

SERFF Tracking #: CABC-131022047 State Tracking #: BINDER #CABC-131010104, CABC-131022047, ... Company Tracking #: 17-51

State: Pennsylvania Filing Company: Capital Advantage Insurance Company  
TOI/Sub-TOI: H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense  
Product Name: Rates - CAIC Individual PPOG Care Connect  
Project Name/Number: /

## Supporting Document Schedules

Satisfied - Item:	Public Rate Filing
Comments:	
Attachment(s):	Ind_17-51_Revised_CAIC_PPO_PublicRateFiling_Supporting_20170810-02.pdf Ind_17-51_Revised_CAIC_PPO_PublicRateFiling_Supporting_20170810-03.pdf Ind_17-51_Revised_CAIC_PPO_PublicRateFiling_Supporting_20170810-01.pdf
Item Status:	
Status Date:	

Individual Account Rates

Effective 1/1/2018

Benefit Summary

INDIVIDUAL ACCOUNT

2018	Deductible	Coinsurance	Out-of-Pocket Maximum	PCP	Specialist	Emergency Room	Urgent Care	Lab Ind   Hos	Hi-Tech Imaging	IP Hospital	Rx	Embedded PED VS	Embedded PD
	(2x Family)										Generic/Preferred Brand/Non-Preferred Brand/Specialty	Y/N	Y/N
<b>SILVER PRODUCTS</b>													
Silver CareConnect 3000/0/35	\$3,000	0%	\$7,350	\$35	\$55	\$400	\$100	\$25   D/\$75	D	D	uctible combined with Medical   \$10/\$50/\$100/50% (Deductible doesn't apply to Generic	Y	Y

<sup>1</sup> Tiered Lab benefits. Independent labs | Hospital based labs

<sup>2</sup> D = Deductible D/\$ = Deductible applies first then a copay

<sup>3</sup> Plan naming convention = Metal level, Plan type, Deductible/Coinsurance/Office Visit Copay

Capital Advantage Insurance Company  
 Individual Account Rates  
 Effective 1/1/2018  
 Benefit Change Summary

Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	AV		Metal Level		HRA Amount		Deductible(2x Family)		Coinsurance		MOOP		ACA PCP	
						2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
7	Off-Exchange	Existing	82795PA012000100	Silver CareConnect 3000/0/35	Combined w/Med	71.9%	71.0%	Silver	Silver	0	0	3,000	3,000	0%	0%	7,150	7,350	35	35

Benefit changes are highlighted in yellow

Capital Advantage Insurance Company  
 Individual Account Rates  
 Effective 1/1/2018  
 Benefit Change Summary

Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	2017	Non-ACA PCP		SPC		ER	
							2017	2018	2017	2018	2017	2018
7	Off-Exchange	Existing	82795PA012000100	Silver CareConnect 3000/0/35	Combined w/Med	71.9%	35	35	55	55	200	D/400

Benefit changes are highlighted in yellow.

Capital Advantage Insurance Company  
 Individual Account Rates  
 Effective 1/1/2018  
 Benefit Change Summary

Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	2017	UC		IP Hosp Copay Per Day		Hi-Tech Imaging		Low End Imaging		Lab Independent		Lab Hospital-Based		OP Surg ASC		OP Surg AHC		Rx Ded	
							2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
7	Off-Exchange	Existing	82795PA012000100	Silver CareConnect 3000/Q/35	Combined w/Med	71.9%	100	D/0	N/A	N/A	D/0	D/0	D/0	D/0	0	25	75	D/75	D/0	D/0	D/0.5	D/0	Combined w Med	Combined w Med

Benefit changes are highlighted in yellow

Capital Advantage Insurance Company  
 Individual Account Rates  
 Effective 1/1/2018  
 Benefit Change Summary

Line	On/Off Exchange	New/Existing	MICS	Med Description	Rx Description	2017	Rx Gen - Ded Applies?		Rx Gen Pref		Rx Gen Non-Pref		Rx Brand Pref		Rx Brand Non-Pref	
							2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
7	Off-Exchange	Existing	82795PA012000100	Silver CareConnect 3000/0/35	Combined w/Med	71.9%	Y	N	10	10	10	10	43	50	65	100

Benefit changes are highlighted in yellow

Capital Advantage Insurance Company  
 Individual Account Rates  
 Effective 1/1/2018  
 Benefit Change Summary

Line	On/Off Exchange Diff-Exchange	New/Existing Existing	HIOS 82795PAD12000100	Med Description Silver CareConnect 3000/0/35	Rx Description Combined w/Med	2017 71.9%	Rx Specialty Coin		Rx Specialty Max		Rx Gen Pref Coins		Rx Gen Non-Pref Coins		Rx Brand Pref Coin		Rx Brand Non-Pref Coins		
							2017 100%	2018 50%	2017 285	2018 1000	2017 0%	2018 0%	2017 0%	2018 0%	2017 0%	2018 0%	2017 0%	2018 0%	
							Benefit changes are highlighted in yellow												

Capital Advantage Insurance Company  
 Individual Account Rates  
 Effective 1/1/2018  
 Benefit Change Summary

Line	On/Off Exchange	New/Existing	HOS	Med Description	Rx Description	2017	Rx Gen Pref Mail Copay		Rx Gen Non-Pref Mail Copay		Rx Brand Pref Mail Copay		Rx Brand Non-Pref Mail Copay	
							2017	2018	2017	2018	2017	2018	2017	2018
7	Off-Exchange	Existing	82795PA012000100	Silver CareConnect 3000/0/35	Combined w/Med	71.9%	25	10	25	10	108	50	163	100

Benefit changes are highlighted in yellow.

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Benefit Categories**

<u>IP OP Professional</u>	<u>Type of Service</u>
Inpatient	IP - Medical
Inpatient	IP - CABG
Inpatient	IP - Other Cardiovascular Procedures
Inpatient	IP - Cesarean Maternity Delivery
Inpatient	IP - Normal maternity delivery
Inpatient	IP - Maternity Non-delivery
Inpatient	IP - Neonatal
Inpatient	IP - Newborn
Inpatient	IP - Major Joint Procedures of Lower Extremity
Inpatient	IP - Other Surgical
Inpatient	IP - Psychiatric
Inpatient	IP - Substance Abuse
Inpatient	IP - Ungroupable
Outpatient	OP - Surgery
Outpatient	OP - Radiology - General
Outpatient	OP - Radiology - CT/MRI/PET
Outpatient	OP - Cardiac Rehab
Outpatient	OP - Cardiovascular
Outpatient	OP - Dialysis
Outpatient	OP - Blood
Outpatient	OP - Maternity Non-delivery Care
Outpatient	OP - Observation Room
Outpatient	OP - Pathology/Lab
Outpatient	OP - PT/OT/ST
Outpatient	OP - Pharmacy
Outpatient	OP - Other OP Services
Outpatient	OP - Unmapped
Outpatient	OP - Psychiatric
Outpatient	OP - Substance Abuse
Outpatient	OP - Emergency Room
Professional	Inpatient Surgery - Primary Surgeon
Professional	Inpatient Surgery - Anesthesia
Professional	Inpatient Surgery - Assistant Surgeon
Professional	IP Visits - Medical
Professional	IP Visits - IP Psychiatric
Professional	IP Visits - IP Substance Abuse
Professional	Outpatient Surgery - Anesthesia
Professional	Outpatient Surgery - Office
Professional	Outpatient Surgery - Outpatient Facility
Professional	OP Visits - OP Psychiatric
Professional	OP Visits - OP Substance Abuse
Professional	Maternity - Non Deliveries
Professional	Maternity - Normal Deliveries
Professional	Maternity - Cesarean Deliveries
Professional	Pathology/Lab - IP
Professional	Pathology/Lab - OP
Professional	Pathology/Lab - Office
Professional	Radiology - IP
Professional	Radiology - OP - CT/MRI/PET
Professional	Radiology - OP - General

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Benefit Categories**

<u>IP OP Professional</u>	<u>Type of Service</u>
Professional	Radiology - Office - CT/MRI/PET
Professional	Radiology - Office - General
Professional	Preventive care - Physical Exams
Professional	Preventive care - Well Baby Exams
Professional	Preventive care - Immunization
Professional	Preventive care - Hearing/Speech Exams
Professional	Preventive care - Other
Professional	Office/Misc - Office/Home Visits
Professional	Other Physician - Cardiovascular
Professional	Other Physician - Consults
Professional	Other Physician - Chiropractor
Professional	Other Physician - Physical Therapy
Professional	Office/Misc - Misc. Medical
Professional	Office/Misc - Allergy Immunotherapy
Professional	Office/Misc - Allergy Testing
Professional	Office Administered Drugs
Professional	Other Physician - Emergency Room Visits
Professional	Office/Misc - Urgent Care
Professional	Independent Lab
Professional	Hearing Aids
Other Medical	Other - Glassess/Contacts
Other Medical	OP - Medical Surgical Supplies
Other Medical	OP - Home Health/PDN
Other Medical	OP - DME
Other Medical	OP - Ambulance
Other Medical	Preventive care - Vision Exams
Other Medical	Other - PDN/Home Health
Other Medical	Other - Prosthetics
Other Medical	Other - DME
Other Medical	Other - Ambulance
Other Medical	Dental

**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Pediatric Dental and Vision Rate Development**

	<b>Pediatric Dental</b>	<b>Pediatric Vision</b>
Projected Claims PMPM *	3.42	0.44
Admin PMPM	\$0.60	\$0.09
Broker PMPM	\$0.00	\$0.00
Reinsurance Contribution	\$0.00	\$0.00
Patient-Centered Outcomes Research Trust Fund:	\$0.00	\$0.00
Risk Adjustment Fee	\$0.00	\$0.00
Exchange Fee	\$0.00	\$0.00
Change HealthCare	\$0.00	\$0.00
Value Based Benefits	\$0.00	\$0.00
Federal Income Tax	0.7%	0.7%
Premium Tax	2.0%	2.0%
Contingency	2.0%	2.0%
Insurer Tax	3.8%	3.8%
Premium Neutrality	1.70	1.70
Conversion Factor	1.005	1.005
Premium Single Rate	\$2.60	\$0.35

**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Benefit Mix Changes**

	<u>Medical</u>	<u>Rx</u>	<u>Total</u>
Average Manual Claim PMPM in Experience Period	271.47	59.59	331.06
Expected Manual Claim PMPM Base Plan			335.97
Benefit Change BEP to Base Plan			1.01

**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Trend**

<u>Category</u>	<u>Cost</u>	<u>Trend by Service Category</u>			<u>Total</u>	<u>Weights</u>	<u>Total Weights</u>
		<u>Utilization</u>	<u>Induced Utilization</u>				
Inpatient Hospital	9.4%	-0.50%	3.0%		12.10%	25%	21%
Outpatient Hospital	8.8%	1.00%	3.0%		13.20%	44%	38%
Professional	6.6%	1.00%	3.0%		10.91%	28%	24%
Other Medical	8.8%	1.00%	3.0%		13.20%	3%	2%
Capitation	3.0%	0.00%	0.0%		3.00%	0%	0%
Prescription Drug	13.6%	1.55%	3.0%		18.82%	100%	15%
Dental & Vision	0.0%	1.98%	0.0%		1.98%	100%	

<u>Aggregate Pricing Trend</u>	
Total	13.3%
Medical	12.3%
Drug	18.8%
Agg Med + Rx Trend	13.3%
Dental and Vision	2.0%

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
URRT**

**Section II: Allowed Claims, PMPM basis**

Benefit Category	Experience Period				Adj't. from Experience to Projection Period		Annualized Trend Factors		Projections			
	Allowed				Pop'l risk	Morbidity	Other	Cost	Util	Utilization per 1,000	Average Cost/Service	PMPM
	Utilization Description	Utilization per 1,000	Average Cost/Service	PMPM								
Inpatient Hospital	Admits	66.98	22,383.87	124.95	1.095	0.874	1.094	1.025	77.04	23,415.29	150.33	
Outpatient Hospital	Visits	438.29	6,112.72	223.26	1.095	0.874	1.088	1.040	519.42	6,328.12	273.92	
Professional	Visits	1,334.02	1,261.80	140.27	1.095	1.005	1.066	1.040	1,580.96	1,441.45	189.91	
Other Medical	Services	156.93	1,032.43	13.50	1.095	1.280	1.088	1.040	185.98	1,564.68	24.25	
Capitation	Benefit Period			0.00	1.000	1.000	1.030	1.000	0.00	0.00	0.00	
Prescription Drug	Prescriptions	9,078.06	120.32	91.02	1.093	1.005	1.136	1.046	10,850.48	156.03	141.09	
<b>Total</b>				<b>\$593.01</b>							<b>\$779.49</b>	

\* All data experience is from subsidiary CAAC

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Paid to Allowed Ratio Development**

**Medical Claims Rate Development**

Base Experience Period:	1/1/2016-12/31/2016
Data as of	2/28/2017
Rating Period:	1/1/2018 - 12/31/2018
Trend Months:	24
Trend:	12.3%

**Drug Claims Rate Development**

Base Experience Period:	1/1/2016-12/31/2016
Data as of	2/28/2017
Rating Period:	1/1/2018 - 12/31/2018
Trend Months:	24
Trend:	18.8%

1	Medical Paid and Incurred Claims	186,105,688
2	CSR	7,441,293
3	Medical Paid and Incurred Claims Net CSR	178,664,396
4	Completion Factor	0.98
5	BEP Completed Claims (3) / (4)	183,001,956
6	BEP Member Months	439,980
7	BEP Completed Claim PMPM (5) / (6)	415.93
8	Trend Factor	1.26
9	Trended Claim PMPM (7) x (8)	524.41
10	Benefit Change Factor	0.92
11	Morbidity Change	1.10
12	Capitation	0
13	Capitation PMPM	0.00
14	Adjustment for Maximum 3 Children	1.005
15	Total Benefit Adjusted Claim PMPM [(9) x (10) x (11) x (12) + (13)] x (14)	532.87

1	BEP Paid and Incurred Claims	37,861,396
2	Completion Factor	0.996
3	BEP Completed Claims (1) / (2)	38,015,506
4	BEP Member Months	431,889
5	BEP Completed Claim PMPM (3) / (4)	88.02
6	Trend Factor	1.41
7	Trended Claim PMPM (5) x (6)	124.27
8	Benefit Change Factor	1.01
9	Morbidity Change	1.09
10	Rx Rebates	-6,432,925
11	Rx Rebates PMPM	-14.89
12	Adjustment for Maximum 3 Children	1.005
13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	123.49

	Expected Claim PMPM in Rating Period
Medical	532.87
Drug	123.49
Pediatric Dental	3.42
Pediatric Vision	0.44
Expected Distribution of Embedded Dental Benefit	100%
Total Expected Incurred in Rating Period	660.23
Total Expected Incurred in Rating Period Net RA	632.15

Projected Allowed*	779.49
Paid to Allowed Ratio	0.847

\*From Unified Rate Review Template

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Morbidity Factor Calculation for Change in Population**

	<u>Medical</u> <u>BEP</u>						Normalized	
	Allowed	Member Months	Allowed PMPM	Average Age	Age Factor	Allowed PMPM	Ratio to Total Allowed	
Single Risk Pool Policies	206,199,576	376,635	547.48	39	1.262	433.82	1.09	
Medically Underwritten Policies	14,410,898	63,345	227.50	38	1.246	182.58	0.46	
<b>Total</b>	<b>220,610,474</b>	<b>439,980</b>	<b>501.41</b>	<b>39.16</b>	<b>1.26</b>	<b>397.65</b>	<b>1.00</b>	

	<u>Rx</u> <u>BEP</u>						Normalized		Ratio to Total Allowed
	Allowed	Member Months	Allowed PMPM	Average Age	Age Factor	Allowed PMPM			
Single Risk Pool Policies	44,813,796	376,599	119.00	39	1.262	94.29	1.11		
Medically Underwritten Policies	1,666,164	55,290	30.13	38	1.246	24.19	0.28		
<b>Total</b>	<b>46,479,959</b>	<b>431,889</b>	<b>107.62</b>	<b>39.17</b>	<b>1.26</b>	<b>85.32</b>	<b>1.00</b>		

	Current	Normalized Allowed PMPM in BEP	Adjustment	Adj Allowed PMPM in BEP	Morbidity Factor
	Single Risk Pool Policies	48,499	433.82	1.00	433.82
Medically Underwritten Policies	4,707	182.58	1.00	182.58	
<b>Total</b>	<b>53,206</b>	<b>411.59</b>	<b>1.00</b>	<b>411.59</b>	<b>1.04</b>

	Current	Normalized Allowed PMPM in BEP	Adjustment to Reflect Larger PPACA Population	Adj Allowed PMPM in BEP	Morbidity Factor
	Single Risk Pool Policies	48,499	94.29	1.00	94.29
Medically Underwritten Policies	4,707	24.19	1.00	24.19	
<b>Total</b>	<b>53,206</b>	<b>88.09</b>	<b>1.00</b>	<b>88.09</b>	<b>1.03</b>

**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Retention**

	<u>Medical + Rx</u>	<u>Dental</u>	<u>Vision</u>		<u>Total</u>	<u>% of Premium</u>
Reinsurance Contribution	\$0.00	\$0.00	\$0.00		\$0.00	0.0%
Risk Adjustment Fee	\$0.13	\$0.00	\$0.00		\$0.13	0.0%
Admin PMPM	\$46.00	\$0.60	\$0.09		\$46.69	6.3%
Broker PMPM	\$6.00	\$0.00	\$0.00		\$6.00	0.8%
Member OOP and Ways to Save	\$0.25	\$0.00	\$0.00		\$0.25	0.0%
Value Based Benefits	\$1.25	\$0.00	\$0.00		\$1.25	0.2%
BCBSA Identity Theft Protection	\$0.02	\$0.00	\$0.00		\$0.02	0.0%
Contingency	2.0%	2.0%	2.0%		2.0%	2.0%
Patient-Centered Outcomes Research Trust Fund:	\$0.20	\$0.00	\$0.00		\$0.20	0.0%
Insurer Tax	3.78%	3.78%	3.78%		3.8%	3.8%
Exchange Fee	\$0.00	\$0.00	\$0.00		\$0.00	0.0%
Federal Income Tax	0.7%	0.7%	0.7%		0.7%	0.7%
Premium Tax	2.0%	2.0%	2.0%		2.0%	2.0%
	<u>Admin</u>	<u>Profit</u>	<u>Taxes</u>			
	7.3%	2.0%	6.5%			
Claims	6.3%					
Broker	0.8%					
Quality Improvement	0.2%					

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Projected Loss Ratio**

Expected Incurred	660.23
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Plan	82795PA0120001
Deductible	
Manual PMPM	335.97
Expected Claim Cost	656.36
Expected Premium PMPM *	\$745.37
<u>Allowed Adjustments to Premium for MLR</u>	
Reinsurance Contribution	0.00
Patient-Centered Outcomes Research Trust Fund:	0.20
Risk Adjustment	-28.09
Premium Tax	14.91
Insurer Tax	28.17
Exchange Fee	0.00
Quality Improvement	7.45
Federal Income Tax**	5.22
MLR Adjusted Premium	\$717.50
Expected Member Distribution	100.0%

Claims	\$656.36
Unadjusted Premium	\$745.37
Expected MLR Adjusted Premium	\$717.50

<b>MLR</b>	<b>92.0%</b>
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\* From Exhibit L

\*\*35% of profit or contingency (assumed to be 2%)

**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Projected Index Rate**

Projected Allowed PMPM	\$779.49
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**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Market Adjusted Index Rate**

**Development of Market Adjusted Index Rate**

Q1 Index Rate	779.49
Paid to Allowed	0.847
Projected Claims	660.23
Net Projected ACA Reinsurace Recoveries	0.00
Net Projected Risk Adjustments PMPM	-28.09
Exchange User Fee Adjustment	0.00
Market-Adjusted Projected Paid EHB Claims PMPM	632.15
Market Adjusted Index Rate	746.34

**Development of Exchange User Fee**

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

**Development of Risk Adjustment Projection**

Projected 2018 Risk Adjustment Payment	-\$28.22
Projected 2016 SW Average Premium	\$379.91
Projected 2017 and 2018 Rate Increase	44%
Projected 2017 and 2018 Impact due to Benefit Changes	0.93
Change to Premium to Remove Admin from RA Calculation	0.86
Projected 2018 SW Premium	\$437.66
2016 RA % of Premium	9.9%
% Change for Market Improvement in Coding	-1.5%
% Change for Internal Coding	-2.0%
Projected 2018 RA % of Premium	6.4%
Projected 2016 Risk Adjustment Receivable	-\$13,226,705
2016 MemberMonths	350,014
Projected 2016 Risk Adjustment Payment PMPM	-\$37.79
Capital Advantage Assurance Company	-\$13,226,705

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Rate Development**

**Adjust Base Experience Period to Base Plan**

	<u>Medical</u>	<u>Rx</u>	<u>Total</u>
Expected Claim PMPM in Rating Period	532.87	123.49	656.36
Adjustment to Base Plan			1.000
Induced Demand Adjustment			1.010
Expected Claim (Base Plan)			649.87

<b>Rate Development by Benefit Option</b>	
Plan Name	Off-Exchange Silver CareConnect
Level of Coverage	3000/0/35
HIOS ID:	Silver 82795PA0120001
Market Adjusted Index Rate	746.34
AV and Cost-Sharing Adjustment	0.84
Provider Network	1.00
Induced Demand	1.010
<b>Plan Pricing Relativities:</b>	
Deductible Combined	Y
Manual Medical + Rx PMPM	335.97
Medical +Rx Manual Relativity	1.000
Pricing Relativity	1.010
Projected Claims PMPM	656.36
Medical + Rx Projected Claims PMPM + Market Level Adjustments:	628.28
<b>Retention</b>	
Admin PMPM	\$46.00
Broker PMPM	\$6.00
Patient-Centered Outcomes Research Trust Fund:	\$0.20
Member OOP and Ways to Save	\$0.25
Value-Based Benefits	\$1.25
BCBSA Identity Theft Protection	\$0.02
Premium Tax	2.0%
Federal Income Tax	0.7%
Contingency	2.0%
Insurer Tax	3.8%
Premium Neutrality	1.70
Medical + Rx Premium Single Rate:	\$438.41
Pediatric Dental - High PMPM	\$2.60
Pediatric Vision PMPM	\$0.35
Medical + Rx + Pediatric Premium Single Rate:	\$441.36
Tobacco Adjustment	1.006
Plan Adjusted Index Rates	\$745.37
Expected Member Distribution	100.0%
<b>Relativity Checks</b>	
Claims	1.00
Premium	1.00
Retention %	15.8%
Admin %	7.3%
Taxes %	6.5%
<b>Calibrated Index Rates from PA Rate Exhibits</b>	<b>438.75</b>

Capital Advantage Insurance Company  
 Individual Account Rates  
 Effective 11/29/18  
 Plan Adjusted Index Rate

Benefit Plans										10/17/18											
#	Plan Description	Product Description	Plan Name	Year of Exchange	Product ID	Plan ID	Health Plan	Medical Plan	Medical Value	Medical Value	Medical Value	Medical Value	Medical Value	Medical Value	Medical Value	Medical Value	Medical Value	Medical Value	Medical Value	Medical Value	
1	Silver CareConnect 30000/35 CareConnect Rx	100.0%	1-182	Exchange	82799/81212	82799/81212/001	0%	75.0%	81.0%	1.010	PPD	Silver CareConnect 30000/35	5745.77	5435.75	15.8%	5.3%	6.5%				

**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Calibration**

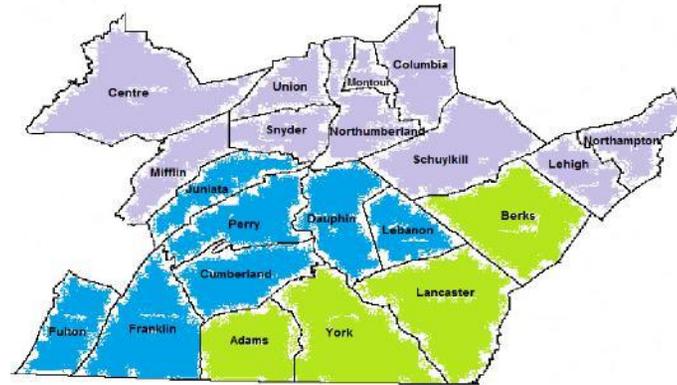
Expected Average Age Factor:	1.700
Expected Average Region Factor:	1.000
Cumulative Rating Factors (Premium Neutrality):	1.700

Age	Age Factors		Region	Region Factors	
	Distribution of Population	Age Factor		Distribution of Population	Factor
0-14	10.1%	0.7650	9	100%	1.00
15	0.8%	0.8330			
16	0.8%	0.8590			
17	0.8%	0.8850			
18	1.0%	0.9130			
19	1.2%	0.9410			
20	1.1%	0.9700			
21	1.2%	1.0000			
22	1.0%	1.0000			
23	0.9%	1.0000			
24	0.9%	1.0000			
25	1.6%	1.0040			
26	1.7%	1.0240			
27	1.5%	1.0480			
28	1.6%	1.0870			
29	1.4%	1.1190			
30	1.4%	1.1350			
31	1.2%	1.1590			
32	1.4%	1.1830			
33	1.4%	1.1980			
34	1.4%	1.2140			
35	1.4%	1.2220			
36	1.4%	1.2300			
37	1.4%	1.2380			
38	1.3%	1.2460			
39	1.3%	1.2620			
40	1.3%	1.2780			
41	1.5%	1.3020			
42	1.5%	1.3250			
43	1.6%	1.3570			
44	1.7%	1.3970			
45	1.9%	1.4440			
46	1.8%	1.5000			
47	1.8%	1.5630			
48	2.0%	1.6350			
49	2.0%	1.7060			
50	2.1%	1.7860			
51	2.2%	1.8650			
52	2.3%	1.9520			
53	2.3%	2.0400			
54	2.5%	2.1350			
55	2.5%	2.2300			
56	2.5%	2.3330			
57	2.8%	2.4370			
58	3.0%	2.5480			
59	3.1%	2.6030			
60	3.3%	2.7140			
61	3.8%	2.8100			
62	4.4%	2.8730			
63	4.6%	2.9520			
64+	0.3%	3.0000			

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Rating Factors**

<b>Age and Tobacco</b>		
Age Range	Age Factor	Tobacco Factor
0-14	0.765	1.000
15	0.833	1.000
16	0.859	1.000
17	0.885	1.000
18	0.913	1.000
19	0.941	1.000
20	0.970	1.000
21	1.000	1.025
22	1.000	1.025
23	1.000	1.025
24	1.000	1.025
25	1.004	1.025
26	1.024	1.025
27	1.048	1.025
28	1.087	1.025
29	1.119	1.025
30	1.135	1.025
31	1.159	1.025
32	1.183	1.025
33	1.198	1.025
34	1.214	1.025
35	1.222	1.025
36	1.230	1.025
37	1.238	1.025
38	1.246	1.025
39	1.262	1.025
40	1.278	1.075
41	1.302	1.075
42	1.325	1.075
43	1.357	1.075
44	1.397	1.075
45	1.444	1.1
46	1.500	1.1
47	1.563	1.1
48	1.635	1.1
49	1.706	1.1
50	1.786	1.15
51	1.865	1.15
52	1.952	1.15
53	2.040	1.15
54	2.135	1.15
55	2.230	1.2
56	2.333	1.2
57	2.437	1.2
58	2.548	1.2
59	2.603	1.2
60	2.714	1.25
61	2.810	1.25
62	2.873	1.25
63	2.952	1.25
64+	3.000	1.25

<b>Region</b>	
Region	Factor
6	N/A
7	N/A
9	1.00



**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Base Rates**

<b>Benefit Plans</b>							<b>Base Rates</b>			
<b>#</b>	<b><u>Combo Description</u></b>	<b><u>Plan ID</u></b>	<b><u>On/Off Exchange</u></b>	<b><u>Metal Level</u></b>	<b><u>Medical + Rx</u></b>	<b><u>Medical</u></b>	<b><u>1/1/2018 - 12/31/2018</u></b>			<b><u>Total</u></b>
							<b><u>Rx</u></b>	<b><u>Pediatric Dental</u></b>	<b><u>Pedatric Vision</u></b>	
1	Iver CareConnect 3000/0/35   CareConnect 1	82795PA0120001	Off Exchange	Silver	\$438.41	\$359.50	\$76.31	\$2.60	\$0.35	\$438.75

**PA Rate Template Part I**  
**Data Relevant to the Rate Filing**

**Table 0. Identifying Information**

Carrier Name:	Capital Advantage Insurance Company		
Product(s):	FFCO		
Market Segment:	Individual		
Rate Effective Date:	1/1/2016	to	12/31/2018
Base Period Start Date:	1/1/2016	to	12/31/2016
Date of Most Recent Membership:	2/1/2017		

**Table 1. Number of Members**

	Member-months	
	Experience Period	Members Current Period (as of 02-01-2017)
Average Age	40	43
Total	161	166
<18	-	23
18-24	13	8
25-29	23	9
30-34	5	12
35-39	-	18
40-44	7	14
45-49	28	17
50-54	36	24
55-59	24	25
60-63	29	16
64+	-	-

\*Tables 1, 2 and 4 must include data for all non-grandfathered business (ACA compliant and Transitional)

**Table 2. Experience Period Claims and Premiums**

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$ 79,417.00	\$ 6,126.44	\$ 6,234.61	161	\$ 8,567.15	\$ 13,463.59		\$ (267.77)		\$ (52,068.00)	\$ -	\$ -
<b>Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)</b>											\$ 81.96
<b>Loss Ratio</b>											\$ 21.82%

\* Express Prescription Drug Rebates as a negative number

**Table 3. Trend Components**

Service Category	Cost*	Utilization*	Induced Demand*	Composite URRT Trend **	Weight*
Inpatient Hospital	9.38%	-0.50%	3.00%	12.10%	21.07%
Outpatient Hospital	8.81%	1.00%	3.00%	13.20%	37.65%
Professional	6.62%	1.00%	3.00%	10.91%	23.65%
Other Medical	8.81%	1.00%	3.00%	13.20%	
Capitation					0.00%
Prescription Drugs	13.60%	1.50%	3.00%	18.82%	15.35%
Total Annual Trend				13.29%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.283	

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

\*\* Should = URRT Trend

**Table 4. Historical Experience**

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-14		\$ 3,206,010.09	1.0000	\$ 3,206,010.09	13,791	\$ 232.47		\$ 12,657.31	\$ 3,514,797.95	\$ 254.86
Feb-14		\$ 2,840,263.77	1.0000	\$ 2,840,263.77	13,310	\$ 213.39		\$ 38,588.81	\$ 2,879,115.94	\$ 215.86
Mar-14		\$ 3,618,095.81	1.0000	\$ 3,618,095.81	12,792	\$ 282.84		\$ 31,551.07	\$ 3,761,115.80	\$ 292.02
Apr-14		\$ 3,067,249.97	1.0000	\$ 3,067,249.97	10,853	\$ 282.62		\$ 15,941.72	\$ 3,729,425.15	\$ 343.08
May-14		\$ 2,454,438.00	1.0000	\$ 2,454,438.00	10,674	\$ 229.95		\$ 19,157.30	\$ 3,088,383.54	\$ 289.34
Jun-14		\$ 2,514,497.01	1.0000	\$ 2,514,497.01	10,477	\$ 240.00		\$ 16,832.61	\$ 3,111,781.69	\$ 297.01
Jul-14		\$ 2,602,365.81	1.0000	\$ 2,602,365.81	10,396	\$ 252.21		\$ 20,353.73	\$ 3,182,624.15	\$ 308.81
Aug-14		\$ 2,964,213.21	1.0000	\$ 2,964,213.21	10,154	\$ 291.93		\$ 19,990.92	\$ 3,515,772.38	\$ 346.25
Sep-14		\$ 2,663,569.44	1.0000	\$ 2,663,569.44	10,014	\$ 265.98		\$ 131,770.06	\$ 3,110,602.61	\$ 311.52
Oct-14		\$ 2,943,553.37	1.0000	\$ 2,943,553.37	9,893	\$ 297.54		\$ 21,706.02	\$ 3,523,636.66	\$ 356.17
Nov-14		\$ 2,619,800.26	1.0000	\$ 2,619,800.26	9,753	\$ 268.61		\$ 19,282.03	\$ 3,135,272.50	\$ 321.46
Dec-14	\$ 34,597,855.00	\$ 3,633,785.90	1.0000	\$ 3,633,785.90	9,680	\$ 376.17	\$ 7,682,495.00	\$ 60,799.88	\$ 4,143,782.21	\$ 428.96
Jan-15			#DIV/0!			#DIV/0!				#DIV/0!
Feb-15			#DIV/0!			#DIV/0!				#DIV/0!
Mar-15			#DIV/0!			#DIV/0!				#DIV/0!
Apr-15			#DIV/0!			#DIV/0!				#DIV/0!
May-15			#DIV/0!			#DIV/0!				#DIV/0!
Jun-15			#DIV/0!			#DIV/0!				#DIV/0!
Jul-15			#DIV/0!			#DIV/0!				#DIV/0!
Aug-15			#DIV/0!			#DIV/0!				#DIV/0!
Sep-15			#DIV/0!			#DIV/0!				#DIV/0!
Oct-15			#DIV/0!			#DIV/0!				#DIV/0!
Nov-15			#DIV/0!			#DIV/0!				#DIV/0!
Dec-15			#DIV/0!			#DIV/0!				#DIV/0!
Jan-16		\$ 24.20	1.0000	\$ 24.20	10	\$ 2.42		\$ 0.77	\$ 519.07	\$ 51.90
Feb-16		\$ 645.09	0.9999	\$ 645.14	10	\$ 64.51		\$ 0.37	\$ 1,186.70	\$ 118.67
Mar-16		\$ -	1.0000	\$ -	14	\$ -		\$ 66.20	\$ (55.31)	\$ (3.95)
Apr-16		\$ 75.65	0.9997	\$ 75.67	14	\$ 5.41		\$ 32.86	\$ 171.38	\$ 12.24
May-16		\$ -	1.0000	\$ -	14	\$ -		\$ -	\$ 8.72	\$ 0.62
Jun-16		\$ 739.28	0.9907	\$ 737.13	14	\$ 52.65		\$ 42.75	\$ 1,181.55	\$ 84.40
Jul-16		\$ 861.11	0.9973	\$ 868.44	12	\$ 71.95		\$ -	\$ 2,393.15	\$ 199.43
Aug-16		\$ 2,034.24	0.9952	\$ 2,044.01	12	\$ 170.33		\$ -	\$ 2,440.98	\$ 203.41
Sep-16		\$ 342.91	0.9742	\$ 352.00	14	\$ 25.14		\$ 124.86	\$ 607.48	\$ 43.39
Oct-16		\$ 678.64	0.9804	\$ 692.19	15	\$ 46.15		\$ -	\$ 1,079.02	\$ 71.93
Nov-16		\$ 423.17	0.9454	\$ 447.60	15	\$ 29.84		\$ -	\$ 1,397.59	\$ 93.17
Dec-16	\$ 79,417.00	\$ 3,111.13	0.8808	\$ 3,533.23	17	\$ 20.78	\$ 8,567.15	\$ -	\$ 2,265.50	\$ 133.26

\* Express Completion Factor as a percentage

Carrier Name: Capital Advantage Insurance Company  
 Product(s): PPO  
 Market Segment: Individual  
 Rate Effective Date: 1/1/2018

Table 2b. Manual Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$ 186,182,348.00	\$ 223,967,084.13	\$ 228,458,754.36	439,980	\$ 51,741,912.14	\$ 267,343,953.62		\$ (6,432,924.93)			\$ 13,116,357.01	\$ 12,468,806.14
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											\$ 593.01
Loss Ratio											105.15%

\*Express Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Induced Utilization*	Composite URRT Trend**	Weight*
Inpatient Hospital	9.38%	-0.50%	3.00%	12.10%	21.07%
Outpatient Hospital	8.81%	1.00%	3.00%	13.20%	37.65%
Professional	6.62%	1.00%	3.00%	10.91%	23.65%
Other Medical	8.81%	1.00%	3.00%	13.20%	0.00%
Capitation					
Prescription Drugs	13.60%	1.55%	3.00%	18.82%	15.35%
Total Annual Trend				13.29%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.283	

\* Express Cost, Utilization, Induced Utilization and Weight as percentages  
 \*\*Should = URRT Trend

Table 4b. Historical Manual Experience

Month-Year	Total Annual Premium	Incurring Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-14		\$ 3,206,010.09	0.9978	\$ 3,213,016.97	13,791	\$ 232.98		\$ 12,657.31	\$ 3,514,797.95	\$ 254.86
Feb-14		\$ 2,840,263.77	0.9977	\$ 2,846,885.05	13,310	\$ 213.89		\$ 38,588.81	\$ 2,873,115.94	\$ 215.86
Mar-14		\$ 3,618,095.81	0.9977	\$ 3,626,267.25	12,792	\$ 283.48		\$ 31,551.07	\$ 3,761,115.89	\$ 294.02
Apr-14		\$ 3,067,249.97	0.9979	\$ 3,073,640.00	10,853	\$ 283.21		\$ 15,941.72	\$ 3,273,425.15	\$ 343.08
May-14		\$ 2,454,438.00	0.9975	\$ 2,460,570.00	10,674	\$ 230.52		\$ 19,157.30	\$ 3,088,383.54	\$ 289.34
Jun-14		\$ 2,514,497.01	0.9977	\$ 2,520,191.00	10,477	\$ 240.55		\$ 16,832.61	\$ 3,111,781.69	\$ 297.01
Jul-14		\$ 2,602,365.81	0.9976	\$ 2,608,553.00	10,306	\$ 253.11		\$ 20,353.73	\$ 3,182,624.15	\$ 308.81
Aug-14		\$ 2,964,213.21	0.9977	\$ 2,970,922.00	10,154	\$ 292.59		\$ 19,590.92	\$ 3,515,772.38	\$ 346.25
Sep-14		\$ 2,663,569.44	0.9976	\$ 2,670,012.00	10,014	\$ 266.63		\$ 131,770.06	\$ 3,119,602.61	\$ 311.52
Oct-14		\$ 2,943,553.37	0.9976	\$ 2,950,697.00	9,893	\$ 298.26		\$ 21,705.02	\$ 3,523,636.66	\$ 356.17
Nov-14		\$ 2,619,800.26	0.9972	\$ 2,627,170.00	9,753	\$ 269.37		\$ 19,282.03	\$ 3,135,222.56	\$ 321.46
Dec-14	\$ 34,597,855.00	\$ 3,633,785.90	0.9973	\$ 3,643,525.00	9,660	\$ 377.18	\$ 7,682,495.00	\$ 90,759.88	\$ 4,143,782.21	\$ 428.96
Jan-15		\$ 3,126,335.54	1.0000	\$ 3,126,335.23	9,850	\$ 317.39		\$ 18,191.41	\$ 3,928,353.92	\$ 398.82
Feb-15		\$ 3,415,065.48	1.0000	\$ 3,415,065.27	9,950	\$ 343.22		\$ 16,885.31	\$ 4,155,495.91	\$ 417.64
Mar-15		\$ 3,605,794.41	1.0000	\$ 3,605,795.09	9,901	\$ 364.18		\$ 123,561.28	\$ 4,274,005.85	\$ 431.67
Apr-15		\$ 3,838,362.00	1.0000	\$ 3,838,362.86	9,810	\$ 390.91		\$ 22,443.09	\$ 4,527,543.92	\$ 461.10
May-15		\$ 3,404,154.16	1.0000	\$ 3,404,153.63	9,758	\$ 348.86		\$ 23,741.41	\$ 4,079,028.64	\$ 418.02
Jun-15		\$ 4,089,678.43	1.0000	\$ 4,089,700.95	9,690	\$ 422.05		\$ 151,288.19	\$ 4,613,733.86	\$ 476.13
Jul-15		\$ 3,496,703.59	1.0000	\$ 3,496,714.20	9,620	\$ 363.48		\$ 25,660.54	\$ 4,102,530.92	\$ 426.46
Aug-15		\$ 3,691,401.32	1.0000	\$ 3,691,415.42	9,577	\$ 385.45		\$ 36,512.42	\$ 4,230,588.78	\$ 441.74
Sep-15		\$ 4,042,918.73	1.0000	\$ 4,042,949.02	9,537	\$ 423.92		\$ 171,382.93	\$ 4,479,025.08	\$ 469.65
Oct-15		\$ 4,761,611.33	1.0000	\$ 4,761,643.77	9,555	\$ 498.44		\$ 33,828.55	\$ 5,345,287.25	\$ 559.54
Nov-15		\$ 4,418,879.70	1.0000	\$ 4,418,946.63	9,511	\$ 464.61		\$ 28,982.82	\$ 4,945,779.21	\$ 520.01
Dec-15	\$ 35,386,743.00	\$ 4,420,810.24	1.0000	\$ 4,420,939.27	9,450	\$ 467.38	\$ 9,765,858.19	\$ 279,366.20	\$ 4,753,060.68	\$ 502.49
Jan-16		\$ 13,617,534.11	1.0000	\$ 13,617,785.25	35,340	\$ 385.34		\$ 263,895.38	\$ 17,242,376.29	\$ 487.90
Feb-16		\$ 16,931,591.10	0.9999	\$ 16,933,080.52	36,968	\$ 458.05		\$ 397,455.21	\$ 20,492,787.29	\$ 554.34
Mar-16		\$ 19,804,607.42	0.9998	\$ 19,807,611.99	37,773	\$ 524.39		\$ 459,704.81	\$ 23,420,455.84	\$ 620.03
Apr-16		\$ 17,281,114.52	0.9997	\$ 17,285,584.41	37,743	\$ 457.98		\$ 523,249.60	\$ 20,215,008.21	\$ 535.60
May-16		\$ 17,861,222.87	0.9993	\$ 17,873,177.94	37,548	\$ 476.01		\$ 525,858.82	\$ 20,518,086.57	\$ 548.05
Jun-16		\$ 19,333,171.54	0.9923	\$ 19,483,912.19	37,360	\$ 521.52		\$ 532,603.46	\$ 22,080,072.54	\$ 591.01
Jul-16		\$ 17,668,468.88	0.9976	\$ 17,711,377.88	37,222	\$ 475.83		\$ 582,457.20	\$ 19,947,959.07	\$ 535.92
Aug-16		\$ 20,569,467.52	0.9960	\$ 20,653,058.38	36,981	\$ 558.48		\$ 576,894.54	\$ 23,078,199.81	\$ 624.06
Sep-16		\$ 18,310,095.99	0.9790	\$ 18,703,591.30	36,620	\$ 510.62		\$ 593,917.76	\$ 20,912,872.07	\$ 570.94
Oct-16		\$ 20,479,521.37	0.9834	\$ 20,825,139.77	36,255	\$ 574.41		\$ 581,200.99	\$ 22,916,348.20	\$ 632.09
Nov-16		\$ 20,668,088.54	0.9553	\$ 21,634,534.07	35,799	\$ 604.33		\$ 654,789.09	\$ 23,716,928.22	\$ 662.78
Dec-16	\$ 186,182,348.19	\$ 21,442,200.27	0.8960	\$ 23,929,900.66	34,362	\$ 696.41	\$ 51,741,912.14	\$ 740,898.07	\$ 26,046,443.86	\$ 758.00

\* Express Completion Factor as a percentage

**PA Rate Template Part II**  
**Rate Development and Change**

Carrier Name: Capital Advantage Insurance Company  
 Product(s): PPO  
 Market Segment: Individual  
 Rate Effective Date: 1/1/2018

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

Development of the Projected Index Rate	Actual Experience Data	Manual Data	
Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates) PMPM	\$ 81.96	\$ 593.01	< Actual Experience PMPM should be consistent with the Index Rate for Experience Period on URRT
Two year trend projection factor	1.283	1.283	
Unadjusted Projected Allowed EHB Claims PMPM	\$ 105.19	\$ 761.07	
<b>Single Risk Pool Adjustment Factors</b>			
Change in Morbidity		1.005	< See URRT Instructions
Change in Other	0.000	0.936	< See URRT Instructions
Change in Demographics		1.000	< See URRT Instructions
Change in Network		0.924	< See URRT Instructions
Change in Benefits		1.007	< See URRT Instructions
Change in Other		1.005	< See URRT Instructions
Total Adjusted Projected Allowed EHB Claims PMPM	\$ -	\$ 779.49	
Credibility Factors	0%	100%	< See Instructions
Blended Projected EHB Claims PMPM		\$ 779.49	< Projected Index Rate
<b>Development of the Market-Adjusted Index Rate and Total Allowed Claims</b>			
Adjusted Projected Allowed EHB Claims PMPM	\$ 779.49		< Index Rate for Projection Period on URRT - Individual or First Quarter Small Group
Adjusted Projected Allowed EHB Claims PMPM [will only populate for small group filings]	\$ -		< Index Rate for Projection Period on URRT - Small Group
Projected Paid to Allowed Ratio	0.847		< Paid to Allowed Average Factor in Projection Period on URRT
Projected Paid EHB Claims PMPM	\$ 660.32		
<b>Market-wide Adjustments</b>			
Projected Risk Adjustment PMPM	\$ 28.09		
Projected Paid Exchange User Fees PMPM	\$ -		
Market-Adjusted Projected Paid EHB Claims PMPM	\$ 632.23		
Market-Adjusted Projected Allowed EHB Claims PMPM	\$ 746.34		< Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM	\$ -		
Market-Adjusted Projected Paid Total Claims PMPM	\$ 632.23		
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 746.34		

For Informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 593.01	< Index Rate of Experience Period on URRT
Blended Earned Premium	\$ 186,182,348.00	
Blended Loss Ratio	105.15%	

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

Effective Date	1/1/2018	4/1/2018	7/1/2018	10/1/2018	Total Single Risk Pool
# of Member Months Renewing in Quarter					-
Adjusted Projected Allowed EHB Claims PMPM Q1	\$ 779.49	\$ 779.49	\$ 779.49	\$ 779.49	\$ 779.49
Months of Trend	-	3	6	9	-
Annual Trend	13.29%	13.29%	13.29%	13.29%	-
Single Risk Pool Projected Allowed Claims	\$ 779.49	\$ 804.19	\$ 829.66	\$ 855.95	\$ -
Quarterly Trend Factor	100.0%	103.2%	106.4%	109.8%	0.0%
2018 Trend Factors by Quarter	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

**Table 6. Retention**

Retention Items - Express in percentages		
Administrative Expenses	7.27%	
General and Claims	6.26%	
Agent/Broker Fees and Commissions	0.80%	
Quality Improvement Initiatives	0.20%	
Taxes and Fees	6.51%	
PCORI Fees (Enter \$ amount here: \$ 0.20 )	0.03%	
Pa Premium Tax (if applicable)	2.00%	
Federal Income Tax	0.70%	
Health Insurance Providers Fee	3.78%	
Profit/Contingency (after tax)	2.00%	
Total Retention	15.78%	
Projected Required Revenue PMPM	\$ 750.70	< Single Pool Gross Premium Avg. Rate, PMPM on URRT

**Table 7. Normalized Market-Adjusted Projected Allowed Total Claims**

	2017	2018
Normalization Factors		
Average Age Factor	1.640	1.700
Average Geographic Factor	1.000	1.000
Average Tobacco Factor	1.006	1.006
Average Benefit Richness (induced demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 655.74	\$ 746.34
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 397.50	\$ 436.26

**Table 8. Components of Rate Change**

Rate Components	2017	2018	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	365.03	438.7536875	\$ 73.72	20.2%
B. Base period allowed claims before normalization	\$ 467.86	\$ 593.01	\$ 125.14	34%
C. Normalization factor component of change	\$ (184.25)	\$ -246.3741555	\$ -62.12	-50.17
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 283.61	\$ 346.63	\$ 63.02	17%
D2. URRT Trend	\$ 47.84	\$ 98.24	\$ 50.40	14%
D3. URRT Morbidity	\$ 102.33	\$ 42.12	\$ (60.21)	-16%
D4. URRT Other	\$ (36.38)	\$ (31.35)	\$ 5.03	1%
D5. Normalized URRT RA/RI on an allowed basis	\$ 0.100075857	\$ -19.37953862	\$ (19.48)	-5%
D6. Normalized Exchange User Fee on an allowed basis	\$ -	\$ -	\$ -	0%
D7. Subtotal - Sum(D1-D6)	\$ 397.50	\$ 436.26	\$ 38.75	11%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ -	\$ 0	\$ -	0%
E2. Pricing AV	\$ (82.51)	\$ (70.41)	\$ 12.10	3%
E3. Benefit Richness	\$ -	\$ 3.66	\$ 3.66	1%
E4. Catastrophic Eligibility	\$ -	\$ -	\$ -	0%
E5. Subtotal - Sum(E1-E4)	\$ (82.51)	\$ (66.75)	\$ 15.76	4%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 40.20	\$ 31.01	\$ (8.20)	-2%
F2. Taxes and Fees	\$ 9.98	\$ 28.56	\$ 18.57	5%
F3. Profit and/or Contingency	\$ -	\$ 8.78	\$ 8.78	2%
F4. Subtotal - Sum(F1-F3)	\$ 50.18	\$ 69.24	\$ 19.06	5%
G. Change in Miscellaneous Items	\$ -	\$ -	\$ -	0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 365.18	\$ 438.75	\$ 73.58	20%

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

	2017	2018	
Paid-to-Allowed	0.787	0.847	
URRT Trend (Total Applied Trend Factor)	1.169	1.283	< URRT W1, S2
URRT Morbidity	1.309	1.095	< URRT W1, S2
URRT "Other"	0.916	0.936	< URRT W1, S2
Risk Adjustment	\$ 0.13	\$ (28.09)	< URRT W1, S3
Exchange User Fee	\$ -	\$ -	< URRT W1, S3
Capitation	\$ -	\$ -	< URRT W1, S2
Network	1.000	1.000	
Pricing AV	0.792	0.839	
Benefit Richness	1.000	1.010	
Catastrophic Eligibility	1.000	1.000	
Administrative Expenses	11.01%	7.27%	
Taxes and Fees	2.73%	6.51%	
Profit and/or Contingency	0.00%	2.00%	







**PA Rate Template Part IV A - Individual**

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

Carrier Name: Capital Advantage Insurance Company  
 Product(s): PPO  
 Market Segment: Individual  
 Rate Effective Date: 1/1/2018

Plan Number	HIOS Plan ID (Standard Component)	1/1/17 Plan Marketing Name	Discontinued, New, Modified, Existing (D,N,M,E) for 2018	1/1/18 Plan HIOS PLAN ID (If 1/1/17 Plan Discontinued)	Metallic Tier	Exchange On/Off or Off
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**Totals** These cells auto-fill using the data entered in Table 10.

Plan 1	82795PA0120001	Silver CareConnect 3000/	M	0	Silver	Off
Plan 2	0	0	0	0	0	0
Plan 3	0	0	0	0	0	0



Capital Advantage Insurance Company  
Individual  
Plan Design Summary

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
82795PA0120001	Silver CareConnect 3000/0/35	Gatekeeper PPO	Silver	Off	Gatekeeper PPO	9	Cumberland, Dauphin, Perry

Company Name: Capital Advantage Insurance Company  
 Market: Individual  
 Product: Gatekeeper PPO  
 Effective Date of Rates: January 1, 2018

Ending date of Rates: December 31, 2018

<b>HIOS Plan ID (On Exchange)=&gt;</b>		
<b>HIOS Plan ID (Off Exchange)=&gt;</b> 82795PA0120001		
<b>Plan Marketing Name =&gt;</b> Silver CareConnect 3000/0/35		
<b>Form # =&gt;</b> CAIC-Ind-PPOG-C-v0118		
<b>Rating Area =&gt;</b> 9		
<b>Network =&gt;</b> Gatekeeper PPO		
<b>Metal =&gt;</b> Silver		
<b>Deductible =&gt;</b> \$3000 Med/Rx Combined		
<b>Coinsurance =&gt;</b> 0%		
<b>Copays =&gt;</b> \$35/\$55/\$400 PCP/SPC/ER		
<b>OOP Maximum =&gt;</b> \$7350 Med/Rx Combined		
<b>Pediatric Dental (Yes/No) =&gt;</b> Yes		
<b>Age Band</b>	<b>Non-Tobacco</b>	<b>Tobacco</b>
0 - 14	\$335.65	\$335.65
15	\$365.48	\$365.48
16	\$376.89	\$376.89
17	\$388.30	\$388.30
18	\$400.58	\$400.58
19	\$412.87	\$412.87
20	\$425.59	\$425.59
21	\$438.75	\$449.72
22	\$438.75	\$449.72
23	\$438.75	\$449.72
24	\$438.75	\$449.72
25	\$440.51	\$451.52
26	\$449.28	\$460.52
27	\$459.81	\$471.31
28	\$476.93	\$488.85
29	\$490.97	\$503.24
30	\$497.99	\$510.44
31	\$508.52	\$521.23
32	\$519.05	\$532.02
33	\$525.63	\$538.77
34	\$532.65	\$545.96
35	\$536.16	\$549.56
36	\$539.67	\$553.16
37	\$543.18	\$556.76
38	\$546.69	\$560.35
39	\$553.71	\$567.55
40	\$560.73	\$602.78
41	\$571.26	\$614.10
42	\$581.35	\$624.95
43	\$595.39	\$640.04
44	\$612.94	\$658.91
45	\$633.56	\$696.92
46	\$658.13	\$723.94
47	\$685.77	\$754.35
48	\$717.36	\$789.10
49	\$748.51	\$823.37
50	\$783.61	\$901.16
51	\$818.28	\$941.02
52	\$856.45	\$984.91
53	\$895.06	\$1,029.32
54	\$936.74	\$1,077.25
55	\$978.42	\$1,174.10
56	\$1,023.61	\$1,228.33
57	\$1,069.24	\$1,283.09
58	\$1,117.94	\$1,341.53
59	\$1,142.08	\$1,370.49
60	\$1,190.78	\$1,488.47
61	\$1,232.90	\$1,541.12
62	\$1,260.54	\$1,575.67
63	\$1,295.20	\$1,619.00
64+	\$1,316.25	\$1,645.33

**Capital Advantage Insurance Company**

**Market Individual**

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

**RATING AREA 9**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry
82795PA0120001	Silver CareConnect 3000/0/35	Gatekeeper PPO	Silver	Off	\$438.75	\$438.75					\$438.75

2018 Rates Table Template v7.1		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.			
		To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.			
HIOS Issuer ID*	82795				
Federal TIN*	23-2195219				
Rate Effective Date*	1/1/2018				
Rate Expiration Date*	12/31/2018				
Rating Method*	Age-Based Rates				
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*	Individual Tobacco Rate*
<b>Required:</b> Enter the 14-character Plan ID	<b>Required:</b> Select the Rating Area ID	<b>Required:</b> Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	<b>Required:</b> Select the age of a subscriber eligible for the rate	<b>Required:</b> Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan	<b>Required:</b> Enter the rate of an Individual tobacco enrollee on a plan
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	0-14	335.65	335.65
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	15	365.48	365.48
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	16	376.89	376.89
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	17	388.30	388.30
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	18	400.58	400.58
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	19	412.87	412.87
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	20	425.59	425.59
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	21	438.75	449.72
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	22	438.75	449.72
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	23	438.75	449.72
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	24	438.75	449.72
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	25	440.51	451.52
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	26	449.28	460.52
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	27	459.81	471.31
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	28	476.93	488.85
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	29	490.97	503.24
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	30	497.99	510.44
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	31	508.52	521.23
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	32	519.05	532.02
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	33	525.63	538.77
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	34	532.65	545.96
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	35	536.16	549.56
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	36	539.67	553.16
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	37	543.18	556.76
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	38	546.69	560.35
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	39	553.71	567.55
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	40	560.73	602.78
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	41	571.26	614.10
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	42	581.35	624.95
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	43	595.39	640.04
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	44	612.94	658.91
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	45	633.56	696.92
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	46	658.13	723.94
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	47	685.77	754.35
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	48	717.36	789.10
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	49	748.51	823.37
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	50	783.61	901.16
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	51	818.28	941.02
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	52	856.45	984.91
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	53	895.06	1029.32
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	54	936.74	1077.25
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	55	978.42	1174.10
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	56	1023.61	1228.33
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	57	1069.24	1283.09
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	58	1117.94	1341.53
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	59	1142.08	1370.49
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	60	1190.78	1488.47
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	61	1232.90	1541.12
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	62	1260.54	1575.67
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	63	1295.20	1619.00
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	64 and over	1316.25	1645.33

2018 Rates Table Template v7.1				
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.				
To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.				
HIOS Issuer ID*	82795			
Federal TIN*	23-2195219			
Rate Effective Date*	1/1/2018			
Rate Expiration Date*	3/31/2018			
Rating Method*	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
<b>Required:</b> Enter the 14-character Plan ID	<b>Required:</b> Select the Rating Area ID	<b>Required:</b> Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	<b>Required:</b> Select the age of a subscriber eligible for the rate	<b>Required:</b> Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
82795PA0110007	Rating Area 9	No Preference	0-14	266.96
82795PA0110007	Rating Area 9	No Preference	15	290.69
82795PA0110007	Rating Area 9	No Preference	16	299.77
82795PA0110007	Rating Area 9	No Preference	17	308.84
82795PA0110007	Rating Area 9	No Preference	18	318.61
82795PA0110007	Rating Area 9	No Preference	19	328.38
82795PA0110007	Rating Area 9	No Preference	20	338.50
82795PA0110007	Rating Area 9	No Preference	21	348.97
82795PA0110007	Rating Area 9	No Preference	22	348.97
82795PA0110007	Rating Area 9	No Preference	23	348.97
82795PA0110007	Rating Area 9	No Preference	24	348.97
82795PA0110007	Rating Area 9	No Preference	25	350.37
82795PA0110007	Rating Area 9	No Preference	26	357.35
82795PA0110007	Rating Area 9	No Preference	27	365.72
82795PA0110007	Rating Area 9	No Preference	28	379.33
82795PA0110007	Rating Area 9	No Preference	29	390.50
82795PA0110007	Rating Area 9	No Preference	30	396.08
82795PA0110007	Rating Area 9	No Preference	31	404.46
82795PA0110007	Rating Area 9	No Preference	32	412.83
82795PA0110007	Rating Area 9	No Preference	33	418.07
82795PA0110007	Rating Area 9	No Preference	34	423.65
82795PA0110007	Rating Area 9	No Preference	35	426.44
82795PA0110007	Rating Area 9	No Preference	36	429.23
82795PA0110007	Rating Area 9	No Preference	37	432.02
82795PA0110007	Rating Area 9	No Preference	38	434.82
82795PA0110007	Rating Area 9	No Preference	39	440.40
82795PA0110007	Rating Area 9	No Preference	40	445.98
82795PA0110007	Rating Area 9	No Preference	41	454.36
82795PA0110007	Rating Area 9	No Preference	42	462.39
82795PA0110007	Rating Area 9	No Preference	43	473.55
82795PA0110007	Rating Area 9	No Preference	44	487.51
82795PA0110007	Rating Area 9	No Preference	45	503.91
82795PA0110007	Rating Area 9	No Preference	46	523.46
82795PA0110007	Rating Area 9	No Preference	47	545.44
82795PA0110007	Rating Area 9	No Preference	48	570.57
82795PA0110007	Rating Area 9	No Preference	49	595.34
82795PA0110007	Rating Area 9	No Preference	50	623.26
82795PA0110007	Rating Area 9	No Preference	51	650.83
82795PA0110007	Rating Area 9	No Preference	52	681.19
82795PA0110007	Rating Area 9	No Preference	53	711.90
82795PA0110007	Rating Area 9	No Preference	54	745.05
82795PA0110007	Rating Area 9	No Preference	55	778.20
82795PA0110007	Rating Area 9	No Preference	56	814.15
82795PA0110007	Rating Area 9	No Preference	57	850.44
82795PA0110007	Rating Area 9	No Preference	58	889.18
82795PA0110007	Rating Area 9	No Preference	59	908.37
82795PA0110007	Rating Area 9	No Preference	60	947.10
82795PA0110007	Rating Area 9	No Preference	61	980.61
82795PA0110007	Rating Area 9	No Preference	62	1002.59
82795PA0110007	Rating Area 9	No Preference	63	1030.16
82795PA0110007	Rating Area 9	No Preference	64 and over	1046.90

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If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.				
To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.				
HIOS Issuer ID*	82795			
Federal TIN*	23-2195219			
Rate Effective Date*	4/1/2018			
Rate Expiration Date*	6/30/2018			
Rating Method*	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
<b>Required:</b> Enter the 14-character Plan ID	<b>Required:</b> Select the Rating Area ID	<b>Required:</b> Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	<b>Required:</b> Select the age of a subscriber eligible for the rate	<b>Required:</b> Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
82795PA0110007	Rating Area 9	No Preference	0-14	272.82
82795PA0110007	Rating Area 9	No Preference	15	297.07
82795PA0110007	Rating Area 9	No Preference	16	306.35
82795PA0110007	Rating Area 9	No Preference	17	315.62
82795PA0110007	Rating Area 9	No Preference	18	325.60
82795PA0110007	Rating Area 9	No Preference	19	335.59
82795PA0110007	Rating Area 9	No Preference	20	345.93
82795PA0110007	Rating Area 9	No Preference	21	356.63
82795PA0110007	Rating Area 9	No Preference	22	356.63
82795PA0110007	Rating Area 9	No Preference	23	356.63
82795PA0110007	Rating Area 9	No Preference	24	356.63
82795PA0110007	Rating Area 9	No Preference	25	358.06
82795PA0110007	Rating Area 9	No Preference	26	365.19
82795PA0110007	Rating Area 9	No Preference	27	373.75
82795PA0110007	Rating Area 9	No Preference	28	387.66
82795PA0110007	Rating Area 9	No Preference	29	399.07
82795PA0110007	Rating Area 9	No Preference	30	404.78
82795PA0110007	Rating Area 9	No Preference	31	413.33
82795PA0110007	Rating Area 9	No Preference	32	421.89
82795PA0110007	Rating Area 9	No Preference	33	427.24
82795PA0110007	Rating Area 9	No Preference	34	432.95
82795PA0110007	Rating Area 9	No Preference	35	435.80
82795PA0110007	Rating Area 9	No Preference	36	438.65
82795PA0110007	Rating Area 9	No Preference	37	441.51
82795PA0110007	Rating Area 9	No Preference	38	444.36
82795PA0110007	Rating Area 9	No Preference	39	450.07
82795PA0110007	Rating Area 9	No Preference	40	455.77
82795PA0110007	Rating Area 9	No Preference	41	464.33
82795PA0110007	Rating Area 9	No Preference	42	472.53
82795PA0110007	Rating Area 9	No Preference	43	483.95
82795PA0110007	Rating Area 9	No Preference	44	498.21
82795PA0110007	Rating Area 9	No Preference	45	514.97
82795PA0110007	Rating Area 9	No Preference	46	534.95
82795PA0110007	Rating Area 9	No Preference	47	557.41
82795PA0110007	Rating Area 9	No Preference	48	583.09
82795PA0110007	Rating Area 9	No Preference	49	608.41
82795PA0110007	Rating Area 9	No Preference	50	636.94
82795PA0110007	Rating Area 9	No Preference	51	665.11
82795PA0110007	Rating Area 9	No Preference	52	696.14
82795PA0110007	Rating Area 9	No Preference	53	727.53
82795PA0110007	Rating Area 9	No Preference	54	761.41
82795PA0110007	Rating Area 9	No Preference	55	795.28
82795PA0110007	Rating Area 9	No Preference	56	832.02
82795PA0110007	Rating Area 9	No Preference	57	869.11
82795PA0110007	Rating Area 9	No Preference	58	908.69
82795PA0110007	Rating Area 9	No Preference	59	928.31
82795PA0110007	Rating Area 9	No Preference	60	967.89
82795PA0110007	Rating Area 9	No Preference	61	1002.13
82795PA0110007	Rating Area 9	No Preference	62	1024.60
82795PA0110007	Rating Area 9	No Preference	63	1052.77
82795PA0110007	Rating Area 9	No Preference	64 and over	1069.88

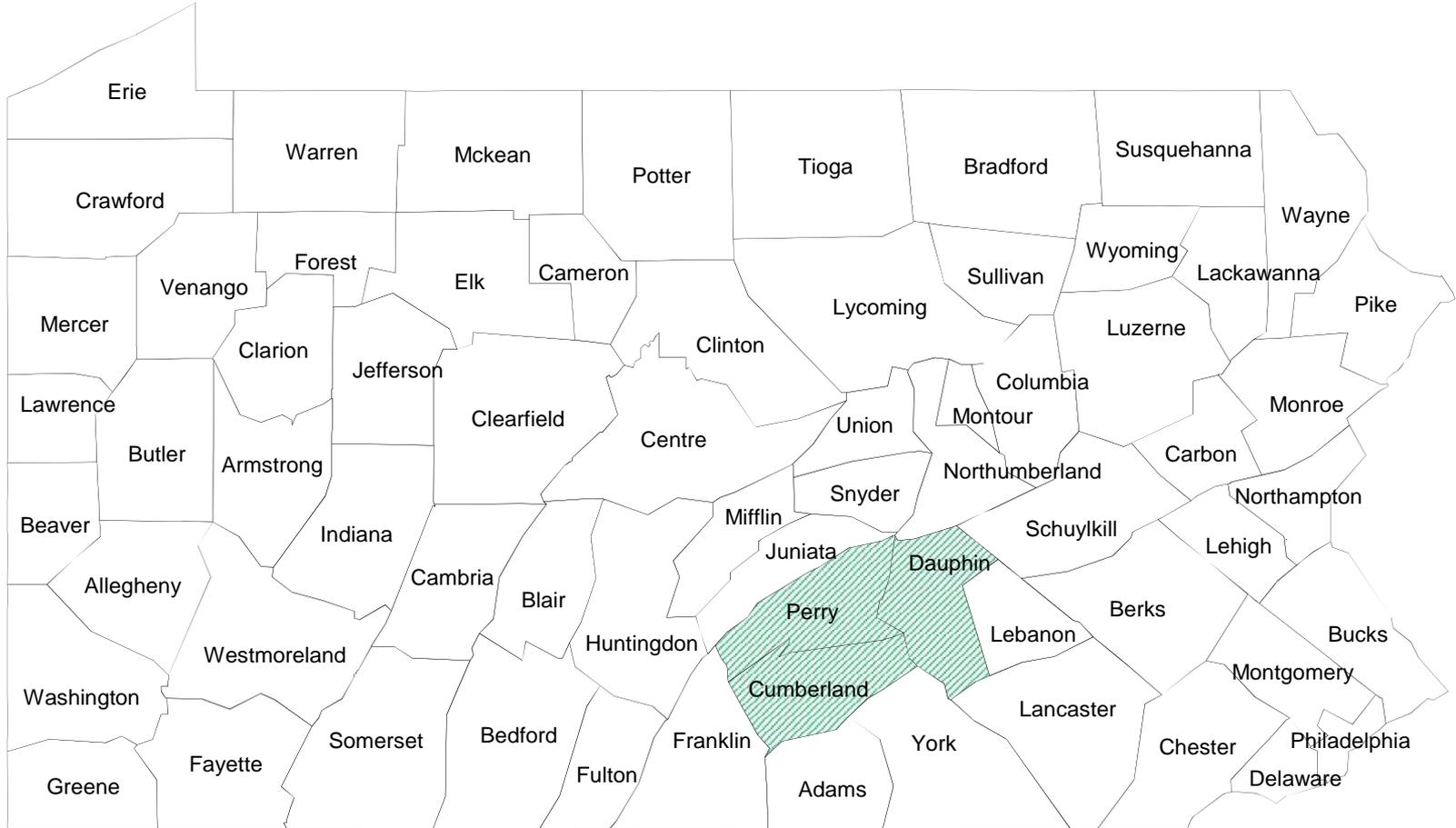
2018 Rates Table Template v7.1				
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If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.				
If you are not in a community rating state, select Age-Based Rates under Rating Method and provide 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.				
To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.				
HIOS Issuer ID*	82795			
Federal TIN*	23-2195219			
Rate Effective Date*	7/1/2018			
Rate Expiration Date*	9/30/2018			
Rating Method*	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
<b>Required:</b> Enter the 14-character Plan ID	<b>Required:</b> Select the Rating Area ID	<b>Required:</b> Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	<b>Required:</b> Select the age of a subscriber eligible for the rate	<b>Required:</b> Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
82795PA0110007	Rating Area 9	No Preference	0-14	278.81
82795PA0110007	Rating Area 9	No Preference	15	303.60
82795PA0110007	Rating Area 9	No Preference	16	313.07
82795PA0110007	Rating Area 9	No Preference	17	322.55
82795PA0110007	Rating Area 9	No Preference	18	332.75
82795PA0110007	Rating Area 9	No Preference	19	342.96
82795PA0110007	Rating Area 9	No Preference	20	353.53
82795PA0110007	Rating Area 9	No Preference	21	364.46
82795PA0110007	Rating Area 9	No Preference	22	364.46
82795PA0110007	Rating Area 9	No Preference	23	364.46
82795PA0110007	Rating Area 9	No Preference	24	364.46
82795PA0110007	Rating Area 9	No Preference	25	365.92
82795PA0110007	Rating Area 9	No Preference	26	373.21
82795PA0110007	Rating Area 9	No Preference	27	381.95
82795PA0110007	Rating Area 9	No Preference	28	396.17
82795PA0110007	Rating Area 9	No Preference	29	407.83
82795PA0110007	Rating Area 9	No Preference	30	413.66
82795PA0110007	Rating Area 9	No Preference	31	422.41
82795PA0110007	Rating Area 9	No Preference	32	431.16
82795PA0110007	Rating Area 9	No Preference	33	436.62
82795PA0110007	Rating Area 9	No Preference	34	442.45
82795PA0110007	Rating Area 9	No Preference	35	445.37
82795PA0110007	Rating Area 9	No Preference	36	448.29
82795PA0110007	Rating Area 9	No Preference	37	451.20
82795PA0110007	Rating Area 9	No Preference	38	454.12
82795PA0110007	Rating Area 9	No Preference	39	459.95
82795PA0110007	Rating Area 9	No Preference	40	465.78
82795PA0110007	Rating Area 9	No Preference	41	474.53
82795PA0110007	Rating Area 9	No Preference	42	482.91
82795PA0110007	Rating Area 9	No Preference	43	494.57
82795PA0110007	Rating Area 9	No Preference	44	509.15
82795PA0110007	Rating Area 9	No Preference	45	526.28
82795PA0110007	Rating Area 9	No Preference	46	546.69
82795PA0110007	Rating Area 9	No Preference	47	569.65
82795PA0110007	Rating Area 9	No Preference	48	595.89
82795PA0110007	Rating Area 9	No Preference	49	621.77
82795PA0110007	Rating Area 9	No Preference	50	650.93
82795PA0110007	Rating Area 9	No Preference	51	679.72
82795PA0110007	Rating Area 9	No Preference	52	711.43
82795PA0110007	Rating Area 9	No Preference	53	743.50
82795PA0110007	Rating Area 9	No Preference	54	778.12
82795PA0110007	Rating Area 9	No Preference	55	812.75
82795PA0110007	Rating Area 9	No Preference	56	850.29
82795PA0110007	Rating Area 9	No Preference	57	888.19
82795PA0110007	Rating Area 9	No Preference	58	928.64
82795PA0110007	Rating Area 9	No Preference	59	948.69
82795PA0110007	Rating Area 9	No Preference	60	989.14
82795PA0110007	Rating Area 9	No Preference	61	1024.13
82795PA0110007	Rating Area 9	No Preference	62	1047.09
82795PA0110007	Rating Area 9	No Preference	63	1075.89
82795PA0110007	Rating Area 9	No Preference	64 and over	1093.37

2018 Rates Table Template v7.1				
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.				
To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.				
HIOS Issuer ID*	82795			
Federal TIN*	23-2195219			
Rate Effective Date*	10/1/2018			
Rate Expiration Date*	12/31/2018			
Rating Method*	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
<b>Required:</b> Enter the 14-character Plan ID	<b>Required:</b> Select the Rating Area ID	<b>Required:</b> Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	<b>Required:</b> Select the age of a subscriber eligible for the rate	<b>Required:</b> Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
82795PA0110007	Rating Area 9	No Preference	0-14	284.93
82795PA0110007	Rating Area 9	No Preference	15	310.26
82795PA0110007	Rating Area 9	No Preference	16	319.94
82795PA0110007	Rating Area 9	No Preference	17	329.63
82795PA0110007	Rating Area 9	No Preference	18	340.06
82795PA0110007	Rating Area 9	No Preference	19	350.48
82795PA0110007	Rating Area 9	No Preference	20	361.29
82795PA0110007	Rating Area 9	No Preference	21	372.46
82795PA0110007	Rating Area 9	No Preference	22	372.46
82795PA0110007	Rating Area 9	No Preference	23	372.46
82795PA0110007	Rating Area 9	No Preference	24	372.46
82795PA0110007	Rating Area 9	No Preference	25	373.95
82795PA0110007	Rating Area 9	No Preference	26	381.40
82795PA0110007	Rating Area 9	No Preference	27	390.34
82795PA0110007	Rating Area 9	No Preference	28	404.86
82795PA0110007	Rating Area 9	No Preference	29	416.78
82795PA0110007	Rating Area 9	No Preference	30	422.74
82795PA0110007	Rating Area 9	No Preference	31	431.68
82795PA0110007	Rating Area 9	No Preference	32	440.62
82795PA0110007	Rating Area 9	No Preference	33	446.21
82795PA0110007	Rating Area 9	No Preference	34	452.17
82795PA0110007	Rating Area 9	No Preference	35	455.15
82795PA0110007	Rating Area 9	No Preference	36	458.13
82795PA0110007	Rating Area 9	No Preference	37	461.11
82795PA0110007	Rating Area 9	No Preference	38	464.09
82795PA0110007	Rating Area 9	No Preference	39	470.04
82795PA0110007	Rating Area 9	No Preference	40	476.00
82795PA0110007	Rating Area 9	No Preference	41	484.94
82795PA0110007	Rating Area 9	No Preference	42	493.51
82795PA0110007	Rating Area 9	No Preference	43	505.43
82795PA0110007	Rating Area 9	No Preference	44	520.33
82795PA0110007	Rating Area 9	No Preference	45	537.83
82795PA0110007	Rating Area 9	No Preference	46	558.69
82795PA0110007	Rating Area 9	No Preference	47	582.15
82795PA0110007	Rating Area 9	No Preference	48	608.97
82795PA0110007	Rating Area 9	No Preference	49	635.42
82795PA0110007	Rating Area 9	No Preference	50	665.21
82795PA0110007	Rating Area 9	No Preference	51	694.64
82795PA0110007	Rating Area 9	No Preference	52	727.04
82795PA0110007	Rating Area 9	No Preference	53	759.82
82795PA0110007	Rating Area 9	No Preference	54	795.20
82795PA0110007	Rating Area 9	No Preference	55	830.59
82795PA0110007	Rating Area 9	No Preference	56	868.95
82795PA0110007	Rating Area 9	No Preference	57	907.69
82795PA0110007	Rating Area 9	No Preference	58	949.03
82795PA0110007	Rating Area 9	No Preference	59	969.51
82795PA0110007	Rating Area 9	No Preference	60	1010.86
82795PA0110007	Rating Area 9	No Preference	61	1046.61
82795PA0110007	Rating Area 9	No Preference	62	1070.08
82795PA0110007	Rating Area 9	No Preference	63	1099.50
82795PA0110007	Rating Area 9	No Preference	64 and over	1117.37

# 2017 Service Area

Issuer: 82795

Market: Individual



**Key** (*modify as needed*)

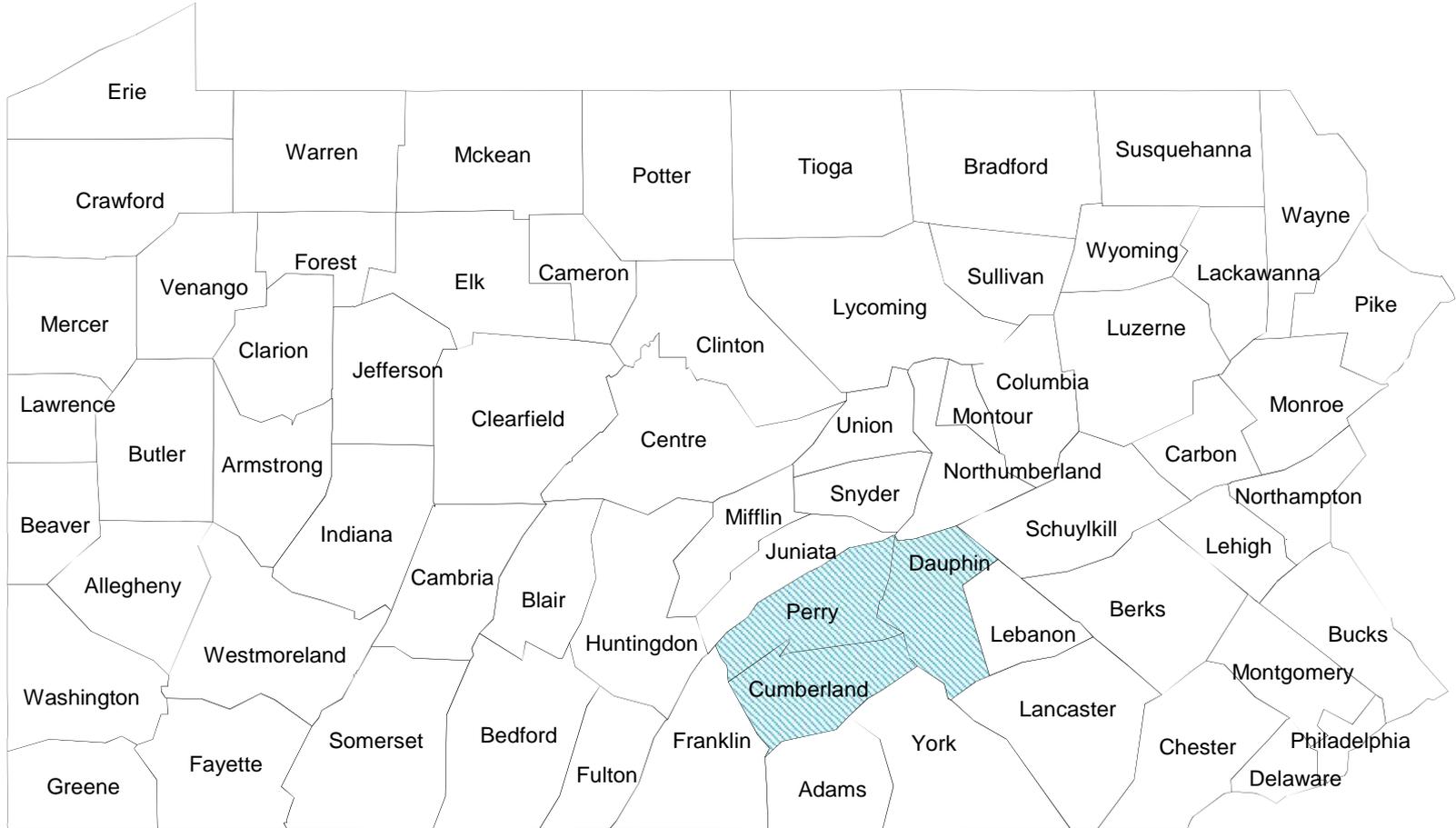
 : 2017 on-exchange service area

 : 2017 off-exchange only service area

# 2018 Service Area

Issuer: 82795

Market: Individual



**Key** (*modify as needed*)

-  : 2018 on-exchange service area
-  : 2018 off-exchange only service area

**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Q&A Exhibit 1a**

**Capital BlueCross Monthly Medical Trend Report**

**Capital BlueCross Monthly Medical Trend Report**

For 12 Month Periods Ended

**Individual PPO**

	12 Months Ended:			% Change	
	201705	201605	201505	2017/2016	2016/2015
<b>Allowed PMPM</b>					
Inpatient	\$ 141.70	\$ 114.13	\$ 68.46	24.2%	66.7%
Outpatient	242.50	196.71	133.55	23.3%	47.3%
Professional	157.94	142.53	107.96	10.8%	32.0%
<b>Medical Total</b>	<b>\$ 542.15</b>	<b>\$ 453.37</b>	<b>\$ 309.96</b>	19.6%	46.3%
Non-Specialty Drug	-	-	-	0.0%	0.0%
Specialty Drug	-	-	-	0.0%	0.0%
<b>Pharmacy Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	0.0%	0.0%
<b>Grand Total</b>	<b>\$ 542.15</b>	<b>\$ 453.37</b>	<b>\$ 309.96</b>	<b>19.6%</b>	46.3%
<b>Incurred/Paid PMPM</b>					
Inpatient	\$ 137.11	\$ 109.53	\$ 65.00	25.2%	68.5%
Outpatient	201.27	163.48	109.43	23.1%	49.4%
Professional	125.43	108.84	82.59	15.2%	31.8%
<b>Medical Total</b>	<b>\$ 463.82</b>	<b>\$ 381.86</b>	<b>\$ 257.03</b>	<b>21.5%</b>	48.6%
<b>Utilization Metrics</b>					
Admissions/1000 Members	85.1	72.5	49.2	17.5%	47.3%
Average Length of Stay	4.65	5.32	4.66	-12.6%	14.1%
Days/1000 Members	396	385	229	2.7%	68.0%
Outpatient Visits/1000 Members	3,126	2,686	1,966	16.4%	36.6%
Professional Visits/1000 Members	11,027	9,671	7,086	14.0%	36.5%
Non-Specialty Prescriptions PMPY	-	-	-	0.0%	0.0%
Specialty Prescriptions PMPY	-	-	-	0.0%	0.0%
<b>Unit Cost (Allowed)</b>					
Cost per Inpatient Admission	\$ 19,981.75	\$ 18,901.95	\$ 16,699.51	5.7%	13.2%
Cost per Outpatient Visit	930.98	878.83	815.00	5.9%	7.8%
Cost per Professional Visit	171.87	176.84	182.82	-2.8%	-3.3%
Cost per Non-Specialty Prescription	-	-	-	0.0%	0.0%
Cost per Specialty Prescription	-	-	-	0.0%	0.0%
<b>Unit Cost (Incurred/Paid)</b>					
Cost per Inpatient Admission	\$ 19,334.48	\$ 18,140.68	\$ 15,855.18	6.6%	14.4%
Cost per Outpatient Visit	772.70	730.35	667.86	5.8%	9.4%
Cost per Professional Visit	136.49	135.05	139.86	1.1%	-3.4%
Cost per Non-Specialty Prescription	-	-	-	0.0%	0.0%
Cost per Specialty Prescription	-	-	-	0.0%	0.0%
<b>Member Months</b>					
Medical	518,820	252,275	119,523	105.7%	111.1%
Rx	-	-	-	0.0%	0.0%

**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Q&A Exhibit 1b**

**Medical Trends**  
**Individual PPO Only**

Row Labels	Member Months	Demo Factor	Allowed Amount	Allowed PMPM	3 Month Allowed PMPM	12 Month Allowed PMPM	1 Month Allowed Trend	3 Month Allowed Trend	12 Month Allowed Trend	Paid Amount	Paid PMPM	3 Month Paid PMPM	12 Month Paid PMPM	1 Month Paid Trend	3 Month Paid Trend	12 Month Paid Trend	Visits	Visits/ 1000	3 Month Visits/ 1000	12 Month Visits/ 1000	1 Month Visits Trend	3 Month Visits Trend	12 Month Visits Trend	Admits	Admits/ 1000	3 Month Admits/ 1000	12 Month Admits/ 1000	1 Month Admits Trend	
IP, OP, PROF																													
201501	9,848	1.248	\$3,310,234	\$336.13	\$318.77	\$263.59	-6.26%	15.10%		\$2,649,276	\$269.02	\$265.85	\$215.37	-13.27%	15.53%		7,540	9,187.65	8,858.10	7,847.78	-0.89%	1.81%		55	67.02	45.52	38.88	49.85%	
201502	9,948	1.245	\$3,388,455	\$340.62	\$345.01	\$280.60	1.33%	26.82%		\$2,789,605	\$280.42	\$286.37	\$230.99	4.24%	26.79%		7,571	9,132.69	9,196.27	8,228.88	-0.60%	5.96%		40	48.25	53.37	41.19	-28.00%	
201503	9,899	1.245	\$3,674,779	\$371.23	\$349.33	\$295.75	8.99%	15.56%		\$3,036,781	\$306.78	\$285.42	\$244.59	9.40%	11.63%		8,383	10,162.24	9,494.12	8,594.84	11.27%	6.30%		62	75.16	63.45	44.65	55.77%	
201504	9,817	1.245	\$3,647,400	\$361.07	\$361.07	\$304.76	0.08%	13.27%	81.83%	\$3,077,620	\$313.50	\$300.16	\$252.70	2.19%	12.91%	103.96%	8,571	10,476.93	9,921.12	8,839.34	3.10%	12.00%	54.97%	54	66.01	63.11	46.53	-12.18%	
201505	9,755	1.247	\$3,412,117	\$349.78	\$364.23	\$309.96	-5.86%	5.57%	72.49%	\$2,822,272	\$289.32	\$303.24	\$257.03	-7.71%	5.89%	89.56%	8,367	10,292.72	10,310.25	9,052.60	-1.76%	12.11%	53.73%	56	68.89	70.03	49.20	4.36%	
201506	9,687	1.252	\$3,983,926	\$411.27	\$377.44	\$323.55	17.58%	8.04%	70.84%	\$3,433,040	\$354.40	\$318.98	\$269.79	22.49%	11.76%	86.38%	8,450	10,467.85	10,412.51	9,283.95	1.70%	9.67%	52.09%	58	71.85	68.90	52.35	4.30%	
201507	9,615	1.255	\$3,287,915	\$341.96	\$367.69	\$330.79	-16.85%	1.83%	66.66%	\$2,798,517	\$291.06	\$311.59	\$276.63	-17.87%	3.81%	79.99%	8,122	10,137.00	10,299.57	9,439.88	-3.16%	3.81%	49.40%	40	49.92	63.60	53.37	-30.52%	
201508	9,571	1.255	\$3,428,295	\$370.59	\$337.70	\$337.70	4.75%	1.75%	62.50%	\$2,968,873	\$310.19	\$318.65	\$283.26	6.58%	73.91%	79.97%	7,977	10,001.82	10,203.19	9,592.71	-1.33%	-1.04%	47.33%	53	66.45	62.76	54.66	33.11%	
201509	9,531	1.257	\$3,727,491	\$391.09	\$363.68	\$348.10	9.18%	-3.65%	59.95%	\$3,257,194	\$341.75	\$314.26	\$293.44	10.17%	-1.48%	70.52%	8,351	10,515.13	10,217.44	9,760.51	5.13%	-1.87%	44.69%	57	71.78	62.69	57.65	8.02%	
201510	9,546	1.258	\$4,493,007	\$470.67	\$406.62	\$363.29	20.35%	10.59%	59.54%	\$4,001,443	\$419.17	\$357.01	\$308.36	22.66%	14.58%	69.92%	9,431	11,856.06	10,790.46	9,962.25	12.75%	4.77%	42.21%	42	52.81	63.68	58.96	-26.43%	
201511	9,502	1.259	\$4,021,467	\$423.22	\$428.36	\$376.69	-10.08%	15.59%	59.93%	\$3,586,135	\$377.41	\$379.47	\$321.51	-9.96%	19.09%	70.01%	8,894	11,232.36	11,201.49	10,220.61	-5.26%	9.78%	41.68%	56	70.74	65.10	62.80	33.95%	
201512	9,451	1.263	\$4,082,178	\$431.93	\$442.00	\$382.69	2.06%	21.54%	52.93%	\$3,583,031	\$379.12	\$391.96	\$327.14	0.45%	24.73%	61.38%	9,803	12,447.76	11,844.33	10,480.79	10.82%	15.92%	38.08%	63	80.01	67.81	65.70	13.10%	
201601	35,340	1.344	\$15,285,550	\$432.53	\$430.80	\$398.36	0.14%	5.95%	51.13%	\$12,165,852	\$344.25	\$356.12	\$335.45	-9.20%	-0.25%	55.76%	34,926	11,859.52	11,852.16	10,914.63	-4.73%	9.84%	39.08%	23	75.74	75.61	68.11	-5.34%	
201602	36,968	1.343	\$17,597,877	\$476.03	\$452.13	\$418.79	10.06%	5.55%	49.25%	\$14,536,556	\$393.22	\$370.42	\$351.36	14.22%	-2.38%	52.11%	39,420	12,796.19	12,351.04	11,432.08	7.90%	10.26%	38.93%	250	81.17	78.69	72.15	7.17%	
201603	37,773	1.344	\$20,135,904	\$533.08	\$481.64	\$443.15	11.98%	8.97%	49.84%	\$16,932,467	\$448.27	\$396.39	\$372.22	14.00%	1.13%	52.18%	44,863	14,252.48	12,995.19	12,038.04	11.38%	9.72%	40.06%	235	74.97	77.30	72.54	-7.64%	
201604	37,743	1.346	\$17,145,669	\$454.27	\$487.89	\$448.15	-14.78%	13.25%	47.05%	\$14,396,756	\$381.44	\$407.75	\$376.34	-14.91%	14.50%	48.93%	39,922	12,693.10	13,250.63	12,216.45	-10.94%	11.80%	38.21%	238	75.69	77.25	73.35	0.96%	
201605	37,548	1.348	\$17,184,801	\$457.68	\$481.73	\$453.37	0.75%	6.55%	46.27%	\$14,672,636	\$390.77	\$406.87	\$381.86	2.45%	9.84%	48.57%	39,624	12,663.76	13,204.32	12,357.41	-0.23%	6.91%	36.51%	207	66.17	72.29	72.46	-12.57%	
201606	37,359	1.350	\$18,538,104	\$496.22	\$469.32	\$460.55	8.42%	-2.56%	42.34%	\$16,074,393	\$430.27	\$400.74	\$389.27	10.11%	1.10%	44.29%	39,992	12,845.87	12,733.99	12,487.98	1.44%	-2.01%	34.51%	237	76.17	72.68	72.97	15.11%	
201607	37,222	1.351	\$16,623,703	\$446.61	\$466.84	\$462.57	-10.00%	-4.31%	39.84%	\$14,396,325	\$386.77	\$402.60	\$392.03	-10.11%	-1.26%	41.72%	36,593	11,797.52	12,436.88	12,477.92	-8.16%	-6.14%	32.18%	206	66.53	69.62	72.91	-12.66%	
201608	36,980	1.351	\$18,908,936	\$511.33	\$484.67	\$470.93	14.49%	0.61%	39.45%	\$16,542,542	\$447.34	\$421.41	\$400.48	15.66%	3.58%	41.38%	41,830	13,574.12	12,737.49	12,669.69	15.06%	-3.54%	32.08%	230	74.80	72.50	73.31	12.43%	
201609	36,628	1.353	\$18,115,969	\$494.59	\$484.06	\$475.43	-3.27%	3.14%	36.58%	\$15,948,745	\$435.42	\$423.06	\$405.56	-2.66%	5.57%	38.21%	39,848	13,055.00	12,805.89	12,765.39	-3.82%	0.56%	30.79%	215	70.44	70.58	73.06	-5.83%	
201610	36,248	1.356	\$19,560,404	\$539.63	\$515.09	\$481.53	9.11%	10.33%	32.55%	\$17,478,260	\$482.19	\$454.86	\$412.37	10.74%	12.98%	33.73%	41,719	13,811.30	13,479.29	12,885.23	5.79%	8.38%	29.34%	234	77.68	74.30	73.99	10.27%	
201611	35,772	1.357	\$19,708,608	\$550.95	\$528.17	\$488.85	2.10%	8.97%	29.77%	\$17,587,721	\$491.66	\$469.54	\$420.00	1.97%	11.42%	30.63%	42,649	14,307.26	13,719.62	13,045.64	3.59%	7.71%	27.64%	234	78.68	75.57	74.46	1.28%	
201612	34,296	1.364	\$20,821,892	\$607.12	\$565.21	\$499.29	10.20%	16.76%	30.47%	\$18,779,940	\$547.58	\$506.47	\$430.83	11.37%	19.72%	31.70%	42,032	14,706.81	14,267.05	13,188.00	2.79%	11.41%	25.83%	240	84.11	80.09	75.10	6.90%	
201701	51,203	1.447	\$27,495,298	\$536.99	\$560.94	\$508.70	-11.55%	8.90%	27.70%	\$21,914,870	\$428.00	\$480.60	\$437.23	-21.84%	5.66%	30.34%	58,876	13,798.45	14,205.43	13,359.61	-6.18%	5.39%	22.40%	362	84.86	82.82	76.14	0.89%	
201702	53,021	1.445	\$28,754,787	\$542.33	\$556.40	\$515.04	0.99%	5.34%	22.98%	\$23,872,282	\$450.24	\$466.12	\$442.14	5.20%	-0.73%	25.84%	61,009	13,807.93	14,026.98	13,454.14	0.07%	2.24%	17.69%	370	83.86	84.29	76.62	-1.18%	
201703	53,556	1.445	\$32,312,620	\$603.34	\$561.31	\$523.35	11.25%	-0.69%	18.10%	\$27,525,949	\$513.97	\$464.65	\$449.55	14.15%	-8.26%	20.77%	68,724	15,398.81	14,344.85	13,605.89	11.52%	0.55%	13.02%	419	94.02	87.63	78.66	12.12%	
201704	53,341	1.445	\$29,574,045	\$554.43	\$531.82	\$481.53	-8.11%	1.04%	18.67%	\$25,184,982	\$472.15	\$478.89	\$445.56	-8.14%	-0.36%	21.45%	67,697	15,229.76	14,814.96	13,846.51	-1.10%	4.29%	13.34%	451	101.59	93.18	81.31	8.04%	
201705	53,194	1.445	\$30,862,372	\$580.19	\$579.35	\$542.15	4.64%	4.13%	19.58%	\$25,331,461	\$476.21	\$487.49	\$463.82	0.86%	4.58%	21.46%	70,936	16,002.51	15,543.08	14,153.16	5.07%	10.81%	14.53%	476	107.59	101.05	85.10	5.91%	
Inpatient																													
201501	9,848	1.248	\$959,890	\$97.47	\$75.87	\$62.43	7.33%	44.24%		\$898,538	\$91.24	\$72.56	\$59.23	2.97%	46.10%									55	67.02	45.52	38.88	49.85%	
201502	9,948	1.245	\$749,795	\$75.37	\$87.82	\$66.20	-22.67%	83.05%		\$723,073	\$72.69	\$84.11	\$63.12	-20.34%	82.61%									40	48.25	53.37	41.19	-28.00%	
201503	9,899	1.245	\$963,826	\$97.37	\$90.03	\$68.89	29.18%	50.38%		\$899,998	\$90.92	\$84.92	\$65.61	25.08%	46.54%									62	75.16	63.45	44.65	55.77%	
201504	9,817	1.245	\$748,577	\$76.25	\$83.00	\$68.96	-21.68%	9.40%	76.53%	\$722,827	\$73.63	\$79.08	\$65.64	-19.01%	8.99%	85.49%								54	66.01	63.11	46.53	-12.18%	
201505	9,755	1.247	\$812,613	\$83.30	\$85.68	\$68.46	9.24%	-2.44%	55.59%	\$743,551	\$76.22	\$80.30	\$65.00	3.52%	-4.54%	61.47%								56	68.89	70.03	49.20	4.36%	
201506	9,687	1.252	\$1,222,214	\$126.17</																									



3 Month Admits Trend	12 Month Admits Trend	Days	Days/ 1000	3 Month Days/ 1000	12 Month Days/1000	1 Month Days Trend	3 Month Days Trend	12 Month Days Trend	ALOS	3 Month ALOS	12 Month ALOS	1 Month ALOS Trend	3 Month ALOS Trend	12 Month ALOS Trend
9.65%		199	242.49	204.24	181.56	-13.25%	35.35%		3.62	4.49	4.67	-42.11%	23.44%	
62.85%		241	290.71	270.92	197.73	19.89%	114.62%		6.03	5.08	4.80	66.52%	31.79%	
78.09%		403	488.53	340.66	223.74	68.05%	106.43%		6.50	5.37	5.01	7.88%	15.92%	
38.63%	80.28%	229	279.92	353.16	226.57	-42.70%	72.91%	89.46%	4.24	5.60	4.87	-34.76%	24.73%	5.09%
31.23%	85.13%	250	307.53	359.13	229.41	9.86%	32.56%	69.46%	4.46	5.13	4.66	5.27%	1.02%	-8.46%
8.60%	87.66%	301	372.87	319.90	250.85	21.25%	-6.09%	82.02%	5.19	4.64	4.79	16.25%	-13.53%	-3.01%
0.78%	82.87%	194	242.12	307.67	253.54	-35.07%	-12.88%	71.25%	4.85	4.84	4.75	-6.54%	-13.55%	-6.35%
-10.39%	75.09%	270	338.52	317.94	268.08	39.82%	-11.47%	73.12%	5.09	5.07	4.90	5.04%	-1.20%	-1.12%
-9.02%	78.08%	333	419.33	333.06	289.60	23.87%	4.11%	78.90%	5.84	5.31	5.02	14.67%	14.44%	0.46%
0.12%	74.31%	226	284.15	347.29	303.02	-32.24%	12.88%	79.78%	5.38	5.45	5.14	-7.89%	12.74%	3.14%
3.73%	82.11%	347	438.30	380.48	331.83	54.25%	19.67%	94.04%	6.20	5.84	5.28	15.15%	15.37%	6.55%
8.17%	81.34%	281	356.85	359.66	338.22	-18.58%	7.98%	91.03%	4.46	5.30	5.15	-28.02%	-0.17%	5.34%
18.73%	75.17%	970	329.45	353.27	342.68	-7.68%	1.72%	88.75%	4.35	4.67	5.03	-2.48%	-14.33%	7.75%
20.88%	75.15%	1,427	463.32	393.15	372.19	40.63%	3.33%	88.23%	5.71	5.00	5.16	31.22%	-14.52%	7.46%
14.00%	62.46%	1,217	386.75	394.07	369.13	-16.53%	9.57%	64.98%	5.16	5.10	5.09	-9.62%	-3.89%	1.55%
2.17%	57.65%	1,151	366.03	404.96	372.51	-5.36%	14.63%	64.41%	4.84	5.24	5.08	-6.26%	12.20%	4.29%
-8.14%	47.28%	1,384	442.42	398.32	385.42	20.87%	1.32%	68.01%	6.69	5.51	5.32	38.25%	10.29%	14.07%
-5.98%	39.39%	1,255	403.03	403.76	388.21	-8.90%	2.46%	54.76%	5.29	5.56	5.32	-20.86%	8.98%	11.03%
-9.87%	36.62%	1,063	342.64	396.17	387.26	-14.98%	-2.17%	52.74%	5.15	5.69	5.31	-2.66%	8.54%	11.80%
0.30%	34.12%	979	317.75	354.61	380.98	-7.27%	-10.97%	42.12%	4.25	4.89	5.20	-17.52%	-11.23%	5.96%
-2.88%	26.72%	1,025	335.72	332.05	375.39	5.66%	-17.76%	29.62%	4.77	4.70	5.14	12.19%	-15.32%	2.29%
6.71%	25.49%	1,216	402.54	351.72	380.16	19.90%	-11.22%	25.46%	5.18	4.73	5.14	8.73%	-16.81%	-0.02%
4.23%	18.58%	1,274	427.45	388.21	382.91	6.19%	9.48%	15.39%	5.43	5.14	5.14	4.84%	5.03%	-2.68%
13.47%	14.30%	897	313.84	382.31	378.08	-26.58%	15.13%	11.79%	3.73	4.77	5.03	-31.32%	1.47%	-2.20%
11.47%	11.79%	2,020	473.30	414.68	392.55	50.81%	17.90%	14.55%	5.58	5.01	5.16	49.47%	5.77%	2.47%
11.54%	6.20%	1,930	436.87	419.87	391.99	-7.70%	8.16%	5.32%	5.21	4.98	5.12	-6.59%	-3.04%	-0.82%
9.42%	8.44%	2,168	485.79	465.30	402.70	11.20%	21.71%	9.09%	5.17	5.31	5.12	-0.83%	11.23%	0.61%
12.50%	10.85%	1,766	397.21	440.02	404.86	-18.23%	6.11%	8.69%	3.91	4.72	4.98	-24.32%	-5.68%	-1.95%
19.89%	17.45%	1,517	342.13	408.54	395.71	-13.87%	-2.70%	2.67%	3.18	4.04	4.65	-18.67%	-18.84%	-12.58%
9.65%		199	242.49	204.24	181.56	-13.25%	35.35%		3.62	4.49	4.67	-42.11%	23.44%	
62.85%		241	290.71	270.92	197.73	19.89%	114.62%		6.03	5.08	4.80	66.52%	31.79%	
78.09%		403	488.53	340.66	223.74	68.05%	106.43%		6.50	5.37	5.01	7.88%	15.92%	
38.63%	80.28%	229	279.92	353.16	226.57	-42.70%	72.91%	89.46%	4.24	5.60	4.87	-34.76%	24.73%	5.09%
31.23%	85.13%	250	307.53	359.13	229.41	9.86%	32.56%	69.46%	4.46	5.13	4.66	5.27%	1.02%	-8.46%
8.60%	87.66%	301	372.87	319.90	250.85	21.25%	-6.09%	82.02%	5.19	4.64	4.79	16.25%	-13.53%	-3.01%
0.78%	82.87%	194	242.12	307.67	253.54	-35.07%	-12.88%	71.25%	4.85	4.84	4.75	-6.54%	-13.55%	-6.35%
-10.39%	75.09%	270	338.52	317.94	268.08	39.82%	-11.47%	73.12%	5.09	5.07	4.90	5.04%	-1.20%	-1.12%
-9.02%	78.08%	333	419.33	333.06	289.60	23.87%	4.11%	78.90%	5.84	5.31	5.02	14.67%	14.44%	0.46%
0.12%	74.31%	226	284.15	347.29	303.02	-32.24%	12.88%	79.78%	5.38	5.45	5.14	-7.89%	12.74%	3.14%
3.73%	82.11%	347	438.30	380.48	331.83	54.25%	19.67%	94.04%	6.20	5.84	5.28	15.15%	15.37%	6.55%
8.17%	81.34%	281	356.85	359.66	338.22	-18.58%	7.98%	91.03%	4.46	5.30	5.15	-28.02%	-0.17%	5.34%
18.73%	75.17%	970	329.45	353.27	342.68	-7.68%	1.72%	88.75%	4.35	4.67	5.03	-2.48%	-14.33%	7.75%
20.88%	75.15%	1,427	463.32	393.15	372.19	40.63%	3.33%	88.23%	5.71	5.00	5.16	31.22%	-14.52%	7.46%
14.00%	62.46%	1,217	386.75	394.07	369.13	-16.53%	9.57%	64.98%	5.16	5.10	5.09	-9.62%	-3.89%	1.55%
2.17%	57.65%	1,151	366.03	404.96	372.51	-5.36%	14.63%	64.41%	4.84	5.24	5.08	-6.26%	12.20%	4.29%
-8.14%	47.28%	1,384	442.42	398.32	385.42	20.87%	1.32%	68.01%	6.69	5.51	5.32	38.25%	10.29%	14.07%
-5.98%	39.39%	1,255	403.03	403.76	388.21	-8.90%	2.46%	54.76%	5.29	5.56	5.32	-20.86%	8.98%	11.03%
-9.87%	36.62%	1,063	342.64	396.17	387.26	-14.98%	-2.17%	52.74%	5.15	5.69	5.31	-2.66%	8.54%	11.80%
0.30%	34.12%	979	317.75	354.61	380.98	-7.27%	-10.97%	42.12%	4.25	4.89	5.20	-17.52%	-11.23%	5.96%
-2.88%	26.72%	1,025	335.72	332.05	375.39	5.66%	-17.76%	29.62%	4.77	4.70	5.14	12.19%	-15.32%	2.29%
6.71%	25.49%	1,216	402.54	351.72	380.16	19.90%	-11.22%	25.46%	5.18	4.73	5.14	8.73%	-16.81%	-0.02%
4.23%	18.58%	1,274	427.45	388.21	382.91	6.19%	9.48%	15.39%	5.43	5.14	5.14	4.84%	5.03%	-2.68%
13.47%	14.30%	897	313.84	382.31	378.08	-26.58%	15.13%	11.79%	3.73	4.77	5.03	-31.32%	1.47%	-2.20%
11.47%	11.79%	2,020	473.30	414.68	392.55	50.81%	17.90%	14.55%	5.58	5.01	5.16	49.47%	5.77%	2.47%
11.54%	6.20%	1,930	436.87	419.87	391.99	-7.70%	8.16%	5.32%	5.21	4.98	5.12	-6.59%	-3.04%	-0.82%
9.42%	8.44%	2,168	485.79	465.30	402.70	11.20%	21.71%	9.09%	5.17	5.31	5.12	-0.83%	11.23%	0.61%
12.50%	10.85%	1,766	397.21	440.02	404.86	-18.23%	6.11%	8.69%	3.91	4.72	4.98	-24.32%	-5.68%	-1.95%
19.89%	17.45%	1,517	342.13	408.54	395.71	-13.87%	-2.70%	2.67%	3.18	4.04	4.65	-18.67%	-18.84%	-12.58%

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Q&A Exhibit 1c**

**MEDSTATS Inpatient Authorization Summary**

**Individual Insured**

Row Labels	Acute				
	Auths	MM	Auths/ 1000	Days/ 1000	ALOS
<b>2015</b>					
1	37	11,637	38.15	118.59	3.11
2	41	12,103	40.65	256.80	6.32
3	46	12,724	43.38	167.87	3.87
4	34	12,581	32.43	140.21	4.32
5	31	12,474	29.82	102.93	3.45
6	45	12,390	43.58	167.55	3.84
7	30	12,266	29.35	108.59	3.70
8	29	12,196	28.53	122.01	4.28
9	27	12,157	26.65	110.55	4.15
10	37	12,103	36.69	251.84	6.86
11	47	12,055	46.79	236.91	5.06
12	50	11,957	50.18	173.62	3.46
<b>YTD</b>	<b>189</b>	<b>61,519</b>	<b>36.87</b>	<b>157.22</b>	<b>4.26</b>
<b>Total</b>	<b>454</b>	<b>146,643</b>	<b>37.15</b>	<b>162.93</b>	<b>4.39</b>
<b>2016</b>					
1	204	66,790	36.65	158.11	4.31
2	222	71,360	37.33	175.90	4.71
3	248	74,574	39.91	199.05	4.99
4	226	74,598	36.35	183.70	5.05
5	210	73,698	34.19	186.27	5.45
6	230	72,885	37.87	182.26	4.81
7	235	72,204	39.06	189.13	4.84
8	228	71,413	38.31	169.21	4.42
9	217	70,619	36.87	168.23	4.56
10	248	69,276	42.96	214.10	4.98
11	249	68,097	43.88	228.03	5.20
12	240	65,288	44.11	211.92	4.80
<b>YTD</b>	<b>1,110</b>	<b>361,020</b>	<b>36.90</b>	<b>181.12</b>	<b>4.91</b>
<b>Total</b>	<b>2,757</b>	<b>850,802</b>	<b>38.89</b>	<b>188.63</b>	<b>4.85</b>
<b>2017</b>					
1	224	54,289	49.51	227.45	4.59
2	202	56,207	43.13	216.06	5.01
3	222	56,744	46.95	209.78	4.47
4	209	56,440	44.44	208.36	4.69
5	250	56,202	53.29	242.35	4.55
<b>YTD</b>	<b>1,107</b>	<b>279,882</b>	<b>47.45</b>	<b>220.72</b>	<b>4.65</b>
<b>Total</b>	<b>1,107</b>	<b>279,882</b>	<b>47.45</b>	<b>220.72</b>	<b>4.65</b>

<b>Inpatient Utilization Trend</b>	<b>28.6%</b>	<b>21.9%</b>
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Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Q&A Exhibit 1d

Product Market Segment DRUG INDIV

Total

Incurred Claims										Allowed Amount					Utilization					Allowed Cost/Rx (Excl. Disp. Fee)					Avg Dispensing Fee					Avg Copay					Avg Discount						
Date	Members	DemoFactor	Incurd Claims	Monthly PMPM	3-Month Avg PMPM	12-Month Avg PMPM	3 Month Trend	12 Month Trend	12 Month Trend	Allowed Amount	Monthly PMPM	3-Month Avg PMPM	12-Month Avg PMPM	3 Month Trend	12 Month Trend	Rx Count	Util/1,000	3-Month Avg Util/1,000	12-Month Avg Util/1,000	3 Month Trend	12 Month Trend	Monthly Allowed Cost/Rx	3-Month Avg Cost/Svc	12-Month Avg Cost/Svc	3 Month Trend	12 Month Trend	Monthly Fee/Rx	3-Month Avg	12-Month Avg	3 Month Trend	12 Month Trend	Monthly Copay/Rx	3-Month Avg	12-Month Avg	3 Month Trend	12 Month Trend	Monthly Discount/Rx	3-Month Avg	12-Month Avg	3 Month Trend	12 Month Trend
201406	12,161	1.2811	421,829	\$ 34.89	\$ 36.72	\$ 19.79	344.6%	121.6%	286.5%	564,344	\$ 46.41	\$ 48.23	\$ 29.25	251.4%	84.6%	6,787	6,697	6,877	5,269	92.3%	-92.1%	\$ 82.54	\$ 85.28	\$ 66.28	81.4%	2945.1%	\$ 0.61	\$ 0.63	\$ 0.33	0.0%	-49.4%	\$ 12.88	\$ 12.03	\$ 9.85	52.4%	1925.6%	\$ 106.60	\$ 100.46	\$ 83.41	125.7%	-58.4%
201407	12,016	1.2853	451,423	\$ 37.57	\$ 35.05	\$ 21.87	286.5%	143.9%	286.5%	590,861	\$ 49.17	\$ 48.91	\$ 31.73	218.6%	102.1%	6,956	6,947	6,809	5,500	92.8%	-89.0%	\$ 84.29	\$ 82.04	\$ 68.84	73.1%	2159.0%	\$ 0.65	\$ 0.63	\$ 0.38	0.0%	-47.0%	\$ 11.94	\$ 12.03	\$ 10.15	51.8%	1602.3%	\$ 97.06	\$ 98.77	\$ 85.57	49.5%	-70.0%
201408	11,763	1.2942	690,605	\$ 58.71	\$ 43.51	\$ 25.61	367.5%	189.9%	367.5%	823,155	\$ 69.98	\$ 55.05	\$ 35.88	260.2%	133.5%	6,648	6,782	6,808	5,714	77.8%	-84.0%	\$ 123.20	\$ 96.40	\$ 74.93	101.6%	1624.1%	\$ 0.62	\$ 0.63	\$ 0.43	0.0%	-48.0%	\$ 12.92	\$ 12.57	\$ 10.51	57.1%	1119.9%	\$ 125.53	\$ 108.52	\$ 90.27	63.5%	-71.7%
201409	11,635	1.2950	549,718	\$ 47.25	\$ 47.77	\$ 28.52	371.6%	224.9%	371.6%	691,893	\$ 59.47	\$ 59.47	\$ 39.29	267.4%	159.3%	6,811	7,025	6,918	5,964	75.8%	-74.6%	\$ 100.96	\$ 102.53	\$ 78.59	107.7%	1063.3%	\$ 0.62	\$ 0.63	\$ 0.47	0.0%	-53.1%	\$ 12.64	\$ 12.49	\$ 10.82	54.0%	742.0%	\$ 115.14	\$ 112.36	\$ 93.81	69.5%	-75.3%
201410	11,491	1.2968	664,087	\$ 57.79	\$ 54.58	\$ 32.32	463.6%	272.5%	463.6%	806,170	\$ 70.16	\$ 66.53	\$ 43.56	320.5%	191.3%	6,904	7,210	7,004	6,215	76.0%	-49.2%	\$ 116.15	\$ 113.37	\$ 83.61	137.7%	533.3%	\$ 0.62	\$ 0.62	\$ 0.50	0.0%	-65.8%	\$ 12.88	\$ 12.81	\$ 11.15	57.8%	361.1%	\$ 119.76	\$ 120.10	\$ 97.76	86.4%	-82.1%
201411	11,301	1.3059	524,321	\$ 46.40	\$ 50.49	\$ 35.29	417.2%	213.1%	417.2%	663,457	\$ 58.71	\$ 62.79	\$ 47.05	293.4%	213.1%	6,358	6,751	6,997	6,442	75.4%	69.6%	\$ 103.71	\$ 107.06	\$ 87.10	123.0%	98.3%	\$ 0.64	\$ 0.63	\$ 0.54	0.0%	-84.6%	\$ 13.00	\$ 12.84	\$ 11.43	54.2%	47.2%	\$ 118.18	\$ 117.69	\$ 101.10	82.7%	-92.6%
201412	11,188	1.3124	684,218	\$ 61.16	\$ 55.11	\$ 39.67	461.1%	348.1%	461.1%	844,270	\$ 75.46	\$ 68.10	\$ 52.17	323.3%	248.1%	7,557	8,105	7,352	6,795	80.8%	80.7%	\$ 111.10	\$ 110.52	\$ 91.55	132.8%	101.6%	\$ 0.62	\$ 0.62	\$ 0.58	0.0%	-76.1%	\$ 13.36	\$ 13.09	\$ 11.78	56.3%	52.2%	\$ 119.29	\$ 119.11	\$ 104.76	83.5%	-89.5%
201501	16,960	1.2913	805,775	\$ 47.51	\$ 51.06	\$ 42.51	286.5%	321.4%	286.5%	1,006,604	\$ 59.35	\$ 63.74	\$ 54.77	187.7%	223.7%	13,345	9,442	8,292	7,160	74.1%	79.0%	\$ 74.74	\$ 91.58	\$ 91.14	64.1%	84.6%	\$ 0.69	\$ 0.65	\$ 0.64	0.0%	-53.3%	\$ 5.73	\$ 9.54	\$ 11.17	13.7%	38.7%	\$ 95.56	\$ 107.42	\$ 105.44	49.4%	-81.6%
201502	23,237	1.2624	1,259,055	\$ 54.18	\$ 53.50	\$ 48.25	231.7%	314.3%	231.7%	1,452,433	\$ 62.51	\$ 64.29	\$ 58.03	141.4%	214.2%	17,554	9,065	8,981	7,547	67.8%	78.0%	\$ 82.05	\$ 85.22	\$ 91.62	43.5%	77.6%	\$ 0.69	\$ 0.68	\$ 0.65	170.3%	-8.1%	\$ 4.91	\$ 6.85	\$ 10.21	-20.6%	23.5%	\$ 100.70	\$ 102.57	\$ 106.16	32.6%	-57.9%
201503	27,744	1.2495	1,401,866	\$ 50.53	\$ 51.03	\$ 48.15	122.9%	265.8%	122.9%	1,613,363	\$ 58.15	\$ 59.94	\$ 59.19	68.1%	181.0%	23,507	10,167	9,609	8,046	55.8%	78.5%	\$ 67.83	\$ 74.16	\$ 87.62	7.6%	56.7%	\$ 0.70	\$ 0.69	\$ 0.66	58.6%	298.3%	\$ 4.59	\$ 4.97	\$ 9.01	-48.3%	3.5%	\$ 94.72	\$ 96.86	\$ 104.19	10.2%	48.2%
201504	30,879	1.2544	1,874,462	\$ 60.70	\$ 55.40	\$ 50.51	83.3%	220.2%	83.3%	2,066,948	\$ 66.94	\$ 62.70	\$ 60.61	46.7%	149.8%	26,022	10,113	9,804	8,433	51.4%	76.1%	\$ 76.74	\$ 75.82	\$ 85.59	-3.1%	41.3%	\$ 0.69	\$ 0.70	\$ 0.67	5.9%	188.8%	\$ 4.33	\$ 4.57	\$ 7.95	-57.8%	-12.7%	\$ 98.74	\$ 97.07	\$ 102.87	1.7%	32.5%
201505	32,143	1.2577	1,733,945	\$ 53.94	\$ 55.20	\$ 52.05	56.8%	194.3%	56.8%	1,919,340	\$ 59.71	\$ 61.69	\$ 61.37	28.3%	114.9%	26,306	9,821	10,026	8,738	47.3%	73.9%	\$ 72.26	\$ 73.14	\$ 83.61	-13.1%	31.9%	\$ 0.70	\$ 0.70	\$ 0.67	8.6%	133.9%	\$ 4.03	\$ 4.31	\$ 7.13	-62.6%	-24.3%	\$ 95.17	\$ 95.57	\$ 102.02	-3.1%	27.4%
201506	24,546	1.2855	1,472,257	\$ 59.98	\$ 58.02	\$ 53.85	58.0%	172.1%	58.0%	1,659,163	\$ 67.59	\$ 64.47	\$ 62.86	30.9%	130.1%	18,825	9,203	9,751	8,899	41.8%	68.9%	\$ 87.45	\$ 78.65	\$ 84.08	-7.8%	26.9%	\$ 0.68	\$ 0.69	\$ 0.68	9.1%	102.4%	\$ 5.82	\$ 4.61	\$ 7.15	-61.7%	-31.4%	\$ 106.67	\$ 98.78	\$ 102.35	-1.7%	22.7%
201507	22,666	1.2909	1,561,021	\$ 68.87	\$ 60.07	\$ 56.13	71.4%	156.7%	71.4%	1,745,349	\$ 77.00	\$ 67.09	\$ 64.92	43.0%	104.6%	16,734	8,859	9,355	8,995	37.4%	83.5%	\$ 103.64	\$ 85.37	\$ 86.93	4.1%	24.8%	\$ 0.66	\$ 0.68	\$ 0.68	7.9%	76.4%	\$ 6.47	\$ 5.23	\$ 6.52	-56.5%	-35.7%	\$ 118.31	\$ 104.93	\$ 104.08	6.2%	21.6%
201508	20,980	1.2944	1,697,448	\$ 80.91	\$ 69.37	\$ 58.13	59.4%	127.0%	59.4%	1,862,235	\$ 88.76	\$ 77.23	\$ 66.72	40.3%	86.0%	14,793	8,461	8,861	9,056	30.1%	58.5%	\$ 125.22	\$ 103.93	\$ 87.73	7.8%	17.1%	\$ 0.67	\$ 0.67	\$ 0.68	7.4%	59.3%	\$ 6.92	\$ 6.36	\$ 6.32	-49.4%	-39.9%	\$ 123.18	\$ 115.39	\$ 104.83	5.4%	16.1%
201509	12,422	1.2684	920,122	\$ 74.07	\$ 74.53	\$ 59.45	56.0%	108.5%	56.0%	1,091,139	\$ 87.84	\$ 83.80	\$ 68.13	40.9%	73.4%	7,905	7,636	8,439	9,080	22.0%	52.3%	\$ 137.43	\$ 118.51	\$ 89.36	15.6%	13.7%	\$ 0.61	\$ 0.65	\$ 0.68	3.9%	45.5%	\$ 12.81	\$ 7.91	\$ 6.37	-36.7%	-41.2%	\$ 139.32	\$ 124.35	\$ 105.92	10.7%	12.9%
201510	12,393	1.2731	899,664	\$ 72.59	\$ 76.80	\$ 60.19	40.7%	86.3%	40.7%	1,058,631	\$ 85.42	\$ 87.61	\$ 68.91	31.7%	58.2%	8,088	7,832	8,067	9,105	15.2%	46.5%	\$ 130.29	\$ 129.68	\$ 90.14	14.4%	7.8%	\$ 0.60	\$ 0.63	\$ 0.68	2.4%	34.0%	\$ 12.32	\$ 9.85	\$ 6.38	-23.1%	-42.7%	\$ 134.94	\$ 130.41	\$ 106.67	8.6%	9.1%
201511	12,416	1.2738	996,574	\$ 80.27	\$ 75.65	\$ 61.83	49.8%	75.2%	49.8%	1,144,244	\$ 92.16	\$ 88.48	\$ 70.54	40.9%	49.9%	8,087	7,816	7,761	9,147	10.9%	42.0%	\$ 140.87	\$ 136.19	\$ 91.86	27.2%	5.9%	\$ 0.62	\$ 0.61	\$ 0.67	-3.0%	24.5%	\$ 11.69	\$ 12.27	\$ 6.39	-4.4%	-44.1%	\$ 150.96	\$ 141.76	\$ 108.18	20.4%	7.0%
201512	12,373	1.2807	1,136,381	\$ 91.84	\$ 81.56	\$ 63.35	48.0%	59.7%	48.0%	1,305,138	\$ 105.48	\$ 94.35	\$ 72.06	38.6%	38.1%	8,826	8,560	8,069	9,165	9.7%	34.9%	\$ 147.29	\$ 139.71	\$ 93.67	26.4%	2.3%	\$ 0.59	\$ 0.60	\$ 0.67	-3.6%	16.6%	\$ 12.31	\$ 12.11	\$ 6.39	-7.5%	-45.8%	\$ 146.52	\$ 144.21	\$ 109.52	21.1%	4.5%
201601	67,075	1.4535	1,992,178	\$ 29.70	\$ 44.90	\$ 56.70	-12.1%	33.4%	-12.1%	3,200,920	\$ 47.72	\$ 61.51	\$ 67.32	-3.5%	22.9%	42,399	7,585	7,748	8,795	-8.6%	22.8%	\$ 75.00	\$ 94.74	\$ 91.21	3.4%	0.1%	\$ 0.50	\$ 0.53	\$ 0.64	-19.7%	-0.7%	\$ 6.12	\$ 7.80	\$ 6.37	-18.3%	-42.9%	\$ 112.27	\$ 122.64	\$ 110.90	14.2%	5.2%
201602	71,609	1.4457	3,597,401	\$ 50.24	\$ 44.53	\$ 55.53	-16.8%	20.1%	-16.8%	5,004,567	\$ 69.89	\$ 62.96	\$ 68.17	-2.1%	17.5%	51,680	8,660	8,175	8,749	-9.0%	15.9%	\$ 96.36	\$ 91.93	\$ 92.90	7.9%	1.4%	\$ 0.47	\$ 0.49	\$ 0.60	-27.1%	-7.4%	\$ 7.22	\$ 7.20	\$ 6.65	5.1%	-34.9%	\$ 120.01	\$ 119.09	\$ 113.46	16.1%	6.9%
201603	74,820	1.4419	4,489,815	\$ 60.01	\$ 47.21	\$ 56.73	-7.5%	17.8%	-7.5%	5,920,820	\$ 79.13	\$ 66.16	\$ 70.95	10.4%	19.9%	58,124	9,322	8,555	8,758	-11.0%	8.9%	\$ 101.45	\$ 92.35	\$ 96.66	24.5%	10.3%	\$ 0.41	\$ 0.46	\$ 0.55	-34.2%	-15.9%	\$ 8.21	\$ 7.29	\$ 7.13	-46.7%	-20.8%	\$ 137.55	\$ 124.55	\$ 119.86	28.6%	15.0%
201604	74,826	1.4416	4,489,203	\$ 60.00	\$ 56.84	\$ 57.01	2.6%	12.9%	2.6%	5,677,992	\$ 75.88	\$ 75.04	\$ 72.08	19.7%	18.9%	50,295	8,066	8,683	8,544	-11.7%	1.3%	\$ 112.48	\$ 103.27	\$ 100.71	36.2%	17.7%	\$ 0.41	\$ 0.43	\$ 0.52	-37.8%	-22.0%	\$ 8.65	\$ 8.03	\$ 7.61	75.6%	-4.3%	\$ 144.64	\$ 134.12	\$ 125.78	38.2%	22.3%
201605	73,966	1.4451	4,822,773	\$ 65.20	\$ 61.72	\$ 58.48	11.8%	12.1%	11.8%	5,970,838	\$ 80.72	\$ 78.57	\$ 74.24	27.4%	21.0%	47,581	7,719	8,372	8,332	-16.5%	-4.7%	\$ 125.09	\$ 112.22	\$ 106.43	53.4%	27.3%	\$ 0.40	\$ 0.41	\$ 0.49	-41.3%	-27.4%	\$ 9.43	\$ 8.73	\$ 8.15	102.6%	14.3%	\$ 157.85	\$ 146.03	\$ 132.78	52.8%	30.2%
201606	73,181																																								

Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2015  
QSA Exhibit 2

List-Billed Adjustment Calculation

List-Billed Adjustment Factor  
1.0575

SubcontractID	Children	Adults	Max Children	Total Demos Units	Child Limits
80000009	4	2	3	6,137	7,881
80000063	2	2	2	4,725	4,725
80000084	0	2	0	2,786	2,786
80000166	0	2	0	2,913	2,913
80001551	0	1	0	1,357	1,357
80001572	1	2	1	2,003	2,003
80001956	1	2	1	4,702	4,702
80003075	0	2	0	4,944	4,944
80003095	0	1	0	2,873	2,873
80003076	0	2	0	3,135	3,135
80003095	0	1	0	1,246	1,246
80008401	2	2	2	4,07	4,07
80002099	0	2	0	5,428	5,428
80002185	2	2	2	5,74	5,74
80002148	0	1	0	1,952	1,952
80002161	0	3	0	6,524	6,524
80002147	0	1	0	3	3
80002146	0	1	0	2,135	2,135
80002884	0	2	0	5,952	5,952
80002880	0	1	0	2,81	2,81
80002898	0	1	0	2,135	2,135
80002903	0	1	0	3	3
80002905	0	1	0	2,873	2,873
80002912	0	1	0	2,873	2,873
80002915	3	2	3	5,426	5,426
80002960	0	2	0	1,246	1,246
80002973	0	2	0	3,333	3,333
80002980	0	1	0	2,714	2,714
80002917	0	1	0	2,81	2,81
80003027	0	1	0	1,262	1,262
80003033	1	2	1	3,422	3,422
80003033	1	2	1	3,494	3,494
80003038	0	1	0	3	3
80003033	0	1	0	1,278	1,278
80003047	4	3	3	6,332	7,097
80003090	0	2	0	1,635	1,635
80003075	1	2	1	4,643	4,643
80003077	0	1	0	3	3
80003079	2	2	2	5,149	5,149
80003080	0	1	0	2,873	2,873
80003088	0	3	0	4,41	4,41
80003043	0	1	0	2,437	2,437
80003043	3	2	3	5,704	5,704
80003059	0	1	0	2,81	2,81
80003037	0	1	0	1,5	1,5
80003046	0	2	0	1,706	1,706
80003048	0	1	0	1,23	1,23
80003050	0	1	0	6	6
80003054	2	1	2	3,16	3,16
80003082	0	2	0	5,511	5,511
80003088	0	2	0	5,746	5,746
80003021	0	1	0	3	3
80003022	0	2	0	6	6
80003055	0	2	0	5,437	5,437
80003076	1	1	1	2,365	2,365
80003084	0	1	0	3	3
80003057	0	1	0	3	3
80003068	2	2	2	5,06	5,06
80003083	0	2	0	6	6
80003095	0	1	0	2,873	2,873
80003007	0	2	0	5,714	5,714
80003017	2	2	2	5,222	5,222
80003040	2	3	2	6,095	6,095
80003044	0	1	0	1,357	1,357
80003055	0	1	0	3	3
80004199	0	1	0	1,246	1,246
80004175	0	1	0	2,437	2,437
80004176	2	2	2	4,205	4,205
80004179	1	3	1	4,885	4,885
80004180	0	1	0	2,548	2,548
80004183	0	1	0	3	3
80004187	0	1	0	1,397	1,397
80004188	1	2	1	2,9	2,9
80004196	0	2	0	5,762	5,762
80004198	1	1	1	2,265	2,265
80004501	0	1	0	1,865	1,865
80004500	0	1	0	1,786	1,786
80004511	0	2	0	2,865	2,865
80004512	0	2	0	5,762	5,762
80004518	0	2	0	5,873	5,873
80004523	0	1	0	1,5	1,5
80004526	1	2	1	5,39	5,39
80004527	0	2	0	5,666	5,666
80004528	0	1	0	1,706	1,706
80004531	0	2	0	2,437	2,437
80004532	0	1	0	1,952	1,952
80004533	1	1	1	2,996	2,996
80004535	0	1	0	1,325	1,325
80004541	0	1	0	2,873	2,873
80004547	0	1	0	2,548	2,548
80004548	0	1	0	1,5	1,5
80004559	0	1	0	1,357	1,357
80004565	0	1	0	3	3
80004575	0	1	0	1,278	1,278
80004576	3	2	3	4,819	4,819
80004577	0	1	0	1,262	1,262
80004583	1	2	1	6,176	6,176
80004585	0	1	0	1,222	1,222
80004601	0	1	0	5,869	7,399
80004604	5	2	3	1,262	1,262
80004607	0	1	0	2,548	2,548
80004612	0	1	0	2,548	2,548
80004614	0	1	0	2,81	2,81
80004624	0	2	0	2,54	2,54
80004631	1	1	1	3,385	3,385
80004638	0	1	0	1,357	1,357
80004668	2	3	2	6,643	7,305
80004676	1	2	1	3,9	3,9
80004721	4	3	3	4,895	5,486
80004746	0	2	0	2,81	2,81
80004748	0	2	0	3,23	3,23
80004782	0	1	0	2,952	2,952
80004791	0	1	0	2,437	2,437
80004801	0	1	0	1,228	1,228
80004806	1	1	1	2,027	2,027
80004807	1	1	1	3,321	3,321
80004843	0	3	0	6,825	6,825
80004850	1	1	1	2,011	2,011
80004856	0	2	0	3,572	3,572
80004858	0	1	0	2,873	2,873
80004859	0	2	0	2,563	2,563
80004837	0	1	0	1,635	1,635
80004841	0	1	0	3	3
80004849	0	1	0	1,302	1,302
80004888	0	1	0	3	3
80004905	0	1	0	3	3
80004907	0	2	0	5,428	5,428
80004916	0	1	0	2,135	2,135
80004917	0	1	0	2,714	2,714
80004918	0	1	0	2,714	2,714
80004921	0	1	0	2,548	2,548
80004922	0	1	0	2,81	2,81
80004923	0	1	0	2,714	2,714
80004924	0	1	0	2,81	2,81
80004925	0	1	0	2,81	2,81
80004926	0	1	0	2,81	2,81
80004927	0	1	0	2,81	2,81
80004928	0	1	0	2,81	2,81
80004929	0	1	0	2,81	2,81
80004930	0	1	0	2,81	2,81
80004931	0	1	0	2,81	2,81
80004932	0	1	0	2,81	2,81
80004933	0	1	0	2,81	2,81
80004934	0	1	0	2,81	2,81
80004935	0	1	0	2,81	2,81
80004936	0	1	0	2,81	2,81
80004937	0	1	0	2,81	2,81
80004938	0	1	0	2,81	2,81
80004939	0	1	0	2,81	2,81
80004940	0	1	0	2,81	2,81
80004941	0	1	0	2,81	2,81
80004942	0	1	0	2,81	2,81
80004943	0	1	0	2,81	2,81
80004944	0	1	0	2,81	2,81
80004945	0	1	0	2,81	2,81
80004946	0	1	0	2,81	2,81
80004947	0	1	0	2,81	2,81
80004948	0	1	0	2,81	2,81
80004949	0	1	0	2,81	2,81
80004950	0	1	0	2,81	2,81
80004951	0	1	0	2,81	2,81
80004952	0	1	0	2,81	2,81
80004953	0	1	0	2,81	2,81
80004954	0	1	0	2,81	2,81
80004955	0	1	0	2,81	2,81
80004956	0	1	0	2,81	2,81
80004957	0	1	0	2,81	2,81
80004958	0	1	0	2,81	2,81
80004959	0	1	0	2,81	2,81
80004960	0	1	0	2,81	2,81
80004961	0	1	0	2,81	2,81
80004962	0	1	0	2,81	2,81
80004963	0	1	0	2,81	2,81
80004964	0	1	0	2,81	2,81
80004965	0	1	0	2,81	2,81
80004966	0	1	0	2,81	2,81
80004967	0	1	0	2,81	2,81
80004968	0	1	0	2,81	2,81
80004969	0	1	0	2,81	2,81
80004970	0	1	0	2,81	2,81
80004971	0	1	0	2,81	2,81
80004972	0	1	0	2,81	2,81
80004973	0	1	0	2,81	2,81
80004974	0	1	0	2,81	2,81
80004975	0	1	0	2,81	2,81
80004976	0	1	0	2,81	2,81
80004977	0	1	0	2,81	2,81
80004978	0	1	0	2,81	2,81
80004979	0	1	0	2,81	2,81
80004980	0	1	0	2,81	2,81
80004981	0	1	0	2,81	2,81
80004982	0	1	0	2,81	2,81
80004983	0	1	0	2,81	2,81
80004984	0	1	0	2,81	2,81
80004985	0	1	0	2,81	2,81
80004986	0	1	0	2,81	2,81
80004987	0	1	0	2,81	2,81
80004988	0	1	0	2,81	2,81
80004989	0	1	0	2,81	2,81
80004990	0	1	0	2,81	2,81
80004991	0	1	0	2,81	2,81
80004992	0	1	0	2,81	2,81
80004993	0	1	0	2,81	2,81
80004994	0	1	0	2,81	2,81
80004995	0	1	0	2,81	2,81
80004996	0	1	0	2,81	2,81
80004997	0	1	0	2,81	2,81
80004998	0	1	0	2,81	2,81
80004999	0	1	0	2,81	2,81
80005000	0	1	0	2,81	2,81
80005001	0	1	0	2,81	2,81
80005002	0	1	0	2,81	2,81
80005003	0	1	0	2,81	2,81
80005004	0	1	0	2,81	2,81
80005005	0	1	0	2,81	2,81
80005006	0	1	0	2,81	2,81
80005007	0	1	0	2,81	2,81
80005008	0	1	0	2,81	2,81
80005009	0	1	0	2,81	2,81
80005010	0	1	0	2,81	2,81
80005011	0	1	0	2,81	2,81
80005012	0	1	0	2,81	2,81
80005013	0				

**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Q&A Exhibit 3**

<u>Market</u>	<u>Issuer</u>	<u>Metal</u>	<u>Allowed Claims</u>	<u>Paid Claims</u>	<u>Premium</u>	<u>Risk Adjustment</u>	<u>Reinsurance</u>	<u>MemberMonths</u>	<u>RA Adjusted</u>	<u>Paid to</u>
									<u>MLR</u>	<u>Allowed</u>
Individual	45127	Platinum	\$34,885,936	\$33,519,472	\$12,947,274	\$12,441,850	\$2,383,812	10,706	123%	0.96
Individual	45127	Gold	\$46,338,722	\$41,198,916	\$29,174,445	\$6,424,664	\$2,294,781	48,964	109%	0.89
Individual	45127	Silver*	\$151,694,493	\$120,414,062	\$118,827,493	-\$902,616	\$6,599,304	255,801	97%	0.79
Individual	45127	Bronze	\$10,988,700	\$7,508,248	\$14,025,991	-\$4,847,540	\$623,232	34,543	75%	0.68
		Platinum + Gold	\$81,224,659	\$74,718,388	\$42,121,719	\$18,866,514	\$4,678,593	\$59,670	115%	0.92
*Net CSR:	\$7,441,293									

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Q&A Exhibit 4**

	<u>Product Type</u>		
	<u>PPO</u>	<u>HMO</u>	
Total Current Month Members	48,622	2,850	
	<u>PPO</u>	<u>HMO</u>	<u>Tobacco Factor</u>
Members without Tobacco Surcharge	45,619	2,738	1.00
<b>Members with Tobacco Surcharge</b>			
<u>Age</u>	<u>Current Month Members</u>		<u>Tobacco Factor</u>
0	0	0	1.00
1	0	0	1.00
2	0	0	1.00
3	0	0	1.00
4	0	0	1.00
5	0	0	1.00
6	0	0	1.00
7	0	0	1.00
8	0	0	1.00
9	0	0	1.00
10	0	0	1.00
11	0	0	1.00
12	0	0	1.00
13	0	0	1.00
14	0	0	1.00
15	0	0	1.00
16	0	0	1.00
17	0	0	1.00
18	1	0	1.00
19	3	1	1.00
20	6	1	1.00
21	6	1	1.03
22	13	1	1.03
23	26	5	1.03
24	31	4	1.03
25	33	1	1.03
26	74	5	1.03
27	65	10	1.03
28	95	7	1.03
29	73	5	1.03
30	59	3	1.03
31	63	3	1.03
32	43	3	1.03
33	67	1	1.03
34	63	1	1.03
35	81	3	1.03
36	73	3	1.03
37	78	3	1.03
38	79	2	1.03
39	71	0	1.03
40	59	1	1.08
41	74	3	1.08
42	70	0	1.08
43	68	0	1.08
44	84	0	1.08
45	74	2	1.10
46	74	2	1.10
47	91	4	1.10
48	73	6	1.10
49	87	1	1.10
50	91	2	1.15
51	76	2	1.15
52	94	4	1.15
53	76	2	1.15
54	99	0	1.15
55	61	3	1.20
56	79	2	1.20
57	65	3	1.20
58	66	4	1.20
59	85	2	1.20
60	75	0	1.25
61	61	3	1.25
62	74	1	1.25
63	75	0	1.25
64	66	2	1.25
65	0	0	1.25
66	0	0	1.25
67	3	0	1.25
68	0	0	1.25
69	0	0	1.25
70	0	0	1.25
71	0	0	1.25
72	0	0	1.25
73	0	0	1.25
74	0	0	1.25
75	0	0	1.25
76	0	0	1.25
77	0	0	1.25
78	0	0	1.25
79	0	0	1.25
80	0	0	1.25
81	0	0	1.25
82	0	0	1.25
83	0	0	1.25
84	0	0	1.25
85	0	0	1.25
86	0	0	1.25
87	0	0	1.25
88	0	0	1.25
89	0	0	1.25
90	0	0	1.25

<u>Tobacco Calibration Factor</u>		
<u>PPO</u>	<u>HMO</u>	<u>Final Factor</u>
0.993	0.997	<b>0.994</b>

**Capital Advantage Insurance Company  
Small Group Rates  
Effective 1/1/2018  
Q&A Exhibit 5**

**Network Factor Development**

<b><u>ACA Savings</u></b>		
18% discount on facility	18.0%	
0% discount on physician	0.0%	
<b><u>Pinnacle/Non-Pinnacle Split</u></b>		
Pinnacle	75%	Assumes 75% of facility claims will be through a Pinnacle Facility
Non-Pinnacle	25%	
Blended Contract Hospital Savings	14%	
Hospital Rating Factor	87%	
Total Rating Factor	0.92	
Medical Rating Factor (Exhibit G, cell C21)	0.91	
Rx Rating Factor	1.00	

**Aggregate Calculation to apply to URR**

<u>Category</u>	<u>Network Factor</u>	<u>PMPM</u>
Inpatient Hospital	0.870	124.95
Outpatient Hospital	0.870	223.26
Professional	1	140.27
Other Medical	1	13.50
Capitation	1	0.00
Prescription Drug	1	91.02
<b>Total</b>	<b>0.924</b>	<b>593.01</b>

**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Q&A Exhibit 6**

**Broker Commission Calculation**

<b><u>Proposed 2018</u></b>		
	<u>Catastrophic Plans</u>	<u>Non-Cat Plans</u>
Proposed 2017 Broker Commission (PMPM)	\$8	\$20
Projected Membership (CAAC, CAIC, and KHPC combined)	3.0%	97.0%
% of business brokered	30%	
Calculated Broker Commission in Rate Development	\$5.89	
Applied Broker Commission in Rate Development	\$6.00	

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Q&A Exhibit 7**

<u>Plan ID</u>	<u>Metal Level</u>	<u>Projected Membership</u>	<u>Projected Allowed Claims</u>	<u>Projected Paid Claims</u>	<u>Paid to Allowed Factor</u>	<u>Average Tobacco Factor</u>	<u>AV and Cost Sharing Factor</u>	<u>(8)/(6*7) Induced Utilization</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
82795PA0120001	Silver	1,992	1,661,321	1,410,828	0.85	0.994	0.79	0.94
Total		1,992	1,661,321	1,410,828	0.85	0.99	0.79	0.94

# CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

## Question and Answer Individual Rates Effective January 1, 2018

With this response, please find corresponding Q&A Exhibits in “Ind\_17-51\_Initial\_CAIC\_PPO\_Q&AExhibits\_Supporting\_20170626.xlsm”

**Question 1.** As we discussed, please revise the PA AM and all supporting documents as well as the SERFF Rate/Rule Schedule tab to show the average and range of rate increase from Table 10 as directed in the 2018 Guidance.

**Answer 1.** I have revised the Actuarial Memo and all supporting documents to use Table 10.

**Question 2.** The current number of policy holders in the cover letter is not consistent with the rate change summary exhibit or Table 10. Please review and revise the cover letter.

**Answer 2.** I have revised the cover letter to use Table 10.

**Question 3.** The Plan Design Summary and the cover letter shows off exchange, while the PID rate pages show on and off exchange. Please review and revise for consistency.

**Answer 3.** I have corrected all exhibits and memos to indicate off-exchange only.

**Question 4.** Confirm HIOS submission and update the cover letter to include the HIOS submission tracking number.

**Answer 4.** I have confirmed the HIOS submission tracking number. This is the HIOS URR submission tracking number.

**Question 5.** Please confirm that you have tested to ensure that the PID rate exhibits the Federal rates template in this filing and in the Binder are all the same.

**Answer 5.** I confirm that I have tested PID rate exhibits, Federal Rates template in this filing and the binder for accuracy and consistency.

**Question 6.** Does data in Tables 2 and 4 include transitional business? If so, please provide total premium, claims and the number of transitional member months.

**Answer 6.** Table 2 does not include transitional data. Table 4 only includes transitional data prior to 2015.

**Question 7.** Please provide the quantitative development of the trend factors shown in Exhibit E for Cost, Utilization, and Induced Utilization.

**Answer 7.** Trend data is found in Q&A Exhibit 1.  
Trend is calculated using:

- Vendor Physician Cost Model
- Internal Hospital Contracting Model
- Internal Prescription Drug Trend Model
- Medical utilization estimates reviewed by CBC's Chief Medical Officer

The medical cost models use best estimates of Capital BlueCross (CBC)'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 CBC book of business level for all commercial business.

Contracting increases are adjusted for the following factors:

- Intensity: Intensity is defined as the amount of inputs used to provide each unit of service. This is the measure of additional trend for technological changes, moving from less to more expensive treatments (i.e. shift from x-rays to MRIs or more expensive pharmaceutical drug treatments).
- 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, to the paid trend. The individual market offers high deductibles, with no offerings under a 1000 deductible, making leveraging significant. Leveraging can be seen in historical trend reports as described below and see in Exhibit 2a (difference between incurred and allowed trends).

Utilization trend takes into account the following considerations:

- Historical Data: Please refer to Q&A Exhibit 1a for CAAC Individual trend summary and Q&A Exhibit 2b for trend detail. Please note that most trend exhibits are using CAAC PPO data. This is because CAIC data is not credible.
  - 19.6% allowed claims trend 2017 over 2016
  - 21.5% incurred claims trend 2017 over 2016
  - Utilization Trends 2017 over 2016:
    - IP 17.5%
    - OP 16.4%
    - Prof 14.0%
- Hospital Inpatient Authorization Reports: Please refer to Q&A Exhibit 1c for Individual (CAAC and KHPC) inpatient authorizations by month. CBC does not currently have this report split by CAAC PPO and KHPC HMO, so this data differs slightly from Exhibits 2a

and 2b. Year-to-date (YTD) 2017 inpatient acute days/1000 are 28.6 percent higher than YTD 2016.

- Special Enrollment Period (SEP) Enrollment: The BCBSA estimates that SEP enrollees cost an average of 55% more than open enrollment period (OEP) enrollees.
- Continuity of Care: Care Management is more difficult for individuals without continuous health care coverage, resulting in higher than average utilization rates.
- Induced Utilization: Induced utilization is CBC's best estimate for increased utilization in the individual market due to unknown future regulatory changes. CBC predicts that consumers will use more services in 2018 due to unknown coverage status in 2019.

The Prescription Drug model considers the following trend components:

- Price Inflation
- Contract Pricing
- Member Cost-Sharing
- Units per Script
- Brand/Generic Mix
- Therapeutic Mix
- Cost per Script
- Utilization

Prescription drug trends are also adjusted for intensity and induced demand. Also, please see Q&A Exhibit 1d for historical prescription drug trend detail (CAAC and KHPC combined).

**Question 8.** Please reconcile the morbidity factors developed in Exhibit G1 and the factors shown in the URRT in Exhibit F. Specifically, please explain and show the development of the 6% factor that is included in the URRT morbidity factor.

**Answer 8.** The morbidity factor shown in G1 is the change in morbidity due to known changes in population from BEP to projection period. The morbidity factor is calculated by first measuring the claims experience of transitional policies (medically underwritten) and single-risk-pool policies in the experience period. And secondly, measuring the enrollment distribution between the experience period and the projection period. Transitional policies have significantly lower claims PMPM than single-risk-pool policies, and make up 14 percent of the enrollment in the BEP. In the projection period, transitional policies only account for 9 percent of enrollment. This distribution change leads to higher claim expectations in the projection period.

I have removed the additional 6% morbidity. In reviewing this filing, I found that I double counted the network adjustment. I applied a network adjustment on Exhibit G and also on Exhibit D. So removing the network discount on Exhibit D raises the requested premium 10%. But with further thought, I decided to remove the additional 6% morbidity factor in order to mitigate this change and also because it is reasonable to assume this managed care product will not behave like a PPO. This difference in behavior could be shown through reduced trend (eliminating induced demand trend) or through morbidity. I have chosen to show the impact here.

**Question 9.** The Other Adjustments on page 4 of the PA AM indicates a list-billed adjustment was made to the “Other” in the URRT. Please show the development of the 1.139 “Other” projection period adjustment factor. Please explain and show how this reconciles with the “Other” adjustments in cells D16 of Table 5. Additionally, in Exhibit F please provide the development of the 1.28 and 0.89 factors separately and explain each factor’s purpose.

**Answer 9.** The calculation of the list-billed adjustment of 1.005 is found on Q&A Exhibit 2. This is the additional premium needed to account for families with more than 3 children. The calculation is as follows:

1. Gather member-level small group current month enrollment by subscriber ID and age. Small group data is used as a gauge for both market segments. Both small group and individual use the same list-billed adjustment.
2. Calculate CMS demo-units by subscriber without the maximum 3 children limit. Demo-units are member-count (by age) x CMS age curve factor.
3. Calculate CMS demo-units by subscriber with the maximum 3 children limit, using the ages of the three oldest children under 21.
4. Sum step 2 demo-units for the entire population.
5. Sum step 3 demo-units for the entire population.
6. Step 4 divided by step 5 is the list-billed adjustment.

1.28 factor in “Other Medical” is to adjust the base data to include pediatric dental and vision claims. Due to data constraints, the pediatric dental and vision claims are not included in the base data. Pediatric dental and vision is underwritten by CAAC, but embedded with medical/Rx products underwritten by CAAC, CAIC, and KHPC. Because of this, data is difficult to allocate to each company. I hope to be able to provide this data split by company in the near future. But for this filing the rate development is performed as follows:

- Pediatric Dental: The pediatric dental calculation is taken directly from CAAC Stand-Alone Dental Filing CABC-130539624. The per-child-per month rate from the filing is converted to a PMPM in an embedded plan, since every member pays, but only children receive the benefit.
- Pediatric Vision: Rating begins with starting cost and utilization by procedure code. Separate in-network and out-of-network cost and utilization are used in the rating methodology. Starting cost and utilization are then adjusted based on the selected plan designs. Utilization is adjusted based on the chosen benefit period (12 months), copay, and the maximum allowance levels. Starting cost is adjusted based on copays, coinsurance, and maximums. Final cost per service is calculated as the minimum of the max for that service category and the starting cost, minus the copay, and multiplied by the coinsurance. The per-child-per-month rate is converted to a PMPM in an embedded plan, since every member pays, but only children receive the benefit.
- Please note that this factor is an estimate of allowed claims. Incurred claims are estimated separately as described in the above bullets. The “Other Medical” factor in the URRT only impacts the allowed calculation, which ultimately impacts the paid-to-allowed ratio. Premiums are not impacted.

The last factor of 0.89 is the network adjustment factor. This factor is discussed in detail in answer 16 and the development is found on Q&A Exhibit 5. The factor was corrected to apply 0.87 to hospital services only, making the aggregate network factor .924

**Question 10.** Please provide the requested information regarding the projection of paid claims used to determine the paid-to-allowed ratio in Exhibit G.

- a) Please explain why the same morbidity factor was used for both medical and prescription drugs claims when different factors were developed and applied in the URRT.
- b) Please provide an explanation for the build-up of the 0.83 benefit change factor.
  - i) Specifically, how was the \$331.06 for the “Average Manual Claim PMPM in Experience Period” determined?
  - ii) Please provide an explanation for the development of the plan Manual Rate PMPM amounts on the “PMPM” tab.
  - iii) Please provide an explanation for the 0.89 factor applied to the Benefit Change BEP to Base Plan factor.

**Answer 10.**

- a) I have corrected the prescription drug morbidity factor
- b) The calculation of the 0.83 benefit change factor is found in Q&A Exhibit 4.
  - i. CBC 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. This actuarial cost model derives a Manual Cost for each benefit design in the experience period. The member-month weighted average of the Manual Cost PMPMs equals “Average Manual Claim PMPM in Experience Period”.
  - ii. The actuarial model discussed in (i) determines the initial amounts in the PMPMs tab. The actuarial cost model is our best estimate of pricing relativities, but competitive pressure is another factor in determining relativities. CBC has seen competitors offer steeper pricing slopes, so we make adjustments to stay competitive in the market. This silver plan is adjusted by a factor of 0.97 to account for steeper deductible slopes in the market.
  - iii. This factor has been removed. In reviewing this filing, I determined that I accounted for the network adjustment two times. This is also discussed in answer 8 above.

**Question 11.** Please answer the following questions about the development of the risk adjustment transfer amount shown in Exhibit K:

- a) How was the statewide premium increase of 20% per year determined?
- b) How was the 0.80 factor to account for benefit changes in 2017 and 2018 determined?
- c) Please provide justification for using the statewide average premium in calculating the risk adjustment percentage instead of Capital's own average premium.
- d) How are you accounting for the 2018 risk adjustment calculation change to remove the impact of administrative expenses? In other words, where is the adjustment to reduce the statewide average premium by 14%?
- e) Please explain and provide the development for the -1.5% adjustment for Market Improvement in Coding.
- f) Please explain and provide the development for the -2.0% adjustment for Internal Coding.

**Answer 11.**

- a) The 20% average annual premium increase, is intended to represent anticipated increases due to allowance trend of roughly 5% - 8%, leveraging of roughly 3% - 5%, and another 10% for the impact of uncertainty of appropriate market competition coupled with significant selection issues in the Individual market. Also, with several years of history behind us, PA has seen significant rate increases in the Individual market. Since the aggregate 20% is truly an unknown, as it is impacted by things outside of CBC control, the estimate delivered was reviewed for reasonability and was deemed appropriate.
- b) The .80 benefit change factor is intended to represent the potential for significant buydowns that are typical when rate increases of 20% are projected. Ultimately, on a combined basis, the 20% mentioned in (a) above coupled with the .80 benefit change factor yields an average per annum of 7.33%.
- c) Since the statewide average premiums are normalized for AV of the state, then carrier specific AV applied back to get to an AV adjusted carrier premium, there is a need for an estimate of both the statewide AV as well as the carrier specific AV. Speculating that the state AV and the carrier AV are markedly different requires knowledge that we don't currently possess since history is limited. Since at the time of filing 2016 was still unknown, speculating what will occur in 2016, 2017 and ultimately 2018 requires simplifying assumptions. One of those simplifying assumptions is that the statewide AV, GCF and other complex components of the RA payment transfer formula are identical and remain unchanged.
- d) Similar to c) above, there is so much uncertainty in anticipating 2016 RA payment transfers as of the time of filing, exacerbating the difficulty in estimating 2018. While it is reasonable to think that the 14% administrative expense reduction mentioned in statutory guidance will have an impact, all of the moving parts of the RA payment transfer formula along with market and regulatory dynamics make speculation of impact a challenge for industry actuaries. Ultimately, after all of the assumptions are applied to the formula, total net impact was seen to be within a reasonable level of expectation, so the 14% AE was implicit and not explicitly stated.
- e) Capital BlueCross is a small plan with limited resources. The industry has commercially available services to improve coding efforts through exhaustive use of data and provider

outreach programs. While CBC is engaged in the efforts of accurate, timely submission of RA data, we feel that the industry will outpace CBC in its ability to maximize value.

- f) Internal coding represents the fact that CBC's individual ACA book of business has had a churn rate that has made a multi-year perspective of member diagnosis and risk impossible. As of 2015, CBC had roughly 5,000 members in Individual ACA business. As of 2016, CBC had 70,000 members. In 2017, 50% of CBC Individual ACA business dropped coverage, and CBC gained roughly 30,000 new members. This places CBC at a disadvantage in terms of ability to assess a member's

**Question 12.** The AV Calculator Screen Shots and the Benefit Change Summary in Exhibit A1 do not seem to reconcile. For example, the AV Screen Shot shows Rx Brand and Specialty tiers as having a copay after the deductible while Exhibit A1 indicates there is no Rx deductible. Please check and correct any necessary benefits.

**Answer 12.** I have updated Exhibit A1 to match the AV screenshots. The AV screenshots are correct.

**Question 13.** In the supporting Excel exhibits, Exhibit A1 lists plan designs which are not proposed in 2018. Please update this exhibit as well as the actuarial memorandum.

**Answer 13.** I have updated Exhibit A1 to only include plans offered by CAIC.

**Question 14.** Please provide an explanation for the significant difference in the Metal AVs in Exhibit A1 and the pricing AVs in Exhibit L.

**Answer 14.** I have adjusted the pricing AVs to remove induced demand. Even with this change, the metal AVs and pricing AVs have some differences. There are several reasons why plan premiums may not be proportional to AV Pricing Values.

- CBC does not use the AV Calculator as a pricing model
  - The AV Calculator is a nationwide model designed to provide a consistent and explainable process for determining benefits. It is not designed to be a region-specific pricing model
  - CBC uses a vendor pricing model calibrated to Capital BlueCross (CBC) data. The actuarial model is explained in the Actuarial Memorandum under the Plan Adjusted Index Rate section.
- CBC has CAAC 2016 risk-adjusted results showing that the pricing value differential between metal levels needs to be greater than AV would suggest. Please see Q&A Exhibit 3 for 2016 risk-adjusted results by metal level.
- Note that the paid-to-allowed ratio for each of the metal levels is significantly higher than an average AV.

**Question 15.** Please provide the development for the tobacco surcharge adjustment of 0.994.

**Answer 15.** Please see Q&A Exhibit 4 for the development of the tobacco surcharge using current month individual enrollment by tobacco status.

**Question 16.** Please provide the development of the Network factor of 0.9427 shown in the “V Consumer Factors” exhibit.

**Answer 16.** Please see Q&A Exhibit 5 for the calculation of the network factor. Because CAIC data is not credible, CAAC data is used to project CAIC future costs, with an adjustment for network. CAIC provider payment levels for CareConnect are based upon CAAC payment levels with adjustments for CareConnect nuances considered in network change factor. CareConnect Gatekeeper PPO product is a managed care arrangement product with the Pinnacle Health System. The contracted rates with Pinnacle will produce a cost-savings over a standard PPO product of approximately 7.6% (factor of 0.924), attributable to the facility contracted savings.

The factor applied in consumer factors is the URRT projected PMPM weighted average of the network factor. (I have corrected this to be .924).

**Question 17.** You have indicated that the manual claims used in this filing are from CAAC. Please explain and show adjustments made to those claims to make the data appropriate for use in a narrowed service area, network and product (gatekeeper PPO v. PPO).

**Answer 17.** Please see answer 16 above for the explanation of the network factor to adjust CAAC PPO experience to use in a gatekeeper product.

**Question 18.** Table 6, cell B54, indicates the PCORI fee is \$018. The 2018 PCORI PMPM amount should be \$0.20. Please revise. Also review the percent of premium in cell C54 to ensure the yielding amount is consistent with \$0.20 or \$0.21.

**Answer 18.** I have corrected PCORI to be \$0.20 and ensured the percent of premium is consistent.

**Question 19.** Show development of the federal income tax in cell C56 of Table 6.

**Answer 19.** The federal income tax is estimated to be 35 percent of the 2 percent risk/contingency, or  $35\% \times 2\% = 0.7\%$ .

**Question 20.** In the taxes in fees section, number 5, of the PA AM you indicate that State Income Tax is included. Please remove and update all necessary documents and tables.

**Answer 20.** I have removed language in the PA AM about state income tax. State income tax is not included in the rates.

**Question 21.** Please show the development of the Health Insurance Industry Fee of 3.78% as shown in Table 6 cell C57.

**Answer 21.** CBC's finance department estimated our 2016 HIF fee to be 3.62%. The HIF assessment has risen from \$11.3 billion in 2016 to \$14.3 billion in 2018 (25% increase). If premiums, on average, have risen 20% in 2 years, the assessment needs to increase 5%. CBC

trended the 3.62% at 4% over two years to arrive at 3.78%. The same 2018 HIF percentage is applied in rate development across all market segments.

**Question 22.** Please ensure that narrative is provided for the supporting Excel exhibits to discuss how they are used and what required rate factors they support. For example, it does not appear that Exhibit P, quarterly base rates should be included in this individual filing.

**Answer 22.** I have updated Exhibit P's description to "Base Rates", as noted in the actuarial memo. I have also removed Exhibit Q – Terminated Products as Individual CAIC does not have any terminated plans.

**Question 23.** Please show the development of the average commission and circumstances in which broker commissions will be paid and if they will vary based on geographic location, metal level, plan, open enrollment vs SEP enrollment, etc. Additionally, the current and 2018 broker agreements should be included and used to develop the percent shown in Table 6 as well as the associated PMPM.

**Answer 23.** CAAC pays commissions for renewal enrollment received during open enrollment, both on and off exchange, and in all geographic areas. Commission is less on catastrophic plans due to the lower premium. CAAC does not pay commission for SEP or new business. The 2018 broker commission schedule is yet to be finalized. Attached please find the 1/1/2017 copy of the broker agreement – redacted version. Files are as follows:

- a. Redacted Agent Agreement: "Ind\_17-51\_Initial\_CAIC\_PPO\_WBEBrokerIndRedacted\_Supporting\_20170626.pdf"
- b. Redacted Preferred Producer Master Agreement: "Ind\_17-51\_Initial\_CAAC\_PPO\_PPMABrokerIndRedacted\_Supporting\_20170626.pdf"

Please see Q&A Exhibit 6 for the calculation of the average broker commission. The projected 2018 broker commission is calculated based on proposed/best estimate broker payment levels. For rate development, the same broker PMPM is applied across all companies. The enrollment distribution between catastrophic and non-catastrophic plans includes CAAC, KHPC, and CAIC.

In addition to the data request above, I have also included Q&A Exhibit 7. This is data requested on page 14 of the 2018 Guidance regarding the development of the pricing AVs and induced demand in Table 10.

If you have any further questions regarding this filing, please call me at [REDACTED] (or via email at [REDACTED])

[REDACTED] Thank you for your assistance in this matter.

Sincerely,



[REDACTED], ASA, MAAA  
Manager, Actuarial Services  
Capital BlueCross

**Capital Advantage Insurance Company**  
**Individual Account Rates**  
**Effective 1/1/2018**  
**Q&A Exhibit 1**

**Capital BlueCross Monthly Medical Trend Report**

**Capital BlueCross Monthly Medical Trend Report**

For 12 Month Periods Ended

**Individual PPO**

	12 Months Ended:			% Change	
	201705	201605	201505	2017/2016	2016/2015
<b>Allowed PMPM</b>					
Inpatient	\$ 141.70	\$ 114.13	\$ 68.46	24.2%	66.7%
Outpatient	242.50	196.71	133.55	23.3%	47.3%
Professional	157.94	142.53	107.96	10.8%	32.0%
<b>Medical Total</b>	<b>\$ 542.15</b>	<b>\$ 453.37</b>	<b>\$ 309.96</b>	19.6%	46.3%
Non-Specialty Drug	-	-	-	0.0%	0.0%
Specialty Drug	-	-	-	0.0%	0.0%
<b>Pharmacy Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	0.0%	0.0%
<b>Grand Total</b>	<b>\$ 542.15</b>	<b>\$ 453.37</b>	<b>\$ 309.96</b>	<b>19.6%</b>	46.3%
<b>Incurred/Paid PMPM</b>					
Inpatient	\$ 137.11	\$ 109.53	\$ 65.00	25.2%	68.5%
Outpatient	201.27	163.48	109.43	23.1%	49.4%
Professional	125.43	108.84	82.59	15.2%	31.8%
<b>Medical Total</b>	<b>\$ 463.82</b>	<b>\$ 381.86</b>	<b>\$ 257.03</b>	<b>21.5%</b>	48.6%
<b>Utilization Metrics</b>					
Admissions/1000 Members	85.1	72.5	49.2	17.5%	47.3%
Average Length of Stay	4.65	5.32	4.66	-12.6%	14.1%
Days/1000 Members	396	385	229	2.7%	68.0%
Outpatient Visits/1000 Members	3,126	2,686	1,966	16.4%	36.6%
Professional Visits/1000 Members	11,027	9,671	7,086	14.0%	36.5%
Non-Specialty Prescriptions PMPY	-	-	-	0.0%	0.0%
Specialty Prescriptions PMPY	-	-	-	0.0%	0.0%

**Capital Advantage Insurance Company  
Individual Account Rates  
Effective 1/1/2018  
Q&A Exhibit 2**

**Without Adjustment for Pediatric Dental and Vision**

Benefit Category	Experience Period				Adj't. from Experience to Projection Period		Annualized Trend Factors		Projections		
	Allowed				Pop'l risk Morbidity	Other	Cost	Util	Utilization per 1,000	Average Cost/Service	PMPM
	Utilization Description	Utilization per 1,000	Average Cost/Service	PMPM							
Other Medical	Services	156.93	1,032.43	13.50	1.035	1.005	1.088	1.040	175.79	1,228.52	18.00

**With Adjustment for Pediatric Dental and Vision**

Benefit Category	Experience Period				Adj't. from Experience to Projection Period		Annualized Trend Factors		Projections		
	Allowed				Pop'l risk Morbidity	Other	Cost	Util	Utilization per 1,000	Average Cost/Service	PMPM
	Utilization Description	Utilization per 1,000	Average Cost/Service	PMPM							
Other Medical	Services	156.93	1,032.43	13.50	1.035	1.280	1.088	1.040	175.79	1,564.68	22.92

Estimated Allowed PMPM	4.92
Estimated Incurred PMPM	3.87

**Pediatric Dental Rate Development \***

Total Annual Claims	280.44
Value of Deductible	19.64
Value of OOP	68.43
Dominion Annual Claims	192.37
Monthly Claims	16.03
Adverse Selection	0.143
Risk Adjusted Claims per Child	18.32
% of Members Age 0-18 **	18.7%
<b>Projected Claims PMPM</b>	<b>\$3.42</b>

\* Claim details are found in 2018 Stand-Alone Dental Filing CAB-131022099

\*\* From Small Group data

**Pediatric Vision Rate Development \***

Category	Claim Cost per Child per Month	
	In-Network	OON
Exam	\$ 1.35	\$ 0.04
Contact Lens Eval/Fitting	\$ -	\$ -
Frame	\$ 0.41	\$ 0.05
Eyeglass Lenses	\$ 0.81	\$ 0.05
Contact Lenses	\$ 0.58	\$ 0.02
Lens Option	\$ -	\$ -
Value Added Benefits	\$ 0.00	\$ -
Value of Combined Max	\$ 0.00	
<b>Total</b>	<b>\$ 3.15</b>	<b>\$ 0.16</b>
CBC Adjustment	72%	0.72
Voluntary Adjustment	45%	1.00
Low Vision Aid Adj		1.00
Estimated Claims Cost per Child		\$2.38
% of Members Age 0-18 **		18.7%
<b>Projected Claims PMPM</b>		<b>\$0.44</b>

\* From CBC's internal vision quote model

\*\* From Small Group data

# CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

## Question and Answer Individual Rates Effective January 1, 2018

With this response, please find corresponding Q&A Exhibits in “Ind\_17-51\_Initial\_CAIC\_PPO\_Q&AExhibits2\_Supporting\_20170714.xlsm”

**Question 1.** In response to Answer 7, please provide quantitative support for the induced utilization assumption of 3% annually and leveraging of 2.5% annually considering the projected decrease in the average paid-to-allowed ratio from 2016 to 2018.

**Answer 1.** Please see Q&A Exhibit 1 for Individual PPO trend data used to estimate adjustments to trend.

Note that 2017 over 2016 utilization/1000 increases are significantly higher than the 3 percent induced demand adjustment. It is difficult to distinguish between utilization changes and morbidity changes. In total, the pricing trend is 13.3% (including induced demand of 3%). The combination of the morbidity adjustment (discussed further in answer 3 below) and induced demand adjustment is still below 2017 over 2016 incurred trend.

2017 over 2016 allowed trend is 19.6% and incurred trend is 20.5% - a difference of 1.9%. As deductibles and other cost-sharing increases 2018 over 2017, we expect leveraging to grow. So the estimated impact of leveraging is 2.5%.

Please note that the difference in paid-to-allowed ratio between 2016 and 2018 is accounted for separately (outside of trend) in rate development. Differences in benefits between the BEP and projection period are handled in the Exhibit D (Benefit Mix). This calculation measures the average manual cost in the BEP and the projected manual cost in the projection period and adjusts claim projections accordingly.

**Question 2.** Please answer the following questions based on the response to Answer 8:

- a) It is stated that the network discount was previously applied in both Exhibit G and also in Exhibit D. Where was the adjustment applied in Exhibit D that it was double-counting the impact of the network discount?
- b) In the ‘Benefit Change Factor’ of Exhibit G, there was a hard coded multiplicative adjustment that was changed from 0.89 to 0.9135. What does this adjustment represent and why was it changed?
- c) Please explain the significant change in the ‘Paid to Allowed Ratio’ in cell C44 of Exhibit G compared to the initial filing even though there were no changes to the plans being offered in 2018.

**Answer 2.**

- a) In the initial submission, Exhibit D, cell E9 applied a factor of 0.90 to the manual cost. And secondly in Exhibit G, a factor of 0.89 was applied to cell C23. Both of these factors were intended to adjust for the CareConnect network. I removed the adjustment from Exhibit D.
- b) With this submission, the factor in Exhibit G cell C23 has been changed from .9135 to .9098. This factor was developed in the Q&A submitted in June – Q&A Exhibit 5 cell B17. This is the network factor applied to the medical portion of the claims. The network factor applied in the PA Rate Exhibit Table 5 is the total combined medical + Rx network adjustment.
- c) The paid-to-allowed ratio changed because of the removal of the 1 of the 2 network adjustments. The allowed claims in the URRT were only adjusted once for network, but the paid claims in Exhibit G were adjusted twice. This correction caused the paid-to-allowed ratio to change.

**Question 3.** Please explain why the “list-billed adjustment” outlined in Answer 9 is listed as 1.005 but the calculation in Exhibit2 shows 1.006. Additionally, please explain why 1.005 is used in the rate development (for example, Exhibits F and G).

**Answer 3.** The list-billed adjustment of 1.005 is an estimate based on data compiled for the 2017 filings. The calculation uses small group data to estimate the impact of families with more than 3 children, and that calculation is used for all filings in both the individual and small group market. Current month small group data, submitted with the last Q&A, shows a slightly higher calculated factor of 1.006. CBC has maintained the 1.005 factor despite the slight calculated change in the most recent data.

**Question 4.** Please reconcile the 1.28 “Other Medical” factor described in Answer 9 to the Exhibit C information, which lists the paid claims for pediatric dental and vision to be a combined \$4.08.

**Answer 4.** The other medical factor is applied to the URRT to estimate the allowed pediatric dental and vision amounts. Q&A Exhibit 2 shows the impact of the Other Medical factor. Please note that this factor has no impact on the final rates – it is only an estimate of allowed. Incurred claims used in rating are developed separately.

Please also note with this submission, I have corrected an error made on the pediatric dental and vision projected incurred claims PMPM. The pediatric dental incurred claim PMPM now matches the 2018 CAAC stand-alone pediatric dental filing CABC-131022099. And the pediatric vision projected incurred claims PMPM is updated to correctly adjust for the current distribution of members under age 19. Both calculations are also included in Q&A Exhibit 2.

**Question 5.** Please answer the following questions about risk adjustment and the responses to Question 11:

- a) The 0.860 statewide average premium adjustment is intended to remove administrative costs from the statewide average premium utilized in the risk adjustment transfer calculation. This factor should be included in the calculation as a multiplication to the

statewide premium amount as outlined in the 2018 Notice of Benefit and Payment Parameters. Please update your calculation to include this adjustment.

- b) Please complete/provide the answers to Question 11 (f) as it appears it was cut off.
- c) If you wish to make adjustments to the projected RA amount included in this rate submission and the URRT, based on the June 30, 2017 Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers, please do so. Provide narrative and an Excel spreadsheet demonstrating the development and assumptions.

**Answer 5.**

- a) The 0.860 statewide average premium adjustment is intended to remove administrative costs from the statewide average premium utilized in the risk adjustment transfer calculation. This factor should be included in the calculation as a multiplication to the statewide premium amount as outlined in the 2018 Notice of Benefit and Payment Parameters. Please update your calculation to include this adjustment.
- b) The complete answer to part f) is as follows: Internal coding represents the fact that CBC's individual ACA book of business has had a churn rate that has made a multi-year perspective of member diagnosis and risk impossible. As of 2015, CBC had roughly 5,000 members in Individual ACA business. As of 2016, CBC had 70,000 members. In 2017, 50% of CBC Individual ACA business dropped coverage, and CBC gained roughly 30,000 new members. This places CBC at a disadvantage in terms of ability to assess a member's risk. Since risk adjustment, 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 believe that CBC is disadvantaged in the market. The amount is ultimately unknown, but it is estimated that it will have an unfavorable impact. 2% was reviewed for reasonability and was deemed appropriate.
- c) CBC will not make changes to its projected RA amount based on the June 30, 2017 report.

**Question 6.** Please reconcile the network adjustment in Table 5 of 0.92439 with the factor developed in Q&A Exhibit 5 of 0.92366.

**Answer 6.** The network factor applied in Table 5 is slightly different from that developed in Q&A Exhibit 5. This is the because the factor developed in Q&A Exhibit 5 is the BEP claim PMPM weighted average of the network discount, while the factor in Table 5 accounts for the change in claim PMPM weighting by category from the BEP to the projection period. Because each category trends at a different rate, and different factors are applied by category, BEP weighting is different from projection period weighting. The network factor applied in Table 5 is entered in order to arrive at the same projected index rate as what is calculated in Exhibit F.

**Question 7.** Please provide an explanation for the change in the 'Induced Demand' factor in row 24 of Exhibit L compared to the initial filing even though there were no changes to the plans being offered in 2018.

**Answer 7.** In order to stay consistent among CBC filings, I have changed the induced demand factor to equal the amount applied to the silver CAAC plan.

**Question 8.** Please provide an itemized build-up of the 16.0% rate change (14.1% provided + 1.9% due to the age slope change) as previously requested. This will likely include items such as trend, morbidity, and benefit changes.

**Answer 8.** The components of the rate change are found on Table 8 of PA Rate Template Part II.

**Question 9.** In response to question #9,

- a) The referenced CAAC Standalone Dental filing is from 2016. Should this reference reflect the 2018 filing? If so, please provide the SERFF ID# and the updated pmpm.
- b) The PA AM, page 4 shows, an allowed pediatric pmpm of \$5.01 and an incurred pmpm of \$3.61. The resulting paid to allowed is .72. The overall paid to allowed used in the URRT is .82. Please show how the dental and medical paid to allowed ratios develop the .82.

**Answer 9.**

- a) See answer 4 above. The reference dental filing should be 2018 CAAC stand-alone pediatric dental filing CABC-131022099.
- b) The medical, Rx, pediatric dental and pediatric vision incurred claims are developed separately from the allowed. Exhibit G shows how the developed incurred amounts are summed for all lines of business and divided by the projected allowed amount developed in the URRT to arrive at the paid-to-allowed ratio.

**Question 10.** Please show the development of the Health Insurance Industry Fee of 3.78% as shown in Table 6 cell C57.

**Answer 10.** CBC's finance department estimated our 2016 HIF fee to be 3.62%. The HIF assessment has risen from \$11.3 billion in 2016 to \$14.3 billion in 2018 (25% increase). If premiums, on average, have risen 20% in 2 years, the assessment needs to increase 5%. CBC trended the 3.62% at 4% over two years to arrive at 3.78%. The same HIF percentage is applied in rate development across all market segments.

**Question 11.** In response to question 23, you have provide only the redacted 2017 commission schedule. Please provide unredacted agreement and provide the same for 2018. Using these schedules please show the development of the average commission used to develop the percent shown in Table 6 as well as the associated pmpm.

**Answer 11.** The 2018 broker commission schedule is yet to be finalized. Attached please find the 1/1/2017 copy of the broker agreement – unredacted version. Files are as follows:

- a. Agent Agreement: “Ind\_17-51\_Initial\_CAIC\_PPO\_WBEBrokerInd\_Supporting\_CONF\_20170714.pdf”
- b. Preferred Producer Master Agreement: “Ind\_17-51\_Initial\_CAIC\_PPO\_PPMABrokerInd\_Supporting\_CONF\_20170714.pdf”

Please see Q&A Exhibit 6 submitted in June for the calculation of the average broker commission. The projected 2018 broker commission is calculated based on proposed/best estimate broker payment levels (based on 2017 contracts). For rate development, the same broker PMPM is applied across all companies. The enrollment distribution between catastrophic and non-catastrophic plans includes CAAC, KHPC, and CAIC.

**Question 12.** Please ensure that all revisions are reflected in this resubmission.

**Answer 12.** I have checked the exhibits and memos for consistency and accuracy, including all revisions noted in this Q&A.

**Question 13.** Please provide a PDF file for public review (Public Rate Filing PDF) in SERFF to show the updated rate request. The following updated supporting items must be included:

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

**Answer 13.** I have included the Public Rate Filing PDF with this submission.

If you have any further questions regarding this filing, please call me at [REDACTED] (or via email at [REDACTED]). Thank you for your assistance in this matter.

Sincerely,

[REDACTED]

[REDACTED], ASA, MAAA  
Manager, Actuarial Services  
Capital BlueCross

**PPO Individual**

Row Labels	Member Months	Demo Factor	Allowed Amount	Allowed PMPM	3 Month Allowed PMPM	12 Month Allowed PMPM	1 Month Allowed Trend	3 Month Allowed Trend	12 Month Allowed Trend	Paid Amount	Paid PMPM	3 Month Paid PMPM	12 Month Paid PMPM	1 Month Paid Trend	3 Month Paid Trend	12 Month Paid Trend
IP, OP, PROF																
201406	10,477	1.236	\$2,616,234	\$249.71	\$267.33	\$189.38	-13.17%	53.34%		\$2,121,033	\$202.45	\$219.13	\$144.75	-14.83%	74.60%	
201407	10,306	1.242	\$2,656,190	\$257.73	\$265.19	\$198.48	3.21%	31.60%		\$2,177,248	\$211.26	\$217.30	\$153.70	4.35%	39.42%	
201408	10,154	1.245	\$2,809,666	\$276.71	\$261.24	\$207.81	7.36%	5.11%		\$2,351,416	\$231.58	\$214.94	\$162.88	9.62%	7.03%	
201409	10,014	1.245	\$2,673,788	\$267.01	\$267.10	\$217.63	-3.51%	-0.08%		\$2,202,449	\$219.94	\$220.88	\$172.09	-5.03%	0.80%	
201410	9,893	1.247	\$2,842,102	\$287.28	\$276.96	\$227.72	7.60%	4.44%		\$2,363,360	\$238.89	\$230.11	\$181.47	8.62%	5.90%	
201411	9,753	1.251	\$2,553,134	\$261.78	\$272.05	\$235.53	-8.88%	4.14%		\$2,133,289	\$218.73	\$225.86	\$189.12	-8.44%	5.08%	
201412	9,659	1.255	\$3,463,702	\$358.60	\$302.30	\$250.24	36.99%	13.18%		\$2,996,174	\$310.20	\$255.68	\$202.72	41.82%	15.76%	
201501	9,848	1.248	\$3,310,234	\$336.13	\$318.77	\$263.59	-6.26%	15.10%		\$2,649,276	\$269.02	\$265.85	\$215.37	-13.27%	15.53%	
201502	9,948	1.245	\$3,388,455	\$340.62	\$345.01	\$280.60	1.33%	26.82%		\$2,789,605	\$280.42	\$286.37	\$230.99	4.24%	26.79%	
201503	9,899	1.245	\$3,674,779	\$371.23	\$349.33	\$295.75	8.99%	15.56%		\$3,036,781	\$306.78	\$285.42	\$244.59	9.40%	11.63%	
201504	9,817	1.245	\$3,647,400	\$371.54	\$361.07	\$304.76	0.08%	13.27%	81.83%	\$3,077,620	\$313.50	\$300.16	\$252.70	2.19%	12.91%	103.96%
201505	9,755	1.247	\$3,412,117	\$349.78	\$364.23	\$309.96	-5.86%	5.57%	72.49%	\$2,822,272	\$289.32	\$303.24	\$257.03	-7.71%	5.89%	89.56%
201506	9,687	1.252	\$3,983,926	\$411.27	\$377.44	\$323.55	17.58%	8.04%	70.84%	\$3,433,040	\$354.40	\$318.98	\$269.79	22.49%	11.76%	86.38%
201507	9,615	1.255	\$3,287,915	\$341.96	\$367.69	\$330.79	-16.85%	1.83%	66.66%	\$2,798,517	\$291.06	\$311.59	\$276.63	-17.87%	3.81%	79.99%
201508	9,571	1.255	\$3,428,295	\$358.20	\$370.59	\$337.70	4.75%	1.75%	62.50%	\$2,968,873	\$310.19	\$318.65	\$283.26	6.58%	5.08%	73.91%
201509	9,531	1.257	\$3,727,491	\$391.09	\$363.68	\$348.10	9.18%	-3.65%	59.95%	\$3,257,194	\$341.75	\$314.26	\$293.44	10.17%	-1.48%	70.52%
201510	9,546	1.258	\$4,493,007	\$470.67	\$406.62	\$363.29	20.35%	10.59%	59.54%	\$4,001,443	\$419.17	\$357.01	\$308.36	22.66%	14.58%	69.92%
201511	9,502	1.259	\$4,021,467	\$423.22	\$428.36	\$376.69	-10.08%	15.59%	59.93%	\$3,586,135	\$377.41	\$379.47	\$321.51	-9.96%	19.09%	70.01%
201512	9,451	1.263	\$4,082,178	\$431.93	\$442.00	\$382.69	2.06%	21.54%	52.93%	\$3,583,031	\$379.12	\$391.96	\$327.14	0.45%	24.73%	61.38%
201601	35,340	1.344	\$15,285,550	\$432.53	\$430.80	\$398.36	0.14%	5.95%	51.13%	\$12,165,852	\$344.25	\$356.12	\$335.45	-9.20%	-0.25%	55.76%
201602	36,968	1.343	\$17,597,877	\$476.03	\$452.13	\$418.79	10.06%	5.55%	49.25%	\$14,536,556	\$393.22	\$370.42	\$351.36	14.22%	-2.38%	52.11%
201603	37,773	1.344	\$20,135,904	\$533.08	\$481.64	\$443.15	11.98%	8.97%	49.84%	\$16,932,467	\$448.27	\$396.39	\$372.22	14.00%	1.13%	52.18%
201604	37,743	1.346	\$17,145,669	\$454.27	\$487.89	\$448.15	-14.78%	13.25%	47.05%	\$14,396,756	\$381.44	\$407.75	\$376.34	-14.91%	14.50%	48.93%
201605	37,548	1.348	\$17,184,801	\$457.68	\$481.73	\$453.37	0.75%	6.55%	46.27%	\$14,672,636	\$390.77	\$406.87	\$381.86	2.45%	9.84%	48.57%
201606	37,359	1.350	\$18,538,104	\$496.22	\$469.32	\$460.55	8.42%	-2.56%	42.34%	\$16,074,393	\$430.27	\$400.74	\$389.27	10.11%	1.10%	44.29%
201607	37,222	1.351	\$16,623,703	\$446.61	\$466.84	\$462.57	-10.00%	-4.31%	39.84%	\$14,396,325	\$386.77	\$402.60	\$392.03	-10.11%	-1.26%	41.72%
201608	36,980	1.351	\$18,908,936	\$511.33	\$484.67	\$470.93	14.49%	0.61%	39.45%	\$16,542,542	\$447.34	\$421.41	\$400.48	15.66%	3.58%	41.38%
201609	36,628	1.353	\$18,115,969	\$494.59	\$484.06	\$475.43	-3.27%	3.14%	36.58%	\$15,948,745	\$435.42	\$423.06	\$405.56	-2.66%	5.57%	38.21%
201610	36,248	1.356	\$19,560,404	\$539.63	\$515.09	\$481.53	9.11%	10.33%	32.55%	\$17,478,260	\$482.19	\$454.86	\$412.37	10.74%	12.98%	33.73%
201611	35,772	1.357	\$19,708,608	\$550.95	\$528.17	\$488.85	2.10%	8.97%	29.77%	\$17,587,721	\$491.66	\$469.54	\$420.00	1.97%	11.42%	30.63%
201612	34,296	1.364	\$20,821,892	\$607.12	\$565.21	\$499.29	10.20%	16.76%	30.47%	\$18,779,940	\$547.58	\$506.47	\$430.83	11.37%	19.72%	31.70%
201701	51,203	1.447	\$27,495,298	\$536.99	\$560.94	\$508.70	-11.55%	8.90%	27.70%	\$21,914,870	\$428.00	\$480.60	\$437.23	-21.84%	5.66%	30.34%
201702	53,021	1.445	\$28,754,787	\$542.33	\$556.40	\$515.04	0.99%	5.34%	22.98%	\$23,872,282	\$450.24	\$466.12	\$442.14	5.20%	-0.73%	25.84%
201703	53,556	1.445	\$32,312,620	\$603.34	\$561.31	\$523.35	11.25%	-0.69%	18.10%	\$27,525,949	\$513.97	\$464.65	\$449.55	14.15%	-8.26%	20.77%
201704	53,341	1.445	\$29,574,045	\$554.43	\$566.80	\$531.82	-8.11%	1.04%	18.67%	\$25,184,982	\$472.15	\$478.89	\$457.06	-8.14%	-0.36%	21.45%
201705	53,194	1.445	\$30,862,372	\$580.19	\$579.35	\$542.15	4.64%	4.13%	19.58%	\$25,331,461	\$476.21	\$487.49	\$463.82	0.86%	4.58%	21.46%

Row Labels	Member Months	Demo Factor	Allowed Amount	Allowed PMPM	3 Month Allowed PMPM	12 Month Allowed PMPM	1 Month Allowed Trend	3 Month Allowed Trend	12 Month Allowed Trend	Paid Amount	Paid PMPM	3 Month Paid PMPM	12 Month Paid PMPM	1 Month Paid Trend	3 Month Paid Trend	12 Month Paid Trend
Inpatient																
201406	10,477	1.236	\$566,274	\$54.05	\$72.28	\$46.51	-38.37%	49.33%		\$539,901	\$51.53	\$68.97	\$42.81	-37.53%	56.88%	
201407	10,306	1.242	\$540,299	\$52.43	\$64.93	\$48.77	-3.00%	13.69%		\$523,557	\$50.80	\$61.80	\$45.23	-1.42%	15.06%	
201408	10,154	1.245	\$541,323	\$53.31	\$53.27	\$51.04	1.69%	-29.47%		\$495,592	\$48.81	\$50.39	\$47.41	-3.92%	-29.75%	
201409	10,014	1.245	\$545,707	\$54.49	\$53.40	\$53.64	2.22%	-26.12%		\$523,810	\$52.31	\$50.63	\$50.21	7.17%	-26.59%	
201410	9,893	1.247	\$494,283	\$49.96	\$52.60	\$55.86	-8.32%	-18.99%		\$473,593	\$47.87	\$49.67	\$52.42	-8.48%	-19.63%	
201411	9,753	1.251	\$383,030	\$39.27	\$47.98	\$57.01	-21.40%	-9.93%		\$368,737	\$37.81	\$46.06	\$53.63	-21.02%	-8.60%	
201412	9,659	1.255	\$877,143	\$90.81	\$59.87	\$58.36	131.23%	12.11%		\$855,864	\$88.61	\$57.95	\$55.19	134.37%	14.45%	
201501	9,848	1.248	\$959,890	\$97.47	\$75.87	\$62.43	7.33%	44.24%		\$898,538	\$91.24	\$72.56	\$59.23	2.97%	46.10%	
201502	9,948	1.245	\$749,795	\$75.37	\$87.82	\$66.20	-22.67%	83.05%		\$723,073	\$72.69	\$84.11	\$63.12	-20.34%	82.61%	
201503	9,899	1.245	\$963,826	\$97.37	\$90.03	\$68.89	29.18%	50.38%		\$899,998	\$90.92	\$84.92	\$65.61	25.08%	46.54%	
201504	9,817	1.245	\$748,577	\$76.25	\$83.00	\$68.96	-21.68%	9.40%	76.53%	\$722,827	\$73.63	\$79.08	\$65.64	-19.01%	8.99%	85.49%
201505	9,755	1.247	\$812,613	\$83.30	\$85.68	\$68.46	9.24%	-2.44%	55.59%	\$743,551	\$76.22	\$80.30	\$65.00	3.52%	-4.54%	61.47%
201506	9,687	1.252	\$1,222,214	\$126.17	\$95.13	\$74.44	51.46%	5.66%	60.06%	\$1,179,041	\$121.71	\$90.41	\$70.82	59.68%	6.47%	65.42%
201507	9,615	1.255	\$631,499	\$65.68	\$91.76	\$75.65	-47.94%	10.55%	55.11%	\$608,882	\$63.33	\$87.12	\$71.95	-47.97%	10.16%	59.08%
201508	9,571	1.255	\$664,384	\$69.42	\$87.21	\$77.07	5.69%	1.79%	51.01%	\$644,231	\$67.31	\$84.24	\$73.58	6.29%	4.91%	55.18%
201509	9,531	1.257	\$1,092,339	\$114.61	\$83.16	\$82.06	65.10%	-12.58%	53.00%	\$1,066,531	\$111.90	\$80.78	\$78.52	66.25%	-10.66%	56.39%
201510	9,546	1.258	\$1,096,509	\$114.87	\$99.60	\$87.47	0.22%	8.54%	56.59%	\$1,067,680	\$111.85	\$96.99	\$83.85	-0.05%	11.32%	59.94%
201511	9,502	1.259	\$1,090,803	\$114.80	\$114.76	\$93.74	-0.06%	31.58%	64.43%	\$1,048,431	\$110.34	\$111.36	\$89.87	-1.35%	32.20%	67.57%
201512	9,451	1.263	\$967,061	\$102.32	\$110.68	\$94.68	-10.87%	33.09%	62.25%	\$902,740	\$95.52	\$105.93	\$90.43	-13.43%	31.14%	63.85%
201601	35,340	1.344	\$3,579,271	\$101.28	\$103.83	\$96.14	-1.02%	4.25%	54.00%	\$3,350,108	\$94.80	\$97.64	\$91.46	-0.76%	0.68%	54.43%
201602	36,968	1.343	\$4,641,182	\$125.55	\$112.37	\$103.81	23.96%	-2.08%	56.81%	\$4,460,784	\$120.67	\$106.58	\$98.97	27.29%	-4.30%	56.81%
201603	37,773	1.344	\$5,454,287	\$144.40	\$124.22	\$111.93	15.01%	12.23%	62.48%	\$5,231,288	\$138.49	\$118.48	\$106.97	14.77%	11.85%	63.04%
201604	37,743	1.346	\$4,349,453	\$115.24	\$128.42	\$114.05	-20.19%	23.68%	65.37%	\$4,159,284	\$110.20	\$123.14	\$108.97	-20.43%	26.11%	66.01%
201605	37,548	1.348	\$4,003,262	\$106.62	\$122.12	\$114.13	-7.48%	8.67%	66.71%	\$3,913,678	\$104.23	\$117.67	\$109.53	-5.42%	10.41%	68.51%
201606	37,359	1.350	\$5,095,890	\$136.40	\$119.38	\$116.69	27.94%	-3.90%	56.75%	\$4,948,452	\$132.46	\$115.59	\$112.17	27.08%	-2.44%	58.40%
201607	37,222	1.351	\$3,875,851	\$104.13	\$115.71	\$116.76	-23.66%	-9.89%	54.34%	\$3,747,879	\$100.69	\$112.46	\$112.31	-23.98%	-8.67%	56.09%
201608	36,980	1.351	\$4,294,894	\$116.14	\$118.92	\$118.05	11.54%	-2.62%	53.16%	\$4,180,458	\$113.05	\$115.42	\$113.68	12.27%	-1.91%	54.50%
201609	36,628	1.353	\$4,861,473	\$132.73	\$117.59	\$119.62	14.28%	-1.50%	45.76%	\$4,739,518	\$129.40	\$114.30	\$115.31	14.46%	-1.12%	46.86%
201610	36,248	1.356	\$5,710,468	\$157.54	\$135.33	\$123.27	18.70%	16.95%	40.93%	\$5,603,350	\$154.58	\$132.20	\$119.06	19.47%	17.56%	42.00%
201611	35,772	1.357	\$5,112,264	\$142.91	\$144.36	\$125.16	-9.28%	21.39%	33.51%	\$4,952,004	\$138.43	\$140.77	\$120.93	-10.45%	21.96%	34.56%
201612	34,296	1.364	\$4,691,282	\$136.79	\$145.92	\$126.56	-4.29%	24.10%	33.66%	\$4,587,619	\$133.77	\$142.43	\$122.48	-3.37%	24.61%	35.43%
201701	51,203	1.447	\$7,625,881	\$148.93	\$143.72	\$131.03	8.88%	6.20%	36.30%	\$7,291,636	\$142.41	\$138.79	\$126.86	6.46%	4.98%	38.70%
201702	53,021	1.445	\$8,070,543	\$152.21	\$147.18	\$133.84	2.20%	1.96%	28.93%	\$7,825,656	\$147.60	\$142.25	\$129.68	3.64%	1.05%	31.02%
201703	53,556	1.445	\$9,210,252	\$171.97	\$157.86	\$137.21	12.98%	8.18%	22.59%	\$8,960,184	\$167.30	\$152.60	\$133.13	13.35%	7.14%	24.45%
201704	53,341	1.445	\$7,003,922	\$131.30	\$151.86	\$138.23	-23.65%	5.66%	21.21%	\$6,749,095	\$126.53	\$147.17	\$134.15	-24.37%	6.04%	23.10%
201705	53,194	1.445	\$7,966,285	\$149.76	\$151.04	\$141.70	14.05%	2.62%	24.16%	\$7,551,645	\$141.96	\$145.30	\$137.11	12.20%	2.14%	25.18%

Row Labels	Member Months	Demo Factor	Allowed Amount	Allowed PMPM	3 Month Allowed PMPM	12 Month Allowed PMPM	1 Month Allowed Trend	3 Month Allowed Trend	12 Month Allowed Trend	Paid Amount	Paid PMPM	3 Month Paid PMPM	12 Month Paid PMPM	1 Month Paid Trend	3 Month Paid Trend	12 Month Paid Trend
Outpatient																
201406	10,477	1.236	\$1,045,326	\$99.77	\$103.54	\$76.95	-9.68%	65.08%		\$826,014	\$78.84	\$82.63	\$57.03	-11.92%	102.77%	
201407	10,306	1.242	\$1,099,086	\$106.65	\$105.65	\$80.13	6.89%	43.09%		\$861,692	\$83.61	\$84.03	\$59.95	6.05%	57.74%	
201408	10,154	1.245	\$1,304,242	\$128.45	\$111.47	\$84.06	20.44%	21.90%		\$1,100,948	\$108.43	\$90.14	\$63.94	29.68%	27.58%	
201409	10,014	1.245	\$1,036,325	\$103.49	\$112.87	\$86.96	-19.43%	9.01%		\$822,310	\$82.12	\$91.39	\$66.51	-24.26%	10.60%	
201410	9,893	1.247	\$1,242,417	\$125.59	\$119.19	\$90.85	21.35%	12.81%		\$1,026,058	\$103.72	\$98.11	\$70.02	26.30%	16.76%	
201411	9,753	1.251	\$1,222,908	\$125.39	\$118.06	\$94.38	-0.16%	5.91%		\$1,019,421	\$104.52	\$96.69	\$73.50	0.78%	7.27%	
201412	9,659	1.255	\$1,510,205	\$156.35	\$135.66	\$102.23	24.69%	20.19%		\$1,285,963	\$133.14	\$113.68	\$80.64	27.37%	24.39%	
201501	9,848	1.248	\$1,345,006	\$136.58	\$139.38	\$108.35	-12.65%	16.93%		\$1,039,151	\$105.52	\$114.30	\$86.33	-20.74%	16.50%	
201502	9,948	1.245	\$1,480,712	\$148.85	\$147.20	\$116.32	8.98%	24.69%		\$1,191,414	\$119.76	\$119.39	\$93.57	13.50%	23.47%	
201503	9,899	1.245	\$1,507,485	\$152.29	\$145.92	\$123.99	2.31%	7.57%		\$1,233,976	\$124.66	\$116.67	\$100.64	4.09%	2.63%	
201504	9,817	1.245	\$1,670,862	\$170.20	\$157.06	\$129.89	11.76%	12.69%	87.20%	\$1,423,856	\$145.04	\$129.76	\$106.16	16.35%	13.52%	113.26%
201505	9,755	1.247	\$1,497,177	\$153.48	\$158.65	\$133.55	-9.83%	7.77%	81.56%	\$1,249,197	\$128.06	\$132.57	\$109.43	-11.71%	11.04%	103.36%
201506	9,687	1.252	\$1,510,039	\$155.88	\$159.89	\$138.35	1.57%	9.57%	79.78%	\$1,261,964	\$130.27	\$134.49	\$113.83	1.73%	15.27%	99.61%
201507	9,615	1.255	\$1,479,086	\$153.83	\$154.40	\$142.38	-1.32%	-1.70%	77.67%	\$1,248,196	\$129.82	\$129.38	\$117.78	-0.35%	-0.29%	96.46%
201508	9,571	1.255	\$1,491,232	\$155.81	\$155.17	\$144.68	1.28%	-2.19%	72.11%	\$1,279,285	\$133.66	\$131.25	\$119.88	2.96%	-1.00%	87.49%
201509	9,531	1.257	\$1,449,338	\$152.07	\$153.90	\$148.80	-2.40%	-3.74%	71.11%	\$1,235,103	\$129.59	\$131.02	\$123.90	-3.05%	-2.58%	86.28%
201510	9,546	1.258	\$1,892,080	\$198.21	\$168.69	\$154.82	30.34%	9.26%	70.42%	\$1,670,743	\$175.02	\$146.09	\$129.80	35.06%	12.92%	85.37%
201511	9,502	1.259	\$1,681,663	\$176.98	\$175.76	\$159.09	-10.71%	13.27%	68.57%	\$1,497,224	\$157.57	\$154.07	\$134.18	-9.97%	17.39%	82.56%
201512	9,451	1.263	\$1,709,533	\$180.88	\$185.38	\$161.09	2.21%	20.45%	57.58%	\$1,510,105	\$159.78	\$164.15	\$136.35	1.40%	25.28%	69.09%
201601	35,340	1.344	\$6,806,421	\$192.60	\$187.83	\$170.66	6.48%	11.34%	57.50%	\$5,325,532	\$150.69	\$153.48	\$142.07	-5.69%	5.06%	64.58%
201602	36,968	1.343	\$7,675,408	\$207.62	\$198.04	\$180.04	7.80%	12.67%	54.78%	\$6,207,408	\$167.91	\$159.53	\$149.05	11.43%	3.55%	59.30%
201603	37,773	1.344	\$8,685,463	\$229.94	\$210.46	\$191.03	10.75%	13.52%	54.07%	\$7,216,647	\$191.05	\$170.33	\$158.35	13.78%	3.76%	57.35%
201604	37,743	1.346	\$7,553,438	\$200.13	\$212.60	\$193.47	-12.96%	13.19%	48.95%	\$6,261,431	\$165.90	\$175.01	\$160.20	-13.17%	14.03%	50.91%
201605	37,548	1.348	\$7,692,104	\$204.86	\$211.66	\$196.71	2.36%	6.88%	47.30%	\$6,527,403	\$173.84	\$176.94	\$163.48	4.79%	10.91%	49.38%
201606	37,359	1.350	\$7,878,849	\$210.90	\$205.28	\$200.02	2.95%	-2.46%	44.58%	\$6,738,226	\$180.36	\$173.34	\$166.88	3.75%	1.77%	46.60%
201607	37,222	1.351	\$7,700,564	\$206.88	\$207.54	\$202.29	-1.90%	-2.38%	42.08%	\$6,633,727	\$178.22	\$177.47	\$169.41	-1.19%	1.41%	43.84%
201608	36,980	1.351	\$8,825,566	\$238.66	\$218.76	\$207.64	15.36%	3.35%	43.52%	\$7,681,535	\$207.72	\$188.72	\$174.66	16.55%	6.66%	45.70%
201609	36,628	1.353	\$7,791,534	\$212.72	\$219.41	\$209.61	-10.87%	6.89%	40.87%	\$6,799,004	\$185.62	\$190.51	\$176.96	-10.64%	9.90%	42.82%
201610	36,248	1.356	\$8,196,142	\$226.11	\$225.87	\$211.43	6.30%	8.83%	36.57%	\$7,250,529	\$200.03	\$197.81	\$179.16	7.76%	11.46%	38.03%
201611	35,772	1.357	\$8,746,118	\$244.50	\$227.65	\$215.07	8.13%	4.06%	35.19%	\$7,757,154	\$216.85	\$200.71	\$182.90	8.41%	6.35%	36.30%
201612	34,296	1.364	\$10,182,635	\$296.90	\$255.13	\$222.19	21.44%	16.28%	37.92%	\$9,198,692	\$268.21	\$227.68	\$190.05	23.69%	19.51%	39.38%
201701	51,203	1.447	\$12,146,339	\$237.22	\$256.25	\$226.17	-20.10%	13.45%	32.53%	\$9,066,424	\$177.07	\$214.58	\$191.64	-33.98%	8.48%	34.89%
201702	53,021	1.445	\$12,454,560	\$234.90	\$251.11	\$228.60	-0.98%	10.30%	26.97%	\$9,755,301	\$183.99	\$202.28	\$192.64	3.91%	0.78%	29.24%
201703	53,556	1.445	\$13,963,430	\$260.73	\$244.42	\$232.03	11.00%	-4.20%	21.46%	\$11,404,055	\$212.94	\$191.57	\$194.99	15.73%	-15.86%	23.14%
201704	53,341	1.445	\$13,713,196	\$257.09	\$250.95	\$237.08	-1.40%	-2.07%	22.54%	\$11,326,326	\$212.34	\$203.14	\$199.01	-0.28%	-5.33%	24.23%
201705	53,194	1.445	\$14,215,357	\$267.24	\$261.68	\$242.50	3.95%	4.21%	23.28%	\$10,812,722	\$203.27	\$209.53	\$201.27	-4.27%	3.58%	23.12%

Row Labels	Member Months	Demo Factor	Allowed Amount	Allowed PMPM	3 Month Allowed PMPM	12 Month Allowed PMPM	1 Month Allowed Trend	3 Month Allowed Trend	12 Month Allowed Trend	Paid Amount	Paid PMPM	3 Month Paid PMPM	12 Month Paid PMPM	1 Month Paid Trend	3 Month Paid Trend	12 Month Paid Trend
Professional																
201406	10,477	1.236	\$1,004,634	\$95.89	\$91.50	\$65.92	7.24%	44.76%		\$755,119	\$72.07	\$67.53	\$44.91	9.70%	65.54%	
201407	10,306	1.242	\$1,016,805	\$98.66	\$94.60	\$69.58	2.89%	34.06%		\$791,999	\$76.85	\$71.48	\$48.52	6.62%	46.22%	
201408	10,154	1.245	\$964,101	\$94.95	\$96.50	\$72.72	-3.76%	18.29%		\$754,876	\$74.34	\$74.41	\$51.53	-3.26%	27.32%	
201409	10,014	1.245	\$1,091,756	\$109.02	\$100.83	\$77.03	14.82%	10.19%		\$856,329	\$85.51	\$78.86	\$55.37	15.03%	16.77%	
201410	9,893	1.247	\$1,105,402	\$111.74	\$105.16	\$81.01	2.49%	11.16%		\$863,709	\$87.31	\$82.33	\$59.03	2.10%	15.19%	
201411	9,753	1.251	\$947,195	\$97.12	\$106.01	\$84.14	-13.08%	9.85%		\$745,131	\$76.40	\$83.11	\$61.99	-12.49%	11.70%	
201412	9,659	1.255	\$1,076,354	\$111.44	\$106.77	\$89.65	14.74%	5.89%		\$854,347	\$88.45	\$84.05	\$66.88	15.77%	6.58%	
201501	9,848	1.248	\$1,005,338	\$102.09	\$103.52	\$92.81	-8.39%	-1.56%		\$711,588	\$72.26	\$78.98	\$69.82	-18.31%	-4.06%	
201502	9,948	1.245	\$1,157,948	\$116.40	\$109.99	\$98.08	14.02%	3.75%		\$875,118	\$87.97	\$82.87	\$74.30	21.74%	-0.29%	
201503	9,899	1.245	\$1,203,467	\$121.57	\$113.38	\$102.87	4.45%	6.19%		\$902,807	\$91.20	\$83.84	\$78.35	3.67%	-0.26%	
201504	9,817	1.245	\$1,227,960	\$125.09	\$121.00	\$105.90	2.89%	16.89%	79.02%	\$930,938	\$94.83	\$91.32	\$80.90	3.98%	15.62%	108.87%
201505	9,755	1.247	\$1,102,327	\$113.00	\$119.91	\$107.96	-9.66%	9.02%	73.73%	\$829,524	\$85.04	\$90.37	\$82.59	-10.33%	9.04%	98.91%
201506	9,687	1.252	\$1,251,673	\$129.21	\$122.42	\$110.76	14.35%	7.98%	68.01%	\$992,035	\$102.41	\$94.07	\$85.14	20.43%	12.21%	89.55%
201507	9,615	1.255	\$1,177,330	\$122.45	\$121.53	\$112.76	-5.24%	0.44%	62.07%	\$941,439	\$97.91	\$95.09	\$86.90	-4.39%	4.13%	79.12%
201508	9,571	1.255	\$1,272,679	\$132.97	\$128.21	\$115.95	8.60%	6.92%	59.45%	\$1,045,357	\$109.22	\$103.17	\$89.80	11.55%	14.17%	74.28%
201509	9,531	1.257	\$1,185,814	\$124.42	\$126.61	\$117.23	-6.43%	3.42%	52.19%	\$955,561	\$100.26	\$102.46	\$91.02	-8.21%	8.92%	64.41%
201510	9,546	1.258	\$1,504,417	\$157.60	\$138.33	\$121.00	26.67%	13.82%	49.37%	\$1,263,020	\$132.31	\$113.93	\$94.72	31.97%	19.82%	60.46%
201511	9,502	1.259	\$1,249,001	\$131.45	\$137.84	\$123.86	-16.59%	7.51%	47.20%	\$1,040,480	\$109.50	\$114.04	\$97.46	-17.24%	10.53%	57.23%
201512	9,451	1.263	\$1,405,583	\$148.72	\$145.94	\$126.91	13.14%	15.26%	41.56%	\$1,170,186	\$123.82	\$121.89	\$100.35	13.07%	18.96%	50.04%
201601	35,340	1.344	\$4,899,857	\$138.65	\$139.14	\$131.57	-6.77%	0.59%	41.75%	\$3,490,212	\$98.76	\$105.00	\$101.91	-20.24%	-7.84%	45.97%
201602	36,968	1.343	\$5,281,288	\$142.86	\$141.72	\$134.94	3.04%	2.82%	37.58%	\$3,868,364	\$104.64	\$104.32	\$103.33	5.95%	-8.52%	39.06%
201603	37,773	1.344	\$5,996,155	\$158.74	\$146.96	\$140.18	11.12%	0.70%	36.27%	\$4,484,532	\$118.72	\$107.59	\$106.90	13.46%	-11.73%	36.45%
201604	37,743	1.346	\$5,242,778	\$138.91	\$146.87	\$140.63	-12.49%	5.55%	32.79%	\$3,976,041	\$105.35	\$109.61	\$107.17	-11.27%	4.38%	32.47%
201605	37,548	1.348	\$5,489,435	\$146.20	\$147.95	\$142.53	5.25%	4.40%	32.02%	\$4,231,555	\$112.70	\$112.26	\$108.84	6.98%	7.61%	31.79%
201606	37,359	1.350	\$5,563,365	\$148.92	\$144.66	\$143.84	1.86%	-1.57%	29.87%	\$4,387,715	\$117.45	\$111.81	\$110.22	4.21%	3.93%	29.46%
201607	37,222	1.351	\$5,047,288	\$135.60	\$143.59	\$143.51	-8.94%	-2.23%	27.27%	\$4,014,718	\$107.86	\$112.67	\$110.31	-8.16%	2.80%	26.94%
201608	36,980	1.351	\$5,788,476	\$156.53	\$147.00	\$145.25	15.44%	-0.65%	25.27%	\$4,680,550	\$126.57	\$117.27	\$112.14	17.35%	4.47%	24.87%
201609	36,628	1.353	\$5,462,962	\$149.15	\$147.06	\$146.19	-4.72%	1.66%	24.70%	\$4,410,223	\$120.41	\$118.25	\$113.29	-4.87%	5.76%	24.46%
201610	36,248	1.356	\$5,653,794	\$155.98	\$153.89	\$146.83	4.58%	7.17%	21.34%	\$4,624,380	\$127.58	\$124.85	\$114.15	5.96%	10.80%	20.52%
201611	35,772	1.357	\$5,850,225	\$163.54	\$156.16	\$148.62	4.85%	6.24%	19.99%	\$4,878,563	\$136.38	\$128.06	\$116.18	6.90%	9.20%	19.20%
201612	34,296	1.364	\$5,947,975	\$173.43	\$164.15	\$150.55	6.05%	11.62%	18.62%	\$4,993,629	\$145.60	\$136.35	\$118.31	6.76%	15.31%	17.89%
201701	51,203	1.447	\$7,723,078	\$150.83	\$160.97	\$151.50	-13.03%	4.61%	15.15%	\$5,556,809	\$108.53	\$127.23	\$118.72	-25.47%	1.91%	16.50%
201702	53,021	1.445	\$8,229,684	\$155.22	\$158.11	\$152.60	2.91%	1.24%	13.09%	\$6,291,325	\$118.66	\$121.58	\$119.82	9.34%	-5.06%	15.96%
201703	53,556	1.445	\$9,138,938	\$170.64	\$159.03	\$154.11	9.94%	-3.12%	9.93%	\$7,161,711	\$133.72	\$120.48	\$121.43	12.70%	-11.64%	13.59%
201704	53,341	1.445	\$8,856,928	\$166.04	\$163.99	\$156.51	-2.70%	1.88%	11.29%	\$7,109,562	\$133.29	\$128.58	\$123.89	-0.33%	1.06%	15.61%
201705	53,194	1.445	\$8,680,730	\$163.19	\$166.63	\$157.94	-1.72%	5.39%	10.82%	\$6,967,094	\$130.98	\$132.66	\$125.43	-1.73%	9.11%	15.24%

**PPO Individu**

Row Labels	Visits	Visits/ 1000	3 Month Visits/ 1000	12 Month Visits/ 1000	1 Month Visits Trend	3 Month Visits Trend	12 Month Visits Trend	Admits	Admits/ 1000	3 Month Admits/ 1000	12 Month Admits/ 1000	1 Month Admits Trend	3 Month Admits Trend	12 Month Admits Trend
IP, OP, PROF														
201406	6,757	7,739.24	7,700.04	6,104.27	-0.52%	35.84%		30	34.36	38.25	27.90	-7.38%	27.78%	
201407	7,123	8,293.81	7,934.64	6,318.48	7.17%	29.92%		33	38.42	36.62	29.19	11.83%	11.61%	
201408	6,940	8,201.69	8,075.77	6,510.89	-1.11%	13.90%		43	50.82	41.12	31.22	32.25%	8.44%	
201409	7,102	8,510.49	8,334.32	6,745.95	3.76%	8.24%		30	35.95	41.74	32.38	-29.26%	9.14%	
201410	7,753	9,404.23	8,700.31	7,005.22	10.50%	9.65%		31	37.60	41.52	33.82	4.60%	13.36%	
201411	6,597	8,116.89	8,679.16	7,213.93	-13.69%	7.47%		20	24.61	32.77	34.48	-34.56%	-20.29%	
201412	7,462	9,270.52	8,931.72	7,590.28	14.21%	7.17%		36	44.73	35.63	36.23	81.75%	-14.65%	
201501	7,540	9,187.65	8,858.10	7,847.78	-0.89%	1.81%		55	67.02	45.52	38.88	49.85%	9.65%	
201502	7,571	9,132.69	9,196.27	8,228.88	-0.60%	5.96%		40	48.25	53.37	41.19	-28.00%	62.85%	
201503	8,383	10,162.24	9,494.12	8,594.84	11.27%	6.30%		62	75.16	63.45	44.65	55.77%	78.09%	
201504	8,571	10,476.93	9,921.12	8,839.34	3.10%	12.00%	54.97%	54	66.01	63.11	46.53	-12.18%	38.63%	80.28%
201505	8,367	10,292.72	10,310.25	9,052.60	-1.76%	12.11%	53.73%	56	68.89	70.03	49.20	4.36%	31.23%	85.13%
201506	8,450	10,467.85	10,412.51	9,283.95	1.70%	9.67%	52.09%	58	71.85	68.90	52.35	4.30%	8.60%	87.66%
201507	8,122	10,137.00	10,299.57	9,439.88	-3.16%	3.81%	49.40%	40	49.92	63.60	53.37	-30.52%	0.78%	82.87%
201508	7,977	10,001.82	10,203.19	9,592.71	-1.33%	-1.04%	47.33%	53	66.45	62.76	54.66	33.11%	-10.39%	75.09%
201509	8,351	10,515.13	10,217.44	9,760.51	5.13%	-1.87%	44.69%	57	71.78	62.69	57.65	8.02%	-9.02%	78.08%
201510	9,431	11,856.06	10,790.46	9,962.25	12.75%	4.77%	42.21%	42	52.81	63.68	58.96	-26.43%	0.12%	74.31%
201511	8,894	11,232.36	11,201.49	10,220.61	-5.26%	9.78%	41.68%	56	70.74	65.10	62.80	33.95%	3.73%	82.11%
201512	9,803	12,447.76	11,844.33	10,480.79	10.82%	15.92%	38.08%	63	80.01	67.81	65.70	13.10%	8.17%	81.34%
201601	34,926	11,859.52	11,852.16	10,914.63	-4.73%	9.84%	39.08%	223	75.74	75.61	68.11	-5.34%	18.73%	75.17%
201602	39,420	12,796.19	12,351.04	11,432.08	7.90%	10.26%	38.93%	250	81.17	78.69	72.15	7.17%	20.88%	75.15%
201603	44,863	14,252.48	12,995.19	12,038.04	11.38%	9.72%	40.06%	235	74.97	77.30	72.54	-7.64%	14.00%	62.46%
201604	39,922	12,693.10	13,250.63	12,216.45	-10.94%	11.80%	38.21%	238	75.69	77.25	73.35	0.96%	2.17%	57.65%
201605	39,624	12,663.76	13,204.32	12,357.41	-0.23%	6.91%	36.51%	207	66.17	72.29	72.46	-12.57%	-8.14%	47.28%
201606	39,992	12,845.87	12,733.99	12,487.98	1.44%	-2.01%	34.51%	237	76.17	72.68	72.97	15.11%	-5.98%	39.39%
201607	36,593	11,797.52	12,436.88	12,477.92	-8.16%	-6.14%	32.18%	206	66.53	69.62	72.91	-12.66%	-9.87%	36.62%
201608	41,830	13,574.12	12,737.49	12,669.69	15.06%	-3.54%	32.08%	230	74.80	72.50	73.31	12.43%	0.30%	34.12%
201609	39,848	13,055.00	12,805.89	12,765.39	-3.82%	0.56%	30.79%	215	70.44	70.58	73.06	-5.83%	-2.88%	26.72%
201610	41,719	13,811.30	13,479.29	12,885.23	5.79%	8.38%	29.34%	234	77.68	74.30	73.99	10.27%	6.71%	25.49%
201611	42,649	14,307.26	13,719.62	13,045.64	3.59%	7.71%	27.64%	234	78.68	75.57	74.46	1.28%	4.23%	18.58%
201612	42,032	14,706.81	14,267.05	13,188.00	2.79%	11.41%	25.83%	240	84.11	80.09	75.10	6.90%	13.47%	14.30%
201701	58,876	13,798.45	14,205.43	13,359.61	-6.18%	5.39%	22.40%	362	84.86	82.82	76.14	0.89%	11.47%	11.79%
201702	61,009	13,807.93	14,026.98	13,454.14	0.07%	2.24%	17.69%	370	83.86	84.29	76.62	-1.18%	11.54%	6.20%
201703	68,724	15,398.81	14,344.85	13,605.89	11.52%	0.55%	13.02%	419	94.02	87.63	78.66	12.12%	9.42%	8.44%
201704	67,697	15,229.76	14,814.96	13,846.51	-1.10%	4.29%	13.34%	451	101.59	93.18	81.31	8.04%	12.50%	10.85%
201705	70,936	16,002.51	15,543.08	14,153.16	5.07%	10.81%	14.53%	476	107.59	101.05	85.10	5.91%	19.89%	17.45%

Row Labels	Visits	Visits/ 1000	3 Month Visits/ 1000	12 Month Visits/ 1000	1 Month Visits Trend	3 Month Visits Trend	12 Month Visits Trend	Admits	Admits/ 1000	3 Month Admits/ 1000	12 Month Admits/ 1000	1 Month Admits Trend	3 Month Admits Trend	12 Month Admits Trend
Inpatient														
201406								30	34.36	38.25	27.90	-7.38%	27.78%	
201407								33	38.42	36.62	29.19	11.83%	11.61%	
201408								43	50.82	41.12	31.22	32.25%	8.44%	
201409								30	35.95	41.74	32.38	-29.26%	9.14%	
201410								31	37.60	41.52	33.82	4.60%	13.36%	
201411								20	24.61	32.77	34.48	-34.56%	-20.29%	
201412								36	44.73	35.63	36.23	81.75%	-14.65%	
201501								55	67.02	45.52	38.88	49.85%	9.65%	
201502								40	48.25	53.37	41.19	-28.00%	62.85%	
201503								62	75.16	63.45	44.65	55.77%	78.09%	
201504								54	66.01	63.11	46.53	-12.18%	38.63%	80.28%
201505								56	68.89	70.03	49.20	4.36%	31.23%	85.13%
201506								58	71.85	68.90	52.35	4.30%	8.60%	87.66%
201507								40	49.92	63.60	53.37	-30.52%	0.78%	82.87%
201508								53	66.45	62.76	54.66	33.11%	-10.39%	75.09%
201509								57	71.78	62.69	57.65	8.02%	-9.02%	78.08%
201510								42	52.81	63.68	58.96	-26.43%	0.12%	74.31%
201511								56	70.74	65.10	62.80	33.95%	3.73%	82.11%
201512								63	80.01	67.81	65.70	13.10%	8.17%	81.34%
201601								223	75.74	75.61	68.11	-5.34%	18.73%	75.17%
201602								250	81.17	78.69	72.15	7.17%	20.88%	75.15%
201603								235	74.97	77.30	72.54	-7.64%	14.00%	62.46%
201604								238	75.69	77.25	73.35	0.96%	2.17%	57.65%
201605								207	66.17	72.29	72.46	-12.57%	-8.14%	47.28%
201606								237	76.17	72.68	72.97	15.11%	-5.98%	39.39%
201607								206	66.53	69.62	72.91	-12.66%	-9.87%	36.62%
201608								230	74.80	72.50	73.31	12.43%	0.30%	34.12%
201609								215	70.44	70.58	73.06	-5.83%	-2.88%	26.72%
201610								234	77.68	74.30	73.99	10.27%	6.71%	25.49%
201611								234	78.68	75.57	74.46	1.28%	4.23%	18.58%
201612								240	84.11	80.09	75.10	6.90%	13.47%	14.30%
201701								362	84.86	82.82	76.14	0.89%	11.47%	11.79%
201702								370	83.86	84.29	76.62	-1.18%	11.54%	6.20%
201703								419	94.02	87.63	78.66	12.12%	9.42%	8.44%
201704								451	101.59	93.18	81.31	8.04%	12.50%	10.85%
201705								476	107.59	101.05	85.10	5.91%	19.89%	17.45%

Row Labels	Visits	Visits/ 1000	3 Month Visits/ 1000	12 Month Visits/ 1000	1 Month Visits Trend	3 Month Visits Trend	12 Month Visits Trend	Admits	Admits/ 1000	3 Month Admits/ 1000	12 Month Admits/ 1000	1 Month Admits Trend	3 Month Admits Trend	12 Month Admits Trend
Outpatient														
201406	1,416	1,621.84	1,619.05	1,215.69	-3.63%	47.37%								
201407	1,505	1,752.38	1,685.35	1,267.04	8.05%	36.64%								
201408	1,555	1,837.70	1,736.17	1,318.29	4.87%	17.88%								
201409	1,481	1,774.72	1,788.15	1,373.39	-3.43%	10.44%								
201410	1,602	1,943.19	1,851.44	1,435.36	9.49%	9.85%								
201411	1,417	1,743.46	1,820.63	1,491.59	-10.28%	4.86%								
201412	1,691	2,100.84	1,928.68	1,591.18	20.50%	7.86%								
201501	1,559	1,899.68	1,914.01	1,658.29	-9.58%	3.38%								
201502	1,644	1,983.11	1,993.82	1,748.49	4.39%	9.51%								
201503	1,820	2,206.28	2,029.84	1,836.58	11.25%	5.24%								
201504	1,922	2,349.39	2,178.80	1,903.89	6.49%	13.83%	70.23%							
201505	1,973	2,427.06	2,327.03	1,966.32	3.31%	16.71%	68.52%							
201506	1,861	2,305.36	2,360.71	2,024.37	-5.01%	16.30%	66.52%							
201507	1,848	2,306.40	2,346.56	2,071.09	0.05%	7.70%	63.46%							
201508	1,715	2,150.25	2,254.29	2,097.72	-6.77%	-3.13%	59.12%							
201509	1,751	2,204.60	2,220.57	2,134.08	2.53%	-5.94%	55.39%							
201510	1,981	2,490.26	2,281.63	2,179.42	12.96%	-2.77%	51.84%							
201511	1,886	2,381.81	2,358.93	2,232.48	-4.35%	4.64%	49.67%							
201512	2,135	2,710.82	2,527.25	2,282.34	13.81%	13.81%	43.44%							
201601	7,726	2,623.43	2,596.36	2,394.04	-3.22%	13.79%	44.37%							
201602	8,525	2,767.26	2,698.57	2,500.07	5.48%	14.40%	42.98%							
201603	9,786	3,108.89	2,838.31	2,631.86	12.35%	12.31%	43.30%							
201604	8,557	2,720.61	2,866.33	2,659.14	-12.49%	10.40%	39.67%							
201605	8,696	2,779.40	2,869.85	2,686.01	2.16%	6.35%	36.60%							
201606	8,718	2,800.45	2,766.68	2,714.45	0.76%	-2.52%	34.09%							
201607	8,138	2,623.69	2,734.73	2,716.23	-6.31%	-4.59%	31.15%							
201608	9,135	2,964.36	2,795.81	2,759.79	12.98%	-2.58%	31.56%							
201609	8,554	2,802.47	2,796.44	2,778.72	-5.46%	1.08%	30.21%							
201610	8,783	2,907.85	2,891.73	2,797.85	3.76%	5.74%	28.38%							
201611	9,217	3,091.94	2,932.93	2,832.72	6.33%	4.90%	26.89%							
201612	9,439	3,302.98	3,097.25	2,872.00	6.83%	10.76%	25.84%							
201701	12,333	2,890.45	3,066.55	2,893.35	-12.49%	6.05%	20.86%							
201702	13,075	2,959.37	3,018.97	2,910.65	2.38%	2.93%	16.42%							
201703	14,898	3,338.17	3,065.58	2,942.25	12.80%	-1.02%	11.79%							
201704	15,001	3,374.88	3,224.82	3,004.74	1.10%	5.16%	13.00%							
201705	17,845	4,025.79	3,578.88	3,125.74	19.29%	18.55%	16.37%							

Row Labels	Visits	Visits/ 1000	3 Month Visits/ 1000	12 Month Visits/ 1000	1 Month Visits Trend	3 Month Visits Trend	12 Month Visits Trend	Admits	Admits/ 1000	3 Month Admits/ 1000	12 Month Admits/ 1000	1 Month Admits Trend	3 Month Admits Trend	12 Month Admits Trend
Professional														
201406	5,341	6,117.40	6,080.99	4,888.58	0.34%	33.07%								
201407	5,618	6,541.43	6,249.29	5,051.44	6.93%	28.22%								
201408	5,385	6,363.99	6,339.59	5,192.60	-2.71%	12.85%								
201409	5,621	6,735.77	6,546.17	5,372.57	5.84%	7.65%								
201410	6,151	7,461.03	6,848.87	5,569.86	10.77%	9.59%								
201411	5,180	6,373.42	6,858.53	5,722.33	-14.58%	8.19%								
201412	5,771	7,169.69	7,003.04	5,999.09	12.49%	6.98%								
201501	5,981	7,287.98	6,944.09	6,189.49	1.65%	1.39%								
201502	5,927	7,149.58	7,202.44	6,480.39	-1.90%	5.01%								
201503	6,563	7,955.96	7,464.29	6,758.26	11.28%	6.59%								
201504	6,649	8,127.53	7,742.31	6,935.45	2.16%	11.50%	51.24%							
201505	6,394	7,865.65	7,983.22	7,086.28	-3.22%	10.84%	50.08%							
201506	6,589	8,162.49	8,051.80	7,259.58	3.77%	7.87%	48.50%							
201507	6,274	7,830.60	7,953.01	7,368.79	-4.07%	2.72%	45.88%							
201508	6,262	7,851.57	7,948.90	7,494.99	0.27%	-0.43%	44.34%							
201509	6,600	8,310.53	7,996.88	7,626.43	5.85%	-0.68%	41.95%							
201510	7,450	9,365.80	8,508.83	7,782.83	12.70%	6.99%	39.73%							
201511	7,008	8,850.54	8,842.56	7,988.12	-5.50%	11.24%	39.60%							
201512	7,668	9,736.94	9,317.09	8,198.45	10.02%	16.51%	36.66%							
201601	27,200	9,236.09	9,255.80	8,520.60	-5.14%	8.78%	37.66%							
201602	30,895	10,028.93	9,652.48	8,932.02	8.58%	9.16%	37.83%							
201603	35,077	11,143.59	10,156.88	9,406.18	11.11%	9.01%	39.18%							
201604	31,365	9,972.49	10,384.30	9,557.31	-10.51%	12.19%	37.80%							
201605	30,928	9,884.37	10,334.47	9,671.41	-0.88%	7.07%	36.48%							
201606	31,273	10,045.42	9,967.30	9,773.53	1.63%	-1.87%	34.63%							
201607	28,455	9,173.82	9,702.16	9,761.69	-8.68%	-6.57%	32.47%							
201608	32,695	10,609.76	9,941.68	9,909.90	15.65%	-3.80%	32.22%							
201609	31,294	10,252.53	10,009.44	9,986.66	-3.37%	0.42%	30.95%							
201610	32,935	10,903.45	10,587.56	10,087.39	6.35%	9.13%	29.61%							
201611	33,432	11,215.31	10,786.69	10,212.92	2.86%	8.50%	27.85%							
201612	32,592	11,403.83	11,169.80	10,316.00	1.68%	11.59%	25.83%							
201701	46,543	10,908.01	11,138.88	10,466.25	-4.35%	5.21%	22.83%							
201702	47,933	10,848.55	11,008.01	10,543.49	-0.55%	2.05%	18.04%							
201703	53,826	12,060.64	11,279.27	10,663.64	11.17%	0.98%	13.37%							
201704	52,695	11,854.88	11,590.14	10,841.77	-1.71%	4.05%	13.44%							
201705	53,090	11,976.72	11,964.20	11,027.42	1.03%	8.69%	14.02%							

**PPO Individu**

Row Labels	Days	Days/ 1000	3 Month Days/ 1000	12 Month Days/ 1000	1 Month Days Trend	3 Month Days Trend	12 Month Days Trend	ALOS	3 Month ALOS	12 Month ALOS	1 Month ALOS Trend	3 Month ALOS Trend	12 Month ALOS Trend
IP, OP, PROF													
201406	104	119.12	211.10	137.82	-55.67%	37.81%		3.47	5.52	4.94	-52.13%	7.85%	
201407	182	211.92	200.27	148.05	77.90%	16.69%		5.52	5.47	5.07	59.09%	4.55%	
201408	140	165.45	165.24	154.85	-21.93%	-27.37%		3.26	4.02	4.96	-40.97%	-33.02%	
201409	134	160.58	179.56	161.88	-2.95%	-14.94%		4.47	4.30	5.00	37.19%	-22.06%	
201410	104	126.15	150.89	168.55	-21.44%	-24.66%		3.35	3.63	4.98	-24.89%	-33.54%	
201411	74	91.05	126.23	171.01	-27.82%	-23.61%		3.70	3.85	4.96	10.29%	-4.16%	
201412	225	279.53	165.02	177.05	207.01%	-8.10%		6.25	4.63	4.89	68.92%	7.68%	
201501	199	242.49	204.24	181.56	-13.25%	35.35%		3.62	4.49	4.67	-42.11%	23.44%	
201502	241	290.71	270.92	197.73	19.89%	114.62%		6.03	5.08	4.80	66.52%	31.79%	
201503	403	488.53	340.66	223.74	68.05%	106.43%		6.50	5.37	5.01	7.88%	15.92%	
201504	229	279.92	353.16	226.57	-42.70%	72.91%	89.46%	4.24	5.60	4.87	-34.76%	24.73%	5.09%
201505	250	307.53	359.13	229.41	9.86%	32.56%	69.46%	4.46	5.13	4.66	5.27%	1.02%	-8.46%
201506	301	372.87	319.90	250.85	21.25%	-6.09%	82.02%	5.19	4.64	4.79	16.25%	-13.53%	-3.01%
201507	194	242.12	307.67	253.54	-35.07%	-12.88%	71.25%	4.85	4.84	4.75	-6.54%	-13.55%	-6.35%
201508	270	338.52	317.94	268.08	39.82%	-11.47%	73.12%	5.09	5.07	4.90	5.04%	-1.20%	-1.12%
201509	333	419.33	333.06	289.60	23.87%	4.11%	78.90%	5.84	5.31	5.02	14.67%	14.44%	0.46%
201510	226	284.15	347.29	303.02	-32.24%	12.88%	79.78%	5.38	5.45	5.14	-7.89%	12.74%	3.14%
201511	347	438.30	380.48	331.83	54.25%	19.67%	94.04%	6.20	5.84	5.28	15.15%	15.37%	6.55%
201512	281	356.85	359.66	338.22	-18.58%	7.98%	91.03%	4.46	5.30	5.15	-28.02%	-0.17%	5.34%
201601	970	329.45	353.27	342.68	-7.68%	1.72%	88.75%	4.35	4.67	5.03	-2.48%	-14.33%	7.75%
201602	1,427	463.32	393.15	372.19	40.63%	3.33%	88.23%	5.71	5.00	5.16	31.22%	-14.52%	7.46%
201603	1,217	386.75	394.07	369.13	-16.53%	9.57%	64.98%	5.16	5.10	5.09	-9.62%	-3.89%	1.55%
201604	1,151	366.03	404.96	372.51	-5.36%	14.63%	64.41%	4.84	5.24	5.08	-6.26%	12.20%	4.29%
201605	1,384	442.42	398.32	385.42	20.87%	1.32%	68.01%	6.69	5.51	5.32	38.25%	10.29%	14.07%
201606	1,255	403.03	403.76	388.21	-8.90%	2.46%	54.76%	5.29	5.56	5.32	-20.86%	8.98%	11.03%
201607	1,063	342.64	396.17	387.26	-14.98%	-2.17%	52.74%	5.15	5.69	5.31	-2.66%	8.54%	11.80%
201608	979	317.75	354.61	380.98	-7.27%	-10.97%	42.12%	4.25	4.89	5.20	-17.52%	-11.23%	5.96%
201609	1,025	335.72	332.05	375.39	5.66%	-17.76%	29.62%	4.77	4.70	5.14	12.19%	-15.32%	2.29%
201610	1,216	402.54	351.72	380.16	19.90%	-11.22%	25.46%	5.18	4.73	5.14	8.73%	-16.81%	-0.02%
201611	1,274	427.45	388.21	382.91	6.19%	9.48%	15.39%	5.43	5.14	5.14	4.84%	5.03%	-2.68%
201612	897	313.84	382.31	378.08	-26.58%	15.13%	11.79%	3.73	4.77	5.03	-31.32%	1.47%	-2.20%
201701	2,020	473.30	414.68	392.55	50.81%	17.90%	14.55%	5.58	5.01	5.16	49.47%	5.77%	2.47%
201702	1,930	436.87	419.87	391.99	-7.70%	8.16%	5.32%	5.21	4.98	5.12	-6.59%	-3.04%	-0.82%
201703	2,168	485.79	465.30	402.70	11.20%	21.71%	9.09%	5.17	5.31	5.12	-0.83%	11.23%	0.61%
201704	1,766	397.21	440.02	404.86	-18.23%	6.11%	8.69%	3.91	4.72	4.98	-24.32%	-5.68%	-1.95%
201705	1,517	342.13	408.54	395.71	-13.87%	-2.70%	2.67%	3.18	4.04	4.65	-18.67%	-18.84%	-12.58%

Row Labels	Days	Days/ 1000	3 Month Days/ 1000	12 Month Days/ 1000	1 Month Days Trend	3 Month Days Trend	12 Month Days Trend	ALOS	3 Month ALOS	12 Month ALOS	1 Month ALOS Trend	3 Month ALOS Trend	12 Month ALOS Trend
Inpatient													
201406	104	119.12	211.10	137.82	-55.67%	37.81%		3.47	5.52	4.94	-52.13%	7.85%	
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201409	134	160.58	179.56	161.88	-2.95%	-14.94%		4.47	4.30	5.00	37.19%	-22.06%	
201410	104	126.15	150.89	168.55	-21.44%	-24.66%		3.35	3.63	4.98	-24.89%	-33.54%	
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201611	1,274	427.45	388.21	382.91	6.19%	9.48%	15.39%	5.43	5.14	5.14	4.84%	5.03%	-2.68%
201612	897	313.84	382.31	378.08	-26.58%	15.13%	11.79%	3.73	4.77	5.03	-31.32%	1.47%	-2.20%
201701	2,020	473.30	414.68	392.55	50.81%	17.90%	14.55%	5.58	5.01	5.16	49.47%	5.77%	2.47%
201702	1,930	436.87	419.87	391.99	-7.70%	8.16%	5.32%	5.21	4.98	5.12	-6.59%	-3.04%	-0.82%
201703	2,168	485.79	465.30	402.70	11.20%	21.71%	9.09%	5.17	5.31	5.12	-0.83%	11.23%	0.61%
201704	1,766	397.21	440.02	404.86	-18.23%	6.11%	8.69%	3.91	4.72	4.98	-24.32%	-5.68%	-1.95%
201705	1,517	342.13	408.54	395.71	-13.87%	-2.70%	2.67%	3.18	4.04	4.65	-18.67%	-18.84%	-12.58%





# CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

## Question and Answer Individual Rates Effective January 1, 2018

With this response, please find corresponding Q&A Exhibits in “Ind\_17-51\_Initial\_CAIC\_PPO\_Q&AExhibits3\_Supporting\_20170720.xlsm”

**Question 1.** In response to Answer 1 from our 7/7/2017 objections, please provide allowed and paid claim information for the experience periods used in the trend calculation normalized for demographic, geographic, benefit, risk, etc. differences.

**Answer 1.** While CBC refers to historical trends to evaluate changes in the market, morbidity and utilization, future hospital and physician contracting drives the pricing trend. The hospital, physician and prescription drug trend models were explained in the June Q&A response. As requested, I have included historical trend data in Q&A Exhibit 1, which is the detailed data behind the historical trend summaries sent in June and 7/7/17 Q&A. This data contains demographic factors, which are a proxy for risk in a credible population. The data does not contain benefit or geographic adjustments, as this data is not readily available within the timeframe requested.

**Question 2.** In response to Answer 5 from our 7/7/2017 objections , please answer the following questions regarding risk adjustment:

- a) Please provide an answer for question 5a.
- b) Please support the addition of a benefit change factor between the prior exhibit and the current exhibit. The support should not be related the 0.86 factor as this assumption is not impacted by the administrative cost adjustment factor.

**Answer 2.**

- a) The answer to question 5a should have shown: The 0.86 adjustment is now explicitly reflected in the RA projection calculation in Exhibit K. Please note, as explained in the June Q&A Answer 11d, the application of 0.86 was implicit to the original calculation as there are numerous moving parts to projecting RA. The projected 2018 statewide average premium is the same as the original submission.
- b) There is much uncertainty in anticipating 2018 RA payment transfers. As explained in the June Q&A, the 14% administrative fee adjustment was implicit to the SW average premium calculation rather than explicitly shown as a line item. The annual rate increase and buy-down assumptions are estimates. In total, the annual rate increase (net buy-downs) is 16% annually. Net administrative expense change, the annual increase is 7.3%. Additionally, the benefit buy-down of 7% is close to the benefit mix change shown in CAAC’s Individual PPO filing, Exhibit D. This is the measure of benefit changes from the 2016 BEP to 2018. Since most members are enrolled in CAAC’s PPO plans, this is a credible indication of buy-downs in the market.

**Question 3.** Please provide quantitative support and an explanation for the significant change in the induced demand factor shown in Exhibit L, row 24 when compared to the prior submission.

**Answer 3.** The induced demand factor was changed with the 7/7/17 Q&A submission in order to apply the same induced demand factor as is applied in the CAAC's PPO Individual submission. The calculation of the induced demand factor is explained in the 7/17/17 Q&A, Answer 9d. The induced demand factor does impact the rates as it is normalized out of the rates on Exhibit L, cell D11.

If you have any further questions regarding this filing, please call me at [REDACTED] (or via email at [REDACTED]). Thank you for your assistance in this matter.

Sincerely,

[REDACTED]

[REDACTED], ASA, MAAA  
Manager, Actuarial Services  
Capital BlueCross

# **CAPITAL ADVANTAGE INSURANCE COMPANY, INC.**

## **Question and Answer Individual Rates Effective January 1, 2018**

**Question 1:** Please provide the source of the risk scores (e.g., Wakely, Optum, HHS) and information on how the monthly factors were calculated.

**Answer 1:**

1. The source of risk scores is two-fold:
  - a. The Wakely's Risk Assessment Model (WRA), as supplied via Geneia's tool named Theon Data Analytics for enrollment later than 10/1/15.
  - b. Optum's Impact Pro (IPro) risk analytics suite for enrollment prior to 10/1/15.
2. The monthly member risk factors are calculated using the prior 12 months of demographics and diagnosis data, member by member. Both the WRA and IPro are proprietary models and mapping of diagnosis codes to conditions categories as well as hierarchical logic and risk weights are not made readily available to the purchaser. But both models are explained as hierarchical in nature, mapping diagnosis codes to condition categories then applying hierarchy of condition categories for severity and interaction. The monthly factors for being used in the normalized calculations are member month weighted average risk factors.

**Question 2:** Are the risk scores calculated for a given metal level (e.g., all Silver risk scores) or are they tied to the metal level of each member's plan?

**Answer 2:** As noted above, the risk metrics are from a combination of WRA and IPro and are calculated at the member level, using member-specific attributes.

**Question 3:** Are the risk scores calculated using a consistent model (e.g., the 2015 HHS model for everything provided)? If not, how were model differences between months/years accounted for?

**Answer 3:** Risk scores are calculated using a combination of WRA and IPro, as these models were each the primary sources of corporate risk predictors and risk metrics for the last 15 years. Model differences were considered as model changes occurred during several transitions through history. Risk models are used for both clinical and financial tasks. For that reason, calibration/re-calibration of population risk scores would routinely occur as upgrades or risk version changes occurred. Those calibrations were necessary to mitigate operational and analytical issues related to model changes. For example, if calibration didn't occur, and V1.0 of a particular model had an average risk score of 1.5 and V1.1 had an average risk score of 1.4, then all clinical and financial metrics would need to continually consider those model changes. By calibrating model output to a specific targeted amount one can foster a smooth transition without impacting relativities within any given model (since relativities are represented by a

quotient, and calibration would impact the numerator and denominator of that quotient equally thereby not changing relativities within the model).

**Question 4:** How were the 2017 risk scores determined considering there is not a full calendar year available for calculation?

**Answer 4:** Question #4 illustrates one of the numerous concerns with using the HHS model. The HHS model, as it resides on CBC's EDGE server, is intended for use on a calendar year by calendar year basis. If one was to use CY2017 data on an YTD basis, the risk scores would be suppressed, artificially inflating the normalized claims amounts. Use of commercially available models allows for continual 12 month representation of member risk scores. Also, commercially available models (e.g WRA) have recognized the need for partial enrollment period (i.e. duration) scaling factors for many years, making them more appealing for us in measuring and quantifying book of business risks.

**Question 6:** Please provide an explanation for what aggregate data was sent in support of the trend assumption even though the proposed trend amount differs slightly between the filings.

**Answer 6:** The aggregate data sent to support the trend assumptions was CBC's Individual PPO business. The following is a narrative to better foster an understanding of why, with the limited data CBC has for the Individual market segment, this data is our best possible representation of historical Individual business going forward.

1. Prior to 1/1/14, CBC had only several thousand members of Individual PPO business in what would later be referred to as transitional policies.
2. Beginning 1/1/14, CBC's competitive position on the ACA FFM yielded minimal new enrollees into ACA plans. That position continued throughout 2015.
3. As of 1/1/16 CBC offered competitive rates on ACA FFM PPO and HMO business. CBC experienced rapid growth. PPO business had similar characteristics to PPO business historically, but HMO business bared no resemblance in terms of risk to Individual business previously offered on a guaranteed issue basis.
4. As of 1/1/17, HMO FFM business was discontinued, and PPO business grew by roughly 20,000 more members.
5. The data considered for trend reporting is all of the business with CBC operational system value of X (PPO Individual). While it is difficult to label this business as "stable", it is the only business within CBC's umbrella that is even remotely representative of the Individual ACA market.



**August 10, 2017**

Ms. Johanna Fabian-Marks, Special Deputy & Acting 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: Capital Advantage Insurance Company  
Individual Rates  
Filing No 17-51  
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense  
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense  
Filing Type: Rate**

Dear Ms. Fabian-Marks:

By this filing Capital BlueCross, on behalf of its wholly owned subsidiary Capital Advantage Insurance Company, submits to the Department Individual Rates effective January 1, 2018.

The following is a summary of the rate filing:

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2018
- Average Rate Change before Individual Mandate Adjustment: 13.8%
- Average Rate Change after Individual Mandate Adjustment: 20.2%
- Range of Requested Rate Change: 20.2% to 20.2%
- Product: PPO
- Rating Areas: 9
- Metal Levels: Silver
- Current Covered Lives and Policyholders: 166/107
- Number of Plans: 1
- Contract Form #: CAIC-Ind-PPOG-C-v0118
- Form Filing SERFF #: CABC-131010104
- Binder SERFF #: CABC-PA18-125072236
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-956264907320375323

Harrisburg, PA 17177 | [capbluecross.com](http://capbluecross.com)

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

Please note that per instructions from the Insurance Department, 0.06 was added to the morbidity factor to account for the possible repeal of the individual mandate.

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

Sincerely,

[REDACTED]

[REDACTED], ASA, MAAA  
Manager, Actuarial Services  
Capital BlueCross

Enclosures

cc: [REDACTED]  
[REDACTED]  
[REDACTED]

# **Attachment 1**

## **2018 ACA-Compliant Health Insurance Rate Filing Guidance**

**Pennsylvania Insurance Department**

March 14, 2017

## Capital Advantage Insurance Company (CAIC) – Individual Plans

Rate request filing ID # CAB-131022047 - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at <http://www.insurance.pa.gov/Consumers/ACARelatedFilings/>

### Overview

Initial requested average rate change:	9.5%
Revised requested average rate change:	20.2%
Range of requested rate change:	20.2% to 20.2%
Effective date:	1/1/2018
People impacted:	166
Available in:	Rating Area 9

### Key information

#### Jan. 2016-Dec. 2016 financial experience

Premiums	\$28,131
Claims	\$5,967
Administrative expenses	\$30,665
Taxes & fees	\$(13,515)
<b>Company made (after taxes)</b>	<b>\$5,014</b>

#### How it plans to spend your premium

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

Claims:	84.2%
Administrative:	7.3%
Taxes & fees:	6.5%
Profit:	2.0%

The company expects its annual medical costs to increase **13.3%**.

### Explanation of requested rate change

#### Primary drivers of requested change

- Non-enforcement of the individual mandate
- Historical claim experience
- Reimplementation of Health Insurer Fee in 2018

Changes being requested are also based upon consideration of the factors that influence future period cost structures. The primary drivers of change in future costs are:

- Anticipated increase in facility and physician unit costs
- Anticipated changes in prescription drug unit costs
- Continuing change in utilization such as
  - o Intensity of medical services rendered
  - o Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
  - o Further migration from brand prescription drugs to generic prescription drugs
  - o Favorable impacts of value based benefits designs
- Prescription drug patent expirations and new to market brand drugs
- Leveraging associated with unchanged cost share components such as deductible and copays
- Inflation adjustment to administrative expenses

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	X	Y
1	<b>Unified Rate Review v4.2</b>																						
2																							
3	Company Legal Name:	<b>Capital Advantage Insurance C State:</b>										<b>PA</b>											
4	HIOS Issuer ID:	<b>82795</b>										Market: <b>Individual</b>											
5	Effective Date of Rate Change(s):	<b>1/1/2018</b>																					
6																							
7																							
8	<b>Market Level Calculations (Same for all Plans)</b>																						
9																							
10																							
11	<b>Section I: Experience period data</b>																						
12	Experience Period:	1/1/2016		to	12/31/2016																		
13		<u>Experience Period</u>			<u>Aggregate Amount</u>		<u>PMPM</u>	<u>% of Prem</u>															
14	Premiums (net of MLR Rebate) in Experience Period:	\$79,417			\$493.27		100.00%																
15	Incurred Claims in Experience Period	\$6,235			38.72		7.85%																
16	Allowed Claims:	\$13,196			81.96		16.62%																
17	Index Rate of Experience Period				\$81.96																		
18	Experience Period Member Months	161																					
19																							
20	<b>Section II: Allowed Claims, PMPM basis</b>																						
21		<u>Experience Period</u>			<u>Projection Period:</u>		1/1/2018		to	12/31/2018		Mid-point to Mid-point, Experience to Projection:										24 months	
22		<u>on Actual Experience Allowed</u>			<u>Adj't. from Experience to Projection Period</u>		<u>Annualized Trend Factors</u>		<u>Projections, before credibility Adjustment</u>			<u>Credibility Manual</u>											
23	<b>Benefit Category</b>	<b>Utilization Description</b>	<b>Utilization per 1,000</b>	<b>Average Cost/Service</b>	<b>PMPM</b>	<b>Pop'l risk Morbidity Other</b>		<b>Cost</b>	<b>Util</b>	<b>Utilization per 1,000</b>	<b>Average Cost/Service</b>	<b>PMPM</b>	<b>Utilization per 1,000</b>	<b>Average Cost/Service</b>	<b>PMPM</b>								
24	Inpatient Hospital	Admits	745.34	589.10	\$36.59	1.095	0.874	1.094	1.025	857.27	\$616.25	\$44.02	77.04	\$23,415.29	\$150.33								
25	Outpatient Hospital	Visits	2,236.02	199.42	37.16	1.095	0.874	1.088	1.040	2,649.93	206.44	45.59	519.42	6,328.12	273.92								
26	Professional	Visits	15,204.97	0.00	0.00	1.095	1.005	1.066	1.040	18,019.55	0.00	0.00	1580.96	1,441.45	189.91								
27	Other Medical	Services	521.74	39.91	1.74	1.095	1.280	1.088	1.040	618.32	60.48	3.12	185.98	1,564.68	24.25								
28	Capitation	Benefit Period	0.00	0.00	0.00	1.000	1.000	1.030	1.000	0.00	0.00	0.00	0.00	0.00	0.00								
29	Prescription Drug	Prescriptions	2,832.30	27.45	6.48	1.093	1.005	1.136	1.046	3,385.28	35.59	10.04	10850.48	156.03	141.09								
30	Total				\$81.96							\$102.77			\$779.49								
31																							
32	<b>Section III: Projected Experience:</b>	Projected Allowed Claims PMPM (w/applied credibility if applicable)										0.00%			100.00%			<b>After Credibility</b>	<b>Projected Period Totals</b>				
33		Paid to Allowed Average Factor in Projection Period													\$779.49	\$1,552,752							
34		Projected Incurred Claims, before ACA rein & Risk Adj't, PMPM													0.847								
35		Projected Risk Adjustments PMPM													\$660.32	\$1,315,356							
36		Projected Incurred Claims, before reinsurance recoveries, net of rein prem, PMPM													28.09	55,945							
37		Projected ACA reinsurance recoveries, net of rein prem, PMPM													\$632.23	\$1,259,411							
38		Projected Incurred Claims													0.00	0							
39		Administrative Expense Load													\$632.23	\$1,259,411							
40		Profit & Risk Load													7.27%	54.60							
41		Taxes & Fees													2.00%	15.01							
42		Single Risk Pool Gross Premium Avg. Rate, PMPM													6.51%	48.86							
43		Index Rate for Projection Period													\$750.70	\$1,495,400							
44		% increase over Experience Period													\$779.49								
45		% Increase, annualized:													52.19%								
46		Projected Member Months													23.36%								
47																1,992							
48																							
49	<b>Information Not Releasable to the Public Unless Authorized by Law:</b> This information has not been publicly disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.																						
50																							

**Product-Plan Data Collection**

Company Legal Name: Capital Advantage Insurance Company  
 HIOS Issuer ID: 82795  
 Effective Date of Rate Change(s): 1/1/2018

State: PA  
 Market: Individual

**Product/Plan Level Calculations**

**Section I: General Product and Plan Information**

Product	PPO CareConnect
Product ID:	82795PA012
Metal:	Silver
AV Metal Value	0.710
AV Pricing Value	0.839
Plan Category	Renewing
Plan Type:	PPO
Plan Name	Silver CareConnect
Plan ID (Standard Component ID):	82795PA0120001
Exchange Plan?	No
Historical Rate Increase - Calendar Year - 2	0.00%
Historical Rate Increase - Calendar Year - 1	-2.10%
Historical Rate Increase - Calendar Year 0	38.99%
Effective Date of Proposed Rates	1/1/2018
Rate Change % (over prior filing)	20.20%
Cumulative Rate Change % (over 12 mos prior)	20.20%
Proj'd Per Rate Change % (over Exper. Period)	48.97%
Product Rate Increase %	20.19%

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

Plan ID (Standard Component ID):	Total	82795PA0120001
Inpatient	\$21.69	\$21.69
Outpatient	\$39.52	\$39.52
Professional	\$27.40	\$27.40
Prescription Drug	\$20.36	\$20.36
Other	\$3.50	\$3.50
Capitation	\$0.00	\$0.00
Administration	\$0.00	\$0.00
Taxes & Fees	\$22.75	\$22.75
Risk & Profit Charge	\$11.97	\$11.97
Total Rate Increase	\$147.19	\$147.19
Member Cost Share Increase	\$0.00	\$0.00

Average Current Rate PMPM	\$598.58	\$598.58
Projected Member Months	1,992	1,992

**Section III: Experience Period Information**

Plan ID (Standard Component ID):	Total	82795PA0120001
Plan Adjusted Index Rate	\$500.63	\$500.63
Member Months	161	161
Total Premium (TP)	\$80,601	\$80,601
EHB Percent of TP, (see instructions)	100.00%	100.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%
Other benefits portion of TP	0.00%	0.00%
Total Allowed Claims (TAC)	\$13,196	\$13,196
EHB Percent of TAC, (see instructions)	100.00%	100.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%
Other benefits portion of TAC	0.00%	0.00%
Allowed Claims which are not the issuer's obligation:	\$6,961	\$6,961
Portion of above payable by HHS's funds on behalf of insured person, in dollars	\$0	\$0
Portion of above payable by HHS on behalf of insured person, as %	0.00%	0.00%
Total Incurred claims, payable with issuer funds	\$6,235	\$6,235
Net Amt of Reim	\$0.00	\$0.00
Net Amt of Risk Adj	\$0.00	\$0.00
Incurred Claims PMPM	\$38.73	\$38.73
Allowed Claims PMPM	\$81.96	\$81.96
EHB portion of Allowed Claims, PMPM	\$81.96	\$81.96

**Section IV: Projected (12 months following effective date)**

Plan ID (Standard Component ID):	Total	82795PA0120001
Plan Adjusted Index Rate	\$745.77	\$745.77
Member Months	1,992	1,992
Total Premium (TP)	\$1,485,574	\$1,485,574
EHB Percent of TP, (see instructions)	100.00%	100.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%
Other benefits portion of TP	0.00%	0.00%
Total Allowed Claims (TAC)	\$1,552,752	\$1,552,752
EHB Percent of TAC, (see instructions)	100.00%	100.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%
Other benefits portion of TAC	0.00%	0.00%

Allowed Claims which are not the issuer's obligation	\$293,341	\$293,341
Portion of above payable by HHS's funds on behalf of insured person, in dollars	\$0	\$0
Portion of above payable by HHS on behalf of insured person, as %	0.00%	0.00%
Total incurred claims, payable with issuer funds	\$1,259,411	\$1,259,411
Net Amt of Reins	\$0	\$0
Net Amt of Risk Adj	\$55,945	\$55,945



**CAPITAL ADVANTAGE INSURANCE COMPANY, INC.**  
**RFJ Part II – Consumer Friendly Justification**

Rate Increase Considerations: Changes being requested are based upon consideration of the factors that influence future period cost structures. The primary drivers of change in future costs are:

- Non-enforcement of the individual mandate
- Anticipated increase in facility and physician unit costs
- Anticipated changes in prescription drug unit costs
- Continuing change in utilization such as
  - Intensity of medical services rendered
  - Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
  - Further migration from brand prescription drugs to generic prescription drugs
  - Favorable impacts of value based benefits designs
- Prescription drug patent expirations and new to market brand drugs
- Leveraging associated with unchanged cost share components such as deductible and copays
- Inflation adjustment to administrative expenses
- Reimplementation of the Health Insurer Fee in 2018

# **CAPITAL ADVANTAGE INSURANCE COMPANY, INC.**

## **ACTUARIAL MEMORANDUM**

### **Individual Rates**

**Effective January 1, 2018**

#### **General Information**

##### **Company Information**

- Company Legal Name: Capital Advantage Insurance Company – CAIC
- State: PA
- HIOS Issuer ID: 82795
- Market: Individual
- Effective Date: 1/1/2018

##### **PID Company Information**

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2018
- Average Rate Change: 20.2%
- Range of Requested Rate Change: 20.2% to 20.2%
- Product: PPO
- Rating Areas: 9
- Metal Levels: Silver
- Current Covered Lives and Policyholders: 166/107
- Number of Plans: 1
- Contract Form #: CAIC-Ind-PPOG-C-v0118
- Form Filing SERFF #: CABC-131010104
- Binder SERFF #: CABC-PA18-125072236
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-956264907320375323

### **Company Contact Information**

- Primary Contact Name: [REDACTED]
- Primary Contact Telephone Number: [REDACTED]
- Primary Contact Email Address: [REDACTED]

### **Scope and Purpose**

By this filing, Capital Advantage Insurance Company (CAIC), a subsidiary of Capital BlueCross (CBC), submits rates for products to be made available effective January 1, 2018. CAIC will only offer products off the federally-facilitated exchange.

CAIC is continuing to offer its CareConnect Gatekeeper PPO. CareConnect Gatekeeper PPO is a managed care arrangement product with the Pinnacle Health System. It is available to individuals located in Cumberland, Dauphin or Perry County.

A summary of proposed 2018 benefits is included in Exhibit A.

### **Rate History and Proposed Variations in Rate Changes**

Market	Company	Effective Date	SERFF #	Annual Increase
Individual	CAIC	1/1/2014	CABC-129034458	0.00%
Individual	CAIC	1/1/2015	CABC-129649188	0.00%
Individual	CAIC	1/1/2016	CABC-130079084	-2.10%
Individual	CAIC	1/1/2017	CABC-130533923	39.0%

### **Proposed Rate Increases**

CAIC is proposing an aggregate annual increase of 20.2%. The rate change does vary by plan. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

### **Potential Regulatory Changes**

Rates submitted by this filing assume changes to the current regulatory framework. As directed by the Insurance Department, the following factors have been applied to the rates for regulatory changes:

- Individual Mandate: 0.06 added to the morbidity factor.

### **Membership**

Membership is shown in PA Rate Template Part I, Table 1.

## **Benefit Changes 2017-2018**

There are benefit changes being implemented in 2018. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). A summary of proposed 2018 benefits is included in Exhibit A.

Benefit changes by plan are listed in Exhibit A1, highlight in yellow.

## **Experience Period Premium and Claims**

**Base Experience Period:** The base experience period (BEP) includes completed fee-for-service paid and incurred claims for dates of service between January 1, 2016 and December 31, 2016.

**Paid Through Date:** Claims in the BEP are paid through February 28, 2017

**Premiums (net of MLR Rebate) in Experience Period:** Premiums are calculated on an earned basis in the BEP. MLR rebate adjustments are equal to zero as CAAC does not expect to refund any MLR rebates.

### **Allowed and Incurred Claims during the Experience Period:**

	Incurred	Allowed
Amount of claims processed through the issuer's claim system:	\$6,234	\$13,463
Amount of claims processed outside of the issuer's claim system:	\$0	\$0
Amount of claims that represent best estimate of incurred but not paid:	\$108	\$269

## **Benefit Categories**

Claims in the benefit categories displayed in the URRT come directly from CBC's data warehouse. See Exhibit B for a description of benefits by benefit category.

## **Projection Factors**

**Changes in Morbidity of the Population Insured:** Found in URRT Worksheet 1, "Pop'l risk Morbidity".

### **Changes in Benefits:**

1. Pediatric Dental and Pediatric Vision: The following PMPM allowed charges are added to the projection period claims PMPM:
  - Pediatric dental coverage: 5.01 allowed/3.61 incurred
  - Pediatric vision coverage 0.46 allowed/0.46 incurred

- These were added to the projected allowed claims in Exhibit B by applying a factor to the experience period, “Other Medical” claims. The development of pediatric dental and vision projected claims are described below.

See Exhibit C for the pediatric dental and vision rate development.

**Changes in Demographics:** CAIC does not expect changes in demographics in its individual population.

**Other Adjustments:** Found in URRT, Worksheet 1, “Other”.

1. List-Billed Adjustment: CAIC is adjusting the claim experience for the impact of the list-billing rating methodology required under CFR Part 147.102. This section requires that family rates are calculated by summing the premiums for each individual family member, provided at most three child dependents under age 21 are taken into account. This rating rule requires an adjustment to premium.
2. Network Adjustment: CAIC is adjusting the claim experience for the impact of the CareConnect network. The CareConnect Gatekeeper PPO product is a managed care arrangement product with the Pinnacle Health System. The contracted rates with Pinnacle will produce a cost-savings over a standard PPO product.

**Trend Factors:** Trend levels reflect our 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. CAIC uses a hospital and physician contracting model to determine future trends. This model contains all known contracted payment increases, as well as estimated increases in provider payments.
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
3. Intensity: Intensity is defined as the amount of inputs used to provide each unit of service. This can best be seen in an example:

Year 2017		
<u>Type of Service</u>	<u>Units</u>	<u>Cost per Unit</u>
X-Ray	1	\$200
MRI	1	\$5,000

Total	2	\$5,200
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Year 2018

<u>Type of Service</u>	<u>Units</u>	<u>Cost per Unit</u>
X-Ray	0	\$200
MRI	2	\$5,000
Total	2	\$10,000

Total Annual Trend	92%
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2. **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. CAIC strives to mitigate the underwriting cycle by keeping trends consistent through times of increasing and decreasing claim costs and utilization.

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

## **Credibility Manual Rate Development**

### **Credibility of Experience**

#### **Credibility Manual Rate Development:**

**Base Experience Period:** The BEP data is from CBC subsidiary, Capital Advantage Assurance Company (CAAC). It includes completed fee-for-service paid and incurred claims for dates of service between January 1, 2016 and December 31, 2016.

**Paid Through Date:** Claims in the BEP are paid through February 28, 2017

Allowed claims are developed by combining paid claims with member cost-sharing.

**Estimated Incurred but Not Paid Claims:** Paid claims by date of service come directly from CBC’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.

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

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

### **Paid to Allowed Ratio**

CAIC used the prescribed URRT allowed claims rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. The 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, CAIC 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
  - b. BEP Member Months
2. Develop BEP *Paid and Incurred Claims*:

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

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.

*Trended Claim PMPM*

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

5. Develop *Projected Paid and Incurred Claim PMPM*:

*Projected Paid and Incurred Claims PMPM*

$$\begin{aligned} &= [\text{Trended Claim PMPM}] \times [\text{Benefit Adjustment}] \\ &\times [\text{Network Adjustment}] \times [\text{Morbidity Adjustment}] \times [\text{List} \\ &\text{– Billed Adjustment}] \end{aligned}$$

The *Benefit Adjustment, Morbidity Adjustment, Network Adjustment* and *List-Billed Adjustment* are discussed in the Projections Factors section above.

6. Develop *Projected Claims PMPM by Benefit* as follows:

- a. CAIC 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:

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

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

$$\begin{aligned} & \text{Base Plan Paid and Incurred Claims PMPM} \\ & = \frac{\text{Benefit Adjusted Paid and Incurred Claims PMPM}}{\text{Benefit Level Adjustment}} \end{aligned}$$

- 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 PPO 2000 and PPO 1000 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*, CAIC assumes a distribution of members across the benefit plans being offered in 2015. The *Total Projected Claims PMPM* :

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

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*.

## **Risk Adjustment and Reinsurance**

### **Projected Risk Adjustments PMPM:**

Relevant to 2018 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2018. The 2018 pricing impact is:

$$\begin{aligned} & [Net Projected Risk Adjustments PMPM] \\ & = [Projected CRA Transfer PMPM] - [Risk Adjustment Fee PMPM] \end{aligned}$$

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. The impact of transitional policies throughout the remainder of 2017 and 2018
5. 2016 risk adjustment results
6. Market improvement in coding risk

To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.13 PMPM. The Risk Adjustment Fee PMPM is included in the URRT Worksheet 1, “Projected Risk Adjustments PMPM”.

## **Non-Benefit Expenses and Profit & Risk**

### **Administrative Expense Load:**

1. Administrative Expense: Calculated using an allocation method from CAIC’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 for the percentage of time spent on PPO versus HMO versus Drug versus Medicare. And separately will ask for the percentage of time 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 CAIC individual products. Administrative expenses are included in the URRT Worksheet 1, “Administrative Load”.
2. Broker Expense: Calculated based on CAIC’s explicit per contract broker fee. Broker Expense is included in the URRT Worksheet 1, “Administrative Load”.

3. Member Out-Of-Pocket (OOP) and Ways to Save:
  - a. Description: These products offer enhanced transparency to cost savings potential both prospectively and retrospectively. These are new services included in each of CAIC's plans that work to decrease costs by engaging members in their health care decisions. The Member OOP program will show a member, prospectively, the value of a service and the impact of member cost-sharing when that service is incurred. It allows a member to shop for the best price while introducing transparency related to the member's expected cost share at the time of service. The "Ways to Save" program allows members to receive alerts, retrospectively, informing them of cost savings that could have been incurred had they have known about competing medical providers in the area. The alerts are retrospective and offer transparency around member's healthcare options.
  - b. Costs: The vendor of these products charge both per contract per year (PCPY) user fees as well as initial implementation fees and annual subscription fees. The PCPY user fees are \$0.115 and \$1.7955 for "Member Out of Pocket" and "Way to Save" respectively. The vendor also charges a 25% administrative load, annual subscription fee, and a \$100,000 implementation fee. The implementation fee is amortized over 5 years across several hundred thousand members. Using book of business member-to-contract ratios and converting to a per member per month (PMPM), in conjunction with the administrative load and implementation fee yields a PMPM charge of \$0.0128 and \$.20 for Member Out of Pocket and Ways to Save respectively. Annual subscription fees charged yields another \$0.04 PMPM. All of these items combined allow us to arrive at a requested \$0.25 PMPM. These programs are included in the URRT Worksheet 1, "Administrative Load".
4. Value-Based Benefits (VBB): Standard with each plan, Capital BlueCross 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:
  - a. Complete CBC Personal Profile and receive a gift card reward.
  - b. Complete one online coaching program and receive a gift card reward.
  - c. The wellness program is administered through a vendor and costs are based on vendor fees.
5. Identity Theft Coverage: Identity protection offering will include the following components:
  - a. Credit monitoring – Monitors activity that may affect credit
  - b. Fraud detection – Identifies potentially fraudulent use of identity or credit
  - c. Fraud resolution support – Assists members in addressing issues that arise in relation to credit monitoring and fraud detection

**Profit (or Contribution to Surplus) & Risk Margin:**

6. Contingency: Contingency is included in the URRT Worksheet 1, "Profit and Risk".

**Taxes and Fees:**

7. 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, 2013, and before October 1, 2014, the applicable dollar amount is \$2 per member per year (\$0.17 PMPM), trended annually. At an estimated trend of 4%, the 2018 projected fee is \$0.18 PMPM. PCORTF is included in the URRT Worksheet 1, “Taxes and Fees”.
8. Health Insurer Fee (HIF) – Section 9010 of PPACA and Section 1406 of the Reconciliation Act (which modified PPACA) refer to HIF. The fee is a fixed-dollar amount distributed across health insurance providers: \$8 billion in 2014, \$11.3 billion in 2015-2016, suspended in 2018, and \$14.3 billion in 2018. After 2018, HIF rises according to an index based on net premium growth.
9. Exchange Fee – CAIC is not offering any plans on the federally-facilitated exchange.
10. Premium Tax: Included in the URRT Worksheet 1, “Taxes and Fees”.
11. Federal Income Tax: Projected that Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in the URRT Worksheet 1, “Taxes and Fees”.

See Exhibit H for all CAIC retention values.

### **Projected Loss Ratio**

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

### **Single Risk Pool**

The data used to develop rates and shown in the URRT abides by 45 CFR part 156.80(d) single risk pool requirements. The single risk pool reflects all covered lives for every non-grandfathered product/plan combination for CAIC in the individual market.

### **Index Rate**

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

**Projected Allowed Claims:** The CAIC 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 the 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.

### **Market Adjusted Index Rate**

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

$$\begin{aligned} & [\textit{Market Adjusted Index Rate}] \\ &= ([\textit{Index Rate}] \times [\textit{Paid to Allowed Ratio}] \\ &\quad - [\textit{Net Projected ACA Reinsurance Recoveries}] \\ &\quad - [\textit{Net Projected Risk Adjustments PMPM}] + [\textit{Exchange Fees PMPM}]) \\ &\quad \div [\textit{Paid to Allowed Ratio}] \end{aligned}$$

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

### **Plan Adjusted Index Rate**

The Plan Adjusted Index Rates are included in Worksheet 2, Section IV of the 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 CAIC's actuarial cost model. CAIC 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. Provider Network: The Provider network is the same across all CareConnect Plans. This is the adjustment to reflect the Pinnacle managed care arrangement, as well as the referral requirements associated with a Gatekeeper PPO product.
3. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
4. Catastrophic Plans: Applied to catastrophic plans to reflect lower morbidity.
5. Adjustment for distribution and administrative costs: Described in Non-Benefit Expenses and Profit & Risk section above.

6. Tobacco Adjustment: Calculated as the average tobacco factor applied across the risk pool.

The development of the Plan Adjusted Index rate is found in Exhibit L. The average projected 2018 Plan Adjusted Index Rate is found in Exhibit M.

## **Calibration**

A calibration must be performed in order to apply the allowable rating factors (age and geography) to the Plan Adjusted Rate in order to calculate the Consumer Adjusted Premium Rates.

**Age Curve Calibration:** The average age factor is calculated by taking the member-weighted average of current individual CAAC enrollment by age. Age factors are applied in accordance with CMS's Standard Age Curve.

**Geographic Factor Calibration:** CAIC CareConnect Gatekeeper PPO plan is only offered in region 9, therefore no regional rating factor is applied.

The calibration is:

$$[\textit{Calibrated Plan Adjusted Index Rate}] = [\textit{Plan Adjusted Index Rate}] \div [\textit{Age Curve Calibration}]$$

All consumer-level adjustments are applied uniformly to all plans in the Single Risk Pool. These adjustments do not vary by plan. The calibration factors and development are found on Exhibit N and Exhibit O.

## **Consumer Adjusted Premium Rate Development**

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

$$\begin{aligned} [\textit{Member - Level Consumer Adjusted Premium Rate}] \\ &= [\textit{Calibrated Plan Adjusted Index Rate}] \times [\textit{Age Factor}] \\ &\times [\textit{Geographic Factor}] \end{aligned}$$

2.  $[\textit{Family Consumer Adjusted Premium Rate}] = \sum [\textit{Member - Level Consumer Adjusted Premium Rate}]$   
With no more than three child dependents under age 21 taken into account

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

## **AV Metal Values**

The AV Metal Values included in Worksheet 2 of the URRT were entirely based on the federally issued AV Calculator.

### **AV Pricing Values**

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

### **Membership Projection**

The membership projections found in Worksheet 2 of the URRT were developed by assuming that membership in CAIC will stay close to current. CAIC expects most membership to stay in CAAC PPO and KHPC HMO plans.

### **Terminated Products**

There are no terminated plans in the BEP or between 2017 and 2018.

### **Attachments and Examples**

The following is a list of Exhibits and Data to support this filing:

- Exhibit A – Benefit Summary
- Exhibit A1 – Benefit Change Summary
- Exhibit B – Benefit Categories
- Exhibit C – Pediatric Dental and Vision Rate Development
- Exhibit D – Benefit Mix Changes
- Exhibit E – Trend
- Exhibit F – Credibility Manual Development
- 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 – Base Rates

PA Rate Template Part I through Part V

### **Actuarial Statement**

I, [REDACTED], 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, [REDACTED], 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 included in Worksheet 2, Sections III and IV 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 except those specified in the certification.
5. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
6. New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
7. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2018 Rate Filing Justification.



██████████, ASA, MAAA  
Actuarial Associate  
Capital BlueCross

# **CAPITAL ADVANTAGE INSURANCE COMPANY, INC.**

## **ACTUARIAL MEMORANDUM**

### **Individual Rates**

**Effective January 1, 2018**

#### **General Information**

##### **Company Information**

- Company Legal Name: Capital Advantage Insurance Company – CAIC
- State: PA
- HIOS Issuer ID: 82795
- Market: Individual
- Effective Date: 1/1/2018

##### **PID Company Information**

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2018
- Average Rate Change: 20.2%
- Range of Requested Rate Change: 20.2% to 20.2%
- Product: PPO
- Rating Areas: 9
- Metal Levels: Silver
- Current Covered Lives and Policyholders: 166/107
- Number of Plans: 1
- Contract Form #: CAIC-Ind-PPOG-C-v0118
- Form Filing SERFF #: CABC-131010104
- Binder SERFF #: CABC-PA18-125072236
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-956264907320375323

### **Company Contact Information**

- Primary Contact Name: [REDACTED]
- Primary Contact Telephone Number: [REDACTED]
- Primary Contact Email Address: [REDACTED]

### **Scope and Purpose**

By this filing, Capital Advantage Insurance Company (CAIC), a subsidiary of Capital BlueCross (CBC), submits rates for products to be made available effective January 1, 2018. CAIC will only offer products off the federally-facilitated exchange.

CAIC is continuing to offer its CareConnect Gatekeeper PPO. CareConnect Gatekeeper PPO is a managed care arrangement product with the Pinnacle Health System. It is available to individuals located in Cumberland, Dauphin or Perry County.

A summary of proposed 2018 benefits is included in Exhibit A.

### **Rate History and Proposed Variations in Rate Changes**

Market	Company	Effective Date	SERFF #	Annual Increase
Individual	CAIC	1/1/2014	CABC-129034458	0.00%
Individual	CAIC	1/1/2015	CABC-129649188	0.00%
Individual	CAIC	1/1/2016	CABC-130079084	-2.10%
Individual	CAIC	1/1/2017	CABC-130533923	39.0%

### **Proposed Rate Increases**

CAIC is proposing an aggregate annual increase of 20.2%. The rate change does vary by plan. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

### **Potential Regulatory Changes**

Rates submitted by this filing assume changes to the current regulatory framework. As directed by the Insurance Department, the following factors have been applied to the rates for regulatory changes:

- Individual Mandate: 0.06 added to the morbidity factor.

### **Membership**

Membership is shown in PA Rate Template Part I, Table 1.

## **Benefit Changes 2017-2018**

There are benefit changes being implemented in 2018. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). A summary of proposed 2018 benefits is included in Exhibit A.

Benefit changes by plan are listed in Exhibit A1, highlight in yellow.

## **Experience Period Premium and Claims**

**Base Experience Period:** The base experience period (BEP) includes completed fee-for-service paid and incurred claims for dates of service between January 1, 2016 and December 31, 2016.

**Paid Through Date:** Claims in the BEP are paid through February 28, 2017

**Premiums (net of MLR Rebate) in Experience Period:** Premiums are calculated on an earned basis in the BEP. MLR rebate adjustments are equal to zero as CAAC does not expect to refund any MLR rebates.

### **Allowed and Incurred Claims during the Experience Period:**

	Incurred	Allowed
Amount of claims processed through the issuer's claim system:	\$6,234	\$13,463
Amount of claims processed outside of the issuer's claim system:	\$0	\$0
Amount of claims that represent best estimate of incurred but not paid:	\$108	\$269

## **Benefit Categories**

Claims in the benefit categories displayed in the URRT come directly from CBC's data warehouse. See Exhibit B for a description of benefits by benefit category.

## **Projection Factors**

**Changes in Morbidity of the Population Insured:** Found in URRT Worksheet 1, "Pop'l risk Morbidity".

### **Changes in Benefits:**

1. Pediatric Dental and Pediatric Vision: The following PMPM allowed charges are added to the projection period claims PMPM:
  - Pediatric dental coverage: 5.01 allowed/3.61 incurred
  - Pediatric vision coverage 0.46 allowed/0.46 incurred

- These were added to the projected allowed claims in Exhibit B by applying a factor to the experience period, “Other Medical” claims. The development of pediatric dental and vision projected claims are described below.

See Exhibit C for the pediatric dental and vision rate development.

**Changes in Demographics:** CAIC does not expect changes in demographics in its individual population.

**Other Adjustments:** Found in URRT, Worksheet 1, “Other”.

1. List-Billed Adjustment: CAIC is adjusting the claim experience for the impact of the list-billing rating methodology required under CFR Part 147.102. This section requires that family rates are calculated by summing the premiums for each individual family member, provided at most three child dependents under age 21 are taken into account. This rating rule requires an adjustment to premium.
2. Network Adjustment: CAIC is adjusting the claim experience for the impact of the CareConnect network. The CareConnect Gatekeeper PPO product is a managed care arrangement product with the Pinnacle Health System. The contracted rates with Pinnacle will produce a cost-savings over a standard PPO product.

**Trend Factors:** Trend levels reflect our 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. CAIC uses a hospital and physician contracting model to determine future trends. This model contains all known contracted payment increases, as well as estimated increases in provider payments.
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
3. Intensity: Intensity is defined as the amount of inputs used to provide each unit of service. This can best be seen in an example:

Year 2017		
<u>Type of Service</u>	<u>Units</u>	<u>Cost per Unit</u>
X-Ray	1	\$200
MRI	1	\$5,000

Total	2	\$5,200
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Year 2018

<u>Type of Service</u>	<u>Units</u>	<u>Cost per Unit</u>
X-Ray	0	\$200
MRI	2	\$5,000
Total	2	\$10,000

Total Annual Trend	92%
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2. **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. CAIC strives to mitigate the underwriting cycle by keeping trends consistent through times of increasing and decreasing claim costs and utilization.

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

## **Credibility Manual Rate Development**

### **Credibility of Experience**

#### **Credibility Manual Rate Development:**

**Base Experience Period:** The BEP data is from CBC subsidiary, Capital Advantage Assurance Company (CAAC). It includes completed fee-for-service paid and incurred claims for dates of service between January 1, 2016 and December 31, 2016.

**Paid Through Date:** Claims in the BEP are paid through February 28, 2017

Allowed claims are developed by combining paid claims with member cost-sharing.

**Estimated Incurred but Not Paid Claims:** Paid claims by date of service come directly from CBC’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.

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

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

### **Paid to Allowed Ratio**

CAIC used the prescribed URRT allowed claims rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. The 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, CAIC 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
  - b. BEP Member Months
2. Develop BEP *Paid and Incurred Claims*:

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

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.

*Trended Claim PMPM*

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

5. Develop *Projected Paid and Incurred Claim PMPM*:

*Projected Paid and Incurred Claims PMPM*

$$\begin{aligned} &= [\text{Trended Claim PMPM}] \times [\text{Benefit Adjustment}] \\ &\times [\text{Network Adjustment}] \times [\text{Morbidity Adjustment}] \times [\text{List} \\ &\text{– Billed Adjustment}] \end{aligned}$$

The *Benefit Adjustment, Morbidity Adjustment, Network Adjustment* and *List-Billed Adjustment* are discussed in the Projections Factors section above.

6. Develop *Projected Claims PMPM by Benefit* as follows:

- a. CAIC 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:

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

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

$$\begin{aligned} & \text{Base Plan Paid and Incurred Claims PMPM} \\ & = \frac{\text{Benefit Adjusted Paid and Incurred Claims PMPM}}{\text{Benefit Level Adjustment}} \end{aligned}$$

- 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 PPO 2000 and PPO 1000 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*, CAIC assumes a distribution of members across the benefit plans being offered in 2015. The *Total Projected Claims PMPM* :

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

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*.

## **Risk Adjustment and Reinsurance**

### **Projected Risk Adjustments PMPM:**

Relevant to 2018 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2018. The 2018 pricing impact is:

$$\begin{aligned} & [Net\ Projected\ Risk\ Adjustments\ PMPM] \\ & = [Projected\ CRA\ Transfer\ PMPM] - [Risk\ Adjustment\ Fee\ PMPM] \end{aligned}$$

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. The impact of transitional policies throughout the remainder of 2017 and 2018
5. 2016 risk adjustment results
6. Market improvement in coding risk

To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.13 PMPM. The Risk Adjustment Fee PMPM is included in the URRT Worksheet 1, “Projected Risk Adjustments PMPM”.

## **Non-Benefit Expenses and Profit & Risk**

### **Administrative Expense Load:**

1. Administrative Expense: Calculated using an allocation method from CAIC’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 for the percentage of time spent on PPO versus HMO versus Drug versus Medicare. And separately will ask for the percentage of time 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 CAIC individual products. Administrative expenses are included in the URRT Worksheet 1, “Administrative Load”.
2. Broker Expense: Calculated based on CAIC’s explicit per contract broker fee. Broker Expense is included in the URRT Worksheet 1, “Administrative Load”.

3. Member Out-Of-Pocket (OOP) and Ways to Save:
  - a. Description: These products offer enhanced transparency to cost savings potential both prospectively and retrospectively. These are new services included in each of CAIC's plans that work to decrease costs by engaging members in their health care decisions. The Member OOP program will show a member, prospectively, the value of a service and the impact of member cost-sharing when that service is incurred. It allows a member to shop for the best price while introducing transparency related to the member's expected cost share at the time of service. The "Ways to Save" program allows members to receive alerts, retrospectively, informing them of cost savings that could have been incurred had they have known about competing medical providers in the area. The alerts are retrospective and offer transparency around member's healthcare options.
  - b. Costs: The vendor of these products charge both per contract per year (PCPY) user fees as well as initial implementation fees and annual subscription fees. The PCPY user fees are \$0.115 and \$1.7955 for "Member Out of Pocket" and "Way to Save" respectively. The vendor also charges a 25% administrative load, annual subscription fee, and a \$100,000 implementation fee. The implementation fee is amortized over 5 years across several hundred thousand members. Using book of business member-to-contract ratios and converting to a per member per month (PMPM), in conjunction with the administrative load and implementation fee yields a PMPM charge of \$0.0128 and \$.20 for Member Out of Pocket and Ways to Save respectively. Annual subscription fees charged yields another \$0.04 PMPM. All of these items combined allow us to arrive at a requested \$0.25 PMPM. These programs are included in the URRT Worksheet 1, "Administrative Load".
4. Value-Based Benefits (VBB): Standard with each plan, Capital BlueCross 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:
  - a. Complete CBC Personal Profile and receive a gift card reward.
  - b. Complete one online coaching program and receive a gift card reward.
  - c. The wellness program is administered through a vendor and costs are based on vendor fees.
5. Identity Theft Coverage: Identity protection offering will include the following components:
  - a. Credit monitoring – Monitors activity that may affect credit
  - b. Fraud detection – Identifies potentially fraudulent use of identity or credit
  - c. Fraud resolution support – Assists members in addressing issues that arise in relation to credit monitoring and fraud detection

**Profit (or Contribution to Surplus) & Risk Margin:**

6. Contingency: Contingency is included in the URRT Worksheet 1, "Profit and Risk".

**Taxes and Fees:**

7. 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, 2013, and before October 1, 2014, the applicable dollar amount is \$2 per member per year (\$0.17 PMPM), trended annually. At an estimated trend of 4%, the 2018 projected fee is \$0.18 PMPM. PCORTF is included in the URRT Worksheet 1, “Taxes and Fees”.
8. Health Insurer Fee (HIF) – Section 9010 of PPACA and Section 1406 of the Reconciliation Act (which modified PPACA) refer to HIF. The fee is a fixed-dollar amount distributed across health insurance providers: \$8 billion in 2014, \$11.3 billion in 2015-2016, suspended in 2018, and \$14.3 billion in 2018. After 2018, HIF rises according to an index based on net premium growth.
9. Exchange Fee – CAIC is not offering any plans on the federally-facilitated exchange.
10. Premium Tax: Included in the URRT Worksheet 1, “Taxes and Fees”.
11. Federal Income Tax: Projected that Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in the URRT Worksheet 1, “Taxes and Fees”.

See Exhibit H for all CAIC retention values.

### **Projected Loss Ratio**

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

### **Single Risk Pool**

The data used to develop rates and shown in the URRT abides by 45 CFR part 156.80(d) single risk pool requirements. The single risk pool reflects all covered lives for every non-grandfathered product/plan combination for CAIC in the individual market.

### **Index Rate**

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

**Projected Allowed Claims:** The CAIC 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 the 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.

### **Market Adjusted Index Rate**

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

$$\begin{aligned} & [\textit{Market Adjusted Index Rate}] \\ &= ([\textit{Index Rate}] \times [\textit{Paid to Allowed Ratio}] \\ &\quad - [\textit{Net Projected ACA Reinsurance Recoveries}] \\ &\quad - [\textit{Net Projected Risk Adjustments PMPM}] + [\textit{Exchange Fees PMPM}]) \\ &\quad \div [\textit{Paid to Allowed Ratio}] \end{aligned}$$

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

### **Plan Adjusted Index Rate**

The Plan Adjusted Index Rates are included in Worksheet 2, Section IV of the 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 CAIC's actuarial cost model. CAIC 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. Provider Network: The Provider network is the same across all CareConnect Plans. This is the adjustment to reflect the Pinnacle managed care arrangement, as well as the referral requirements associated with a Gatekeeper PPO product.
3. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
4. Catastrophic Plans: Applied to catastrophic plans to reflect lower morbidity.
5. Adjustment for distribution and administrative costs: Described in Non-Benefit Expenses and Profit & Risk section above.

6. Tobacco Adjustment: Calculated as the average tobacco factor applied across the risk pool.

The development of the Plan Adjusted Index rate is found in Exhibit L. The average projected 2018 Plan Adjusted Index Rate is found in Exhibit M.

## **Calibration**

A calibration must be performed in order to apply the allowable rating factors (age and geography) to the Plan Adjusted Rate in order to calculate the Consumer Adjusted Premium Rates.

**Age Curve Calibration:** The average age factor is calculated by taking the member-weighted average of current individual CAAC enrollment by age. Age factors are applied in accordance with CMS's Standard Age Curve.

**Geographic Factor Calibration:** CAIC CareConnect Gatekeeper PPO plan is only offered in region 9, therefore no regional rating factor is applied.

The calibration is:

$$[\textit{Calibrated Plan Adjusted Index Rate}] = [\textit{Plan Adjusted Index Rate}] \div [\textit{Age Curve Calibration}]$$

All consumer-level adjustments are applied uniformly to all plans in the Single Risk Pool. These adjustments do not vary by plan. The calibration factors and development are found on Exhibit N and Exhibit O.

## **Consumer Adjusted Premium Rate Development**

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

$$\begin{aligned} [\textit{Member - Level Consumer Adjusted Premium Rate}] \\ &= [\textit{Calibrated Plan Adjusted Index Rate}] \times [\textit{Age Factor}] \\ &\times [\textit{Geographic Factor}] \end{aligned}$$

2.  $[\textit{Family Consumer Adjusted Premium Rate}] = \sum[\textit{Member - Level Consumer Adjusted Premium Rate}]$   
With no more than three child dependents under age 21 taken into account

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

## **AV Metal Values**

The AV Metal Values included in Worksheet 2 of the URRT were entirely based on the federally issued AV Calculator.

### **AV Pricing Values**

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

### **Membership Projection**

The membership projections found in Worksheet 2 of the URRT were developed by assuming that membership in CAIC will stay close to current. CAIC expects most membership to stay in CAAC PPO and KHPC HMO plans.

### **Terminated Products**

There are no terminated plans in the BEP or between 2017 and 2018.

### **Attachments and Examples**

The following is a list of Exhibits and Data to support this filing:

- Exhibit A – Benefit Summary
- Exhibit A1 – Benefit Change Summary
- Exhibit B – Benefit Categories
- Exhibit C – Pediatric Dental and Vision Rate Development
- Exhibit D – Benefit Mix Changes
- Exhibit E – Trend
- Exhibit F – Credibility Manual Development
- 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 – Base Rates

PA Rate Template Part I through Part V

### **Actuarial Statement**

I, [REDACTED], 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, [REDACTED], 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 included in Worksheet 2, Sections III and IV 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 except those specified in the certification.
5. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
6. New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
7. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2018 Rate Filing Justification.



██████████, ASA, MAAA  
Actuarial Associate  
Capital BlueCross