM Exhibits - Consumer Factors.

a. Please provide quantitative and qualitative support for the proposed geographic rating area factors, if different from the previous year.
b. Please provide quantitative and qualitative support for the proposed network factors, if different from the previous year.

## Answer 8.

a. The proposed 2024 geographic rating area factors are unchanged from the 2023 factors.
b. The proposed 2024 network factors are unchanged from the 2023 factors.

## Question 9 - Public Health Emergency.

a. With the Public Health Emergency expected to end on May 11th, how has the rate development been affected? Please provide support for any adjustments, or support for making no adjustments, if applicable.
b. Furthermore, with the Public Health Emergency scheduled to end on May 11th, has any adjustment been made specifically to the morbidity assumption for Plan Year 2024?
c. Please provide commentary on how the Company believes services such as COVID vaccinations and COVID testing will be handled in PY24. Within your response please clarify if these services will be considered preventative and covered at $100 \%$.

## Answer 9.

a. The rate development has no adjustments due to the Public Health Emergency ending. The ending of the Public Health Emergency is expected to not impact Small Group.
b. No adjustments were made to the morbidity assumption for Plan Year 2024.
c. Beginning with the end of the PHE, Capital will revert to handling COVID testing by application of normal benefits and cost sharing. Coverage for OTC COVID tests will be discontinued. COVID vaccinations will be covered as part of the preventive benefit at $100 \%$.

## Question 10 - MLR Exhibit.

a. Please complete table below which summarizes the most recent three years of complete MLR information.
i. Actual is the final information which was filed for the specified calendar year
ii. Pricing is the information which was projected in the final annual filing for the given year (i.e., 2020 pricing information is from the plan year 2020 annual filing submitted in 2019)
b. Are the MLRs and Member Months between Actual and Pricing comparable? If not, explain.
c. Does the insurer expect to pay MLR rebates for the 3-year period above?

## Answer 10.

a. The MLR Exhibit is below:

|  | MLR |  | Member Months |  |
| ---: | ---: | ---: | ---: | ---: |
| Calendar Year | Actual | Pricing |  | Actual | Pricing | 2019 |
| ---: |

b. Most of the difference between actual and pricing is due to the small enrollment in KHP. For example, in 2021, KHP saw an unexpected increase in membership of approximately $50 \%$ causing a better than projected MLR.
c. KHPC does not expect to refund any MLR rebates in the BEP.

## Question 11 - Plan of Withdrawal.

a. Please confirm that a Plan of Withdrawal has been submitted if any plans are being discontinued. For further information regarding the Plan of Withdrawal process, click here. Please send all Plan of Withdrawals to Jeffery Rohaly, wrohaly@pa.gov.

## Answer 11.

a. I confirm that a Plan of Withdrawal has been submitted for discontinued plans.

## 2023 Service Area

## Issuer: 53789

Market: Small Group


[^0]
## 2024 Service Area

## Issuer: 53789

Market: Small Group


[^1]June 21, 2023

Ms. Lindsi Swartz, Director

Bureau of Life, Accident and Health Insurance
Office of Insurance Product Regulation and Administration
Commonwealth of Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

## Re: Keystone Health Plan Central Small Group Rates <br> Filing No 23-52 <br> TOI Code: H15G Group Health - Hospital/Surgical/Medical Expense Sub-TOI Code: H15G. 003 Small Group Only Filing Type: Rate

Dear Ms. Swartz:

KHPC received an objection letter from the Department dated June 9, 2023. KHPC is providing the following in response to the objection letter:

- Q\&A written response

All changes are due to PID requests/questions and have been disclosed in the $\mathrm{Q} \& \mathrm{~A}$ written response.
If you have any questions regarding this filing, please call me at $\square$ (or via email at


Sincerely,


Director, Actuarial Services
Capital Blue Cross
Enclosures
cc:
, FSA, MAAA, Senior Director, Actuarial Services
, Associate General Counsel

# KEYSTONE HEALTH PLAN CENTRAL, INC. <br> Question and Answer <br> Small Group Rates <br> Effective January 1, 2024 

Question 1. Column G of Table 10 of the PAAM Exhibits was left blank. Please fill in this column with the metallic tier of each plan.

Answer 1. The Metallic Tier on tab III of the PA Rate Template has been updated.
Question 2. Please confirm that you have tested to ensure that the rates in Table 11 of the PAAM Exhibits, PA Plan Design Summary and Rate Table, Federal Rates Template, and binder are identical.

Answer 2. I confirm that the exhibits above have been tested to ensure that rates are identical.
Question 3. The Department is interested in the issuer's estimate of the drivers of the rate change, In particular, what portion of the indicated rate change from Table 11 is due to changes in various components such as reinsurance (individual market only), utilization trend, unit cost trend, expenses, morbidity, benefits, risk adjustment, or other relevant factors?

Answer 3. The key drivers of the rate change, and approximate impact, are as follows:

- Future cost and utilization: 6.3\%
- Favorable manual data 2022 claims net risk adjustment experience: $-1.2 \%$

July 14, 2023

Ms. Lindsi Swartz, Director
Bureau of Life, Accident and Health Insurance
Office of Insurance Product Regulation and Administration
Commonwealth of Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

## Re: Keystone Health Plan Central Small Group Rates <br> Filing No 23-52 <br> TOI Code: H15G Group Health - Hospital/Surgical/Medical Expense Sub-TOI Code: H15G. 003 Small Group Only Filing Type: Rate

Dear Ms. Swartz:

KHPC received an objection letter from the Department dated July 7, 2023. KHPC is providing the following in response to the objection letter:

- Q\&A written response

All changes are due to PID requests/questions and have been disclosed in the $\mathrm{Q} \& \mathrm{~A}$ written response.



Sincerely,

—, ASA, MAAA
Director, Actuarial Services
Capital Blue Cross
Enclosures
cc:
, FSA, MAAA, Senior Director, Actuarial Services
, Associate General Counsel

# KEYSTONE HEALTH PLAN CENTRAL, INC. <br> Question and Answer <br> Small Group Rates <br> Effective January 1, 2024 

Question 1. Please confirm that you have tested to ensure that the rates in Table 11 of the PAAM Exhibits, PA Plan Design Summary and Rate Table, Federal Rates Template, and binder are identical.

Answer 1. I confirm that the exhibits above have been tested to ensure that rates are identical.
Question 2. Please update the 2022 experience period risk adjustment amount in Table 2 to reflect the final CMS risk adjustment amount released on June 30th.

Answer 2. The 2022 risk adjustment amount in Table 2 has been updated to reflect the final CMS risk adjustment amounts released on June 30th.

Question 3. If the projected risk adjustment transfer amount in Table 5 will be modified, due to the final CMS transfer amount published on June 30th, please provide narrative and detailed supporting data to justify the proposed changes.

Answer 3. The projected risk adjustment amount in Table 5 will not be modified as the initial 2022 risk adjustment amount is equal to the June $30^{\text {th }}$ final CMS risk adjustment amount.

Question 4. Please ensure that the $7 / 14 / 23$ versions of the following items are posted in SERFF with your July 14th response to this data call.
a. Cover Letter identifying all changes made and the reasons for the change. Also, show the revised rate change.
b. PA Actuarial Memorandum
c. PA Actuarial Memorandum Exhibits (don't forget to update the "VI Rate Change Summary" tab, if necessary)
d. Department's Plan Design Summary and Rate Template Exhibits (please ensure that the rate template by county is populated with only numeric values - no "NA")
e. URRT
f. Federal Rate Template
g. Part III: Actuarial Memorandum
h. Public PDF with limited redactions as previously directed in the Guidance (includes all correspondence and supporting exhibits after the initial submission, in addition to all the above items).

Answer 4. I confirm that the requested information has been submitted.


[^0]:    Key (modify as needed)
    : 2023 on-exchange service area
    : 2023 off-exchange only service area

[^1]:    Key (modify as needed)
    : 2024 on-exchange service area
    : 2024 off-exchange only service area

