SERFF Tracking #:	*CABC-131022120*	***State Tracking #:***	*BINDER # CABC-PA18-125069653, CABC-13102...*	***Company Tracking #:***	*17-38*

State:	*Pennsylvania*	***Filing Company:***	*Capital Advantage Insurance Company*
TOI/Sub-TOI:	*H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only*		
Product Name:	*Rates - CAIC Small Group PPOG*		
Project Name/Number:	*/*		

Supporting Document Schedules

Satisfied - Item:	Public Rate Filing
Comments:	
Attachment(s):	SG_17-38_Revised_CAIC_PPO_PublicRateFiling_Supporting_20170714-01.pdf SG_17-38_Revised_CAIC_PPO_PublicRateFiling_Supporting_20170714-02.pdf SG_17-38_Revised_CAIC_PPO_PublicRateFiling_Supporting_20170714-03.pdf
Item Status:	
Status Date:	

Capital BLUE

July 14, 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**
Small Group Rates
Filing No 17-38
TOI Code: H15G Group Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15G.003 Small Group Only
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 Small Group Rates effective January 1, 2018.

The following is a summary of the rate filing:

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2018
- Average Rate Change: 4.7%
- Range of Requested Rate Change: -2.8% to 14.5%
- Product: PPO
- Rating Areas: 9
- Metal Levels: Silver
- Current Covered Lives and Policyholders: 84/71
- Number of Plans: 1
- Contract Form #: C18-CAIC-SPG
- Form Filing SERFF #: CABC-131039530
- Binder SERFF #: CABC-PA18-125072255
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-956004650371312673

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.

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]

Attachment 1

2018 ACA-Compliant
Health Insurance Rate Filing Guidance

Pennsylvania Insurance Department

March 14, 2017

Capital Advantage Insurance Company (CAIC) – Small Group Plans

Rate request filing ID # CABC-131022120- 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:	2.6%[1]
Revised requested average rate change:	4.7%[1]
Range of requested rate change:	-2.8% to 14.5%
Effective date:	1/1/2018
People impacted:	84
Available in:	Rating Area 9

Key information

Jan. 2016-Dec. 2016 financial experience

Premiums	$183,418
Claims	$164,901
Administrative expenses	$30,665
Taxes & fees	$33,484
Company made (after taxes)	**$(45,632)**

The company expects its annual medical costs to increase **9.1%**.

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

Claims:	80.3**%**
Administrative:	11.2**%**
Taxes & fees:	6.5%
Profit:	2.0**%**

Explanation of requested rate change

Primary drivers of requested change

- Historical claim experience
- Projected 2016 risk adjustment results
- 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
  - 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

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

Unified Rate Review v4.1

Company Legal Name: **Capital Advantage Insurance C** State: **PA**
HIOS Issuer ID: **82795** Market: **Small Group**
Effective Date of Rate Change(s): **1/1/2018**

Market Level Calculations (Same for all Plans)

Section I: Experience period data

Experience Period: 1/1/2016 to 12/31/2016

	Experience Period Aggregate Amount	PMPM	% of Prem
Premiums (net of MLR Rebate) in Experience Period:	$322,847	$565.41	100.00%
Incurred Claims in Experience Period	$164,901	288.79	51.08%
Allowed Claims:	$224,149	392.55	69.43%
Index Rate of Experience Period		$392.55	
Experience Period Member Months	571		

Section II: Allowed Claims, PMPM basis

Projection Period: 1/1/2018 to 12/31/2018 Mid-point to Mid-point, Experience to Projection: 24 months

	Experience Period on Actual Experience Allowed				Adj't. from Experience to Projection Period		Annualized Trend Factors		Projections, before credibility Adjustment			Credibility Manual		
Benefit Category	**Utilization Description**	**Utilization per 1,000**	**Average Cost/Service**	**PMPM**	**Pop'l risk Morbidity**	**Other**	**Cost**	**Util**	**Utilization per 1,000**	**Average Cost/Service**	**PMPM**	**Utilization per 1,000**	**Average Cost/Service**	**PMPM**
Inpatient Hospital	Admits	21.02	$0.00	$0.00	1.000	0.874	1.084	0.995	20.81	$0.00	$0.00	67.98	$17,929.03	$101.57
Outpatient Hospital	Visits	3,068.30	615.36	157.34	1.000	0.874	1.078	1.010	3,129.97	625.39	163.12	1833.95	1,151.93	176.05
Professional	Visits	10,213.66	190.67	162.29	1.000	1.005	1.056	1.010	10,418.95	213.75	185.59	6883.07	237.54	136.25
Other Medical	Services	735.55	222.36	13.63	1.000	1.289	1.078	1.010	750.34	333.15	20.83	430.68	531.30	19.07
Capitation	Benefit Period	1.00	0.00	0.00	1.000	1.000	1.030	1.000	1.00	0.00	0.00	0.02	201,102.93	0.27
Prescription Drug	Prescriptions	22,654.99	31.41	59.29	1.000	1.005	1.126	1.016	23,362.74	40.02	77.91	11430.71	116.18	110.66
Total				$392.55							$447.45			$543.88

Section III: Projected Experience:

			After Credibility	Projected Period Totals
Projected Allowed Claims PMPM (w/applied credibility if applicable)	0.00%	100.00%	$543.88	$280,641
Paid to Allowed Average Factor in Projection Period			0.709	
Projected Incurred Claims, before ACA rein & Risk Adj't, PMPM			$385.72	$199,033
Projected Risk Adjustments PMPM			-42.86	(22,118)
Projected Incurred Claims, before reinsurance recoveries, net of rein prem, PMPM			$428.59	$221,151
Projected ACA reinsurance recoveries, net of rein prem, PMPM			0.00	0
Projected Incurred Claims			$428.59	$221,151
Administrative Expense Load	11.21%		59.90	30,907
Profit & Risk Load	2.00%		10.68	5,512
Taxes & Fees	6.54%		34.94	18,029
Single Risk Pool Gross Premium Avg. Rate, PMPM			$534.11	$275,599
Index Rate for Projection Period			$566.58	
% increase over Experience Period			-5.54%	
% Increase, annualized:			-2.81%	
Projected Member Months				516

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: **Small Group**

Product/Plan Level Calculations

Section I: General Product and Plan Information

Product		PPO CareConnect		erminated Products
Product ID:		82795PA011		82795PA999
Metal:		Silver	Gold	Not Applicable
AV Metal Value		0.716	0.800	0.000
AV Pricing Value		0.709	0.800	1.000
Plan Category		Renewing	Terminated	Terminated
Plan Type:		PPO	PPO	PPO
Plan Name		CareConnect PinnacleHealth 3000/0/35	Gold CareConnect 1000/0/10	2016 Experience
Plan ID (Standard Component ID):		82795PA0110007	82795PA0110006	82795PA9999999
Exchange Plan?		No	No	No
Historical Rate Increase - Calendar Year - 2		0.00%		0.00%
Historical Rate Increase - Calendar Year - 1		-2.00%		0.00%
Historical Rate Increase - Calendar Year 0		5.89%		0.00%
Effective Date of Proposed Rates		1/1/2018	1/1/2018	1/1/2018
Rate Change % (over prior filing)		6.76%	0.00%	0.00%
Cum'tive Rate Change % (over 12 mos prior)		15.06%	0.00%	0.00%
Proj'd Per Rate Change % (over Exper. Period)		68.04%	-100.00%	-100.00%
Product Rate Increase %		15.05%		0.00%

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

Plan ID (Standard Component ID):	Total	82795PA0110007	82795PA0110006	82795PA9999999
Inpatient	$0.00	$0.00	$0.00	$0.00
Outpatient	$2.76	$18.09	$0.00	$0.00
Professional	$2.84	$18.65	$0.00	$0.00
Prescription Drug	$1.04	$6.82	$0.00	$0.00
Other	$0.24	$1.57	$0.00	$0.00
Capitation	$0.00	$0.00	$0.00	$0.00
Administration	$0.00	$0.00	$0.00	$0.00
Taxes & Fees	$2.80	$18.38	$0.00	$0.00
Risk & Profit Charge	$10.24	$9.67	$11.37	$0.00
Total Rate Increase	$19.91	$73.17	$11.37	$0.00
Member Cost Share Increase	$0.00	$0.00	$0.00	$0.00

Average Current Rate PMPM	$483.57	$483.57	$568.74	$0.00
Projected Member Months	516	516	0	0

:tion III: Experience Period Information

Plan ID (Standard Component ID):	Total	82795PA0110007	82795PA0110006	82795PA9999999
Plan Adjusted Index Rate	$549.46	$331.32	$592.53	$550.00
Member Months	571	87	440	44
Total Premium (TP)	$313,740	$28,825	$260,715	$24,200
EHB Percent of TP, [see instructions]	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TP	0.00%	0.00%	0.00%	0.00%
Total Allowed Claims (TAC)	$224,149	$9,576	$204,145	$10,428
EHB Percent of TAC, [see instructions]	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TAC	0.00%	0.00%	0.00%	0.00%
Allowed Claims which are not the issuer's obligation:	$68,693	$4,527	$44,166	$20,000
Portion of above payable by HHS's funds on behalf of insured person, in dollars	$0	$0	$0	$0
Portion of above payable by HHS on behalf of insured person, as %	0.00%	0.00%	0.00%	0.00%
Total Incurred claims, payable with issuer funds	$155,456	$5,049	$159,979	-$9,572
Net Amt of Rein	$0.00	$0.00	$0.00	$0.00
Net Amt of Risk Adj	-$139,429.26	-$23,630.27	-$115,798.99	$0.00

Incurred Claims PMPM	$272.25	$58.04	$363.59	-$217.55
Allowed Claims PMPM	$392.55	$110.07	$463.97	$236.99
EHB portion of Allowed Claims, PMPM	$392.55	$110.07	$463.97	$236.99

:tion IV: Projected (12 months following effective date)

Plan ID (Standard Component ID):	Total	82795PA0110007	82795PA0110006	82795PA9999999
Plan Adjusted Index Rate	$556.74	$556.74	$0.00	$0.00
Member Months	516	516	-	-
Total Premium (TP)	$287,278	$287,278	$0	$0
EHB Percent of TP, [see instructions]	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TP	0.00%	0.00%	0.00%	0.00%
Total Allowed Claims (TAC)	$280,641	$280,641	$0	$0
EHB Percent of TAC, [see instructions]	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TAC	0.00%	0.00%	0.00%	0.00%
Allowed Claims which are not the issuer's obligation	$59,490	$59,490	$0	$0

Portion of above payable by HHS's funds on behalf of insured person, in dollars	$0	$0	$0	$0
Portion of above payable by HHS on behalf of insured person, as %	0.00%	0.00%	#DIV/0!	#DIV/0!
Total Incurred claims, payable with issuer funds	$221,151	$221,151	$0	$0
Net Amt of Rein	$0	$0	$0	$0
Net Amt of Risk Adj	-$22,118	-$22,118	$0	$0

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CAPITAL ADVANTAGE INSURANCE COMPANY
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:

- 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
Small Group Rates
Effective January 1, 2018

General Information

Company Information

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

PID Company Information

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2018
- Average Annual Rate Change: 4.7%
- Range of Requested Rate Change: -2.8% to 14.5%
- Product: PPO
- Rating Areas: 9
- Metal Levels: Silver
- Current Covered Lives and Policyholders: 84/71
- Number of Plans: 1
- Contract Form #: C18-CAIC-SPG
- Form Filing SERFF #: CABC-131039530
- Binder SERFF #: CABC-PA18-125072255
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-956004650371312673

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 to all small groups effective January 1, 2018. CAIC will only offer small group 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 small groups 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
Small Group	CAIC	1/1/2014	CABC-129034005	0.00%
Small Group	CAIC	1/1/2015	CABC-129649362	0.00%
Small Group	CAIC	1/1/2016	CABC-130079821	-2.00%
Small Group	CAIC	1/1/2017	CABC-130539615	2.30%

Proposed Rate Increases

CAIC is proposing an aggregate annual increase of 4.7%. The rate change does vary by plan. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

Membership

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

Benefit Changes 2017-2018

There are several benefit changes being implemented in 2017. 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 CAIC 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:	$160,691	$218,215
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:	$4,209	$5,934

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.

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

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

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 Benefits:

1. Pediatric Dental and Pediatric Vision: The following PMPM allowed charges are added to the projection period allowed claims PMPM:

   - Pediatric dental coverage: 5.01
   - Pediatric vision coverage 0.46

   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 small group 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

Type of Service	Units	Cost per Unit
X-Ray	1	$200
MRI	1	$5,000
Total	2	$5,200

Year 2018

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

Total Annual Trend	92%

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

Background: CAIC subsidiary, Capital Advantage Assurance Company (CAAC), is a new CBC company effective January 1, 2013. On that date, upon renewal, all small group PPO and Drug products were moved from CAIC to CAAC. And effective 7/1/2013, all Traditional and Comprehensive products (on renewal) were moved from CAIC to CAAC. Given the 2013 inception date of CAAC, CAIC has shrinking enrollment in 2013-2015. Effective 1/1/2015, CAIC began offering the CareConnect Pinnacle product. This product continues to have small, non-credible enrollment. Because of this, it is reasonable to use combined data from CAAC, Keystone Health Plan Central (KHPC), and CAIC in the experience period.

The Credibility Manual is developed in the same manner (using the same projection factors and trend) as the experience period data. Exhibit F shows the calculation of the credibility manual data entered into the URRT.

Credibility of Experience

Credibility Manual Rate Development: As seen in the URRT, the CAIC experience data and the credibility manual are very closely aligned. The credibility manual was given 100% credibility because it encompasses all small group membership.

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*:

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

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.

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

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

$$Projected\ Paid\ and\ Incurred\ Claims\ PMPM = [Trended\ Claim\ PMPM] \times [Benefit\ Adjustment] \times [Morbidity\ Adjustment] \times [List - Billed\ Adjustment]$$

The *Benefit Adjustment*, *Morbidity 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:

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

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

$$Base\ Plan\ Paid\ and\ Incurred\ Claims\ PMPM = \frac{Benefit\ Adjusted\ Paid\ and\ Incurred\ Claims\ PMPM}{Benefit\ Level\ Adjustment}$$

d. Each additional benefit design has its own unique Manual Cost, which can then be compared to the Base Plan to develop a Benefit Relativity:

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

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:

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

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* :

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

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

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

See Exhibit G for the development of the *Paid-to-Allowed Ratio*.

Risk Adjustment and Reinsurance

Projected Risk Adjustments PMPM:

Relevant to 2017 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2017. The 2017 pricing impact is:

$$[Net\ Projected\ Risk\ Adjustments\ PMPM] = [Projected\ CRA\ Transfer\ PMPM] - [Risk\ Adjustment\ Fee\ PMPM]$$

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

2017/2018 projected risk adjustment is based on projections for 2016. CBC is estimating a higher PMPM payable amount for 2017/2018 due to market intelligence. The broker community has indicated that competitors plan to move low-risk small group business to ASO products, which will result in deterioration of the PPACA insured pool.

CAIC is using a credibility manual to derive premiums, as described in the Credibility Manual Rate Development section above. Likewise, CAIC is using combined risk adjustment results from CAAC, CAIC, and KHPC to project 2018. 2016 projected risk adjustment results by company can be found on Exhibit K.

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".

Projected ACA Reinsurance Recoveries:

$$[Net\ Projected\ ACA\ Reinsurance\ Recoveries\ PMPM] = [Projected\ ACA\ Reinsurance\ Recoveries\ PMPM] - [Reinsurance\ Contribution\ PMPM]$$

Reinsurance recoveries are equal to $0 in the small group market, as shown in the URRT Worksheet 1, "Projected ACA reinsurance recoveries, net of rein prem, 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 small group products. This includes administrative fees incurred to administer Rx rebates. Administrative expenses are included in the URRT Worksheet 1, "Administrative Load".
2. Broker Expense: Calculated based on CAIC's explicit per contract broker fee. See Exhibit E for historical CBC broker PMPMs in the small group market. 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 small group 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 in $2 per member per year ($0.17 PMPM), trended annually. At an estimated trend of 4%, the 2017 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 2017, and $14.3 billion in 2018. After 2018, HIF rises according to an index based on net premium growth. See Exhibit H. The HIF is included in the URRT Worksheet 1, "Taxes and Fees".
9. Exchange Fee – CAIC is not offering any plans of the federally-facilitated exchange.
10. Premium Tax: Included in the URRT Worksheet 1, "Taxes and Fees".
11. Federal Income Tax: The projected Federal Income Tax is included in the URRT Worksheet 1, "Taxes and Fees".

See Exhibit H for all CAIC small group 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 small group market segment. The single risk pool includes transitional products/plans for purposes of base rate experience. The projection period reflects experience of transitional policies to the extent that CAIC anticipates the members in those policies to be enrolled in fully ACA-complaint plans during the projection period. The impact of transitional policies is discussed in Projection Factors section above.

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. Only two EHB categories are not included in the experience period: pediatric dental and pediatric vision. Pediatric dental and pediatric vision claim PMPMs are added to the projected index rate as described in the Projection Factors section above.

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 groups renewing January – March (Index 1).
3. Index 1 and Index 2 are taken from the annual filing. Index 3 (July – September) is calculated in step 2, and Index 4 (October – December) is (Index 3) x (1+Trend ^ (3/12)).
4. The final projected index rate is the member weighted average of Index 1, Index 2, Index 3, and Index 4. Member distribution is based on CAIC's current enrollment by renewal month.

See Exhibit J for the calculation of 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,

$$[Market\ Adjusted\ Index\ Rate] = [Index\ Rate] - [Net\ Projected\ ACA\ Reinsurace\ Recoveries] - [Net\ Projected\ Risk\ Adjustments\ PMPM] + [Exchange\ Fees\ PMPM]$$

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: Does not apply to the small group market.
5. Adjustment for distribution and administrative costs: Described in Non-Benefit Expenses and Profit & Risk section above.
6. Tobacco Adjustment: No tobacco factor is applied, so no adjustment is necessary.

The development of the Plan Adjusted Index rate is found in Exhibit L. The average projected 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 projected average age factor is calculated by taking the member-weighted average of current small group enrollment by age in CAIC, CAAC, and KHPC combined. Age factors are applied in accordance with CMS's Standard Age Curve. The average age factor is 1.524, equating to an average age of 46, according to the CMS 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:

$$[Calibrated\ Plan\ Adjusted\ Index\ Rate] = [Plan\ Adjusted\ Index\ Rate] \div ([Age\ Curve\ Calibration]$$

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:

$$[Member - Level\ Consumer\ Adjusted\ Premium\ Rate] = [Calibrated\ Plan\ Adjusted\ Index\ Rate] \times [Age\ Factor] \times [Geographic\ Factor]$$

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

Small Group Plan Premium Rates: CAIC is filing quarterly small group rates with trend. Therefore, the Index Rate, Market Adjusted Index Rate, and Plan Adjusted Index Rate reflect the member-weighted average premium of the calendar year. The trend used to develop the quarterly rates is shown in Exhibit M.

Quarterly 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 equal to current. CAIC expects most membership to stay in CAAC PPO plans.

Terminated Products

See Exhibit Q for a list of terminated products.

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 – Quarterly Base Rates
Exhibit Q – Terminated Products

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, and in accordance with CFR 156.135(b)(2) as necessary. For any plan requiring an alternative method, the development of the actuarial value is based on one of the acceptable alternative methods outlined in 156.135(b)(2) or 156.135(b)(3) for benefits that deviate substantially from the parameters of the AVC and have a material impact on the actuarial value.

    a. The analysis was
        i. conducted by a member of the American Academy of Actuaries, and

ii. performed in accordance with generally accepted actuarial principles and methods.

5. 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 2017 Rate Filing Justification.

[redacted], ASA, MAAA
Actuarial Associate
Capital BlueCross

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

ACTUARIAL MEMORANDUM
Small Group Rates
Effective January 1, 2018

General Information

Company Information

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

PID Company Information

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2018
- Average Annual Rate Change: 4.7%
- Range of Requested Rate Change: -2.8% to 14.5%
- Product: PPO
- Rating Areas: 9
- Metal Levels: Silver
- Current Covered Lives and Policyholders: 84/71
- Number of Plans: 1
- Contract Form #: C18-CAIC-SPG
- Form Filing SERFF #: CABC-131039530
- Binder SERFF #: CABC-PA18-125072255
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-956004650371312673

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 to all small groups effective January 1, 2018. CAIC will only offer small group 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 small groups 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
Small Group	CAIC	1/1/2014	CABC-129034005	0.00%
Small Group	CAIC	1/1/2015	CABC-129649362	0.00%
Small Group	CAIC	1/1/2016	CABC-130079821	-2.00%
Small Group	CAIC	1/1/2017	CABC-130539615	2.30%

Proposed Rate Increases

CAIC is proposing an aggregate annual increase of 4.7%. The rate change does vary by plan. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

Membership

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

Benefit Changes 2017-2018

There are several benefit changes being implemented in 2017. 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 CAIC 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:	$160,691	$218,215
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:	$4,209	$5,934

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.

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

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

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 Benefits:

1. Pediatric Dental and Pediatric Vision: The following PMPM allowed charges are added to the projection period allowed claims PMPM:

   - Pediatric dental coverage: 5.01
   - Pediatric vision coverage 0.46

   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 small group 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

Type of Service	Units	Cost per Unit
X-Ray	1	$200
MRI	1	$5,000
Total	2	$5,200

Year 2018

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

Total Annual Trend	92%

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

Background: CAIC subsidiary, Capital Advantage Assurance Company (CAAC), is a new CBC company effective January 1, 2013. On that date, upon renewal, all small group PPO and Drug products were moved from CAIC to CAAC. And effective 7/1/2013, all Traditional and Comprehensive products (on renewal) were moved from CAIC to CAAC. Given the 2013 inception date of CAAC, CAIC has shrinking enrollment in 2013-2015. Effective 1/1/2015, CAIC began offering the CareConnect Pinnacle product. This product continues to have small, non-credible enrollment. Because of this, it is reasonable to use combined data from CAAC, Keystone Health Plan Central (KHPC), and CAIC in the experience period.

The Credibility Manual is developed in the same manner (using the same projection factors and trend) as the experience period data. Exhibit F shows the calculation of the credibility manual data entered into the URRT.

Credibility of Experience

Credibility Manual Rate Development: As seen in the URRT, the CAIC experience data and the credibility manual are very closely aligned. The credibility manual was given 100% credibility because it encompasses all small group membership.

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*:

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

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.

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

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

$$Projected\ Paid\ and\ Incurred\ Claims\ PMPM = [Trended\ Claim\ PMPM] \times [Benefit\ Adjustment] \times [Morbidity\ Adjustment] \times [List - Billed\ Adjustment]$$

The *Benefit Adjustment*, *Morbidity 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:

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

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

$$Base\ Plan\ Paid\ and\ Incurred\ Claims\ PMPM = \frac{Benefit\ Adjusted\ Paid\ and\ Incurred\ Claims\ PMPM}{Benefit\ Level\ Adjustment}$$

d. Each additional benefit design has its own unique Manual Cost, which can then be compared to the Base Plan to develop a Benefit Relativity:

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

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:

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

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* :

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

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

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

See Exhibit G for the development of the *Paid-to-Allowed Ratio*.

Risk Adjustment and Reinsurance

Projected Risk Adjustments PMPM:

Relevant to 2017 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2017. The 2017 pricing impact is:

$$[Net\ Projected\ Risk\ Adjustments\ PMPM] = [Projected\ CRA\ Transfer\ PMPM] - [Risk\ Adjustment\ Fee\ PMPM]$$

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

2017/2018 projected risk adjustment is based on projections for 2016. CBC is estimating a higher PMPM payable amount for 2017/2018 due to market intelligence. The broker community has indicated that competitors plan to move low-risk small group business to ASO products, which will result in deterioration of the PPACA insured pool.

CAIC is using a credibility manual to derive premiums, as described in the Credibility Manual Rate Development section above. Likewise, CAIC is using combined risk adjustment results from CAAC, CAIC, and KHPC to project 2018. 2016 projected risk adjustment results by company can be found on Exhibit K.

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".

Projected ACA Reinsurance Recoveries:

$$[Net\ Projected\ ACA\ Reinsurance\ Recoveries\ PMPM] = [Projected\ ACA\ Reinsurance\ Recoveries\ PMPM] - [Reinsurance\ Contribution\ PMPM]$$

Reinsurance recoveries are equal to $0 in the small group market, as shown in the URRT Worksheet 1, "Projected ACA reinsurance recoveries, net of rein prem, 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 small group products. This includes administrative fees incurred to administer Rx rebates. Administrative expenses are included in the URRT Worksheet 1, "Administrative Load".
2. Broker Expense: Calculated based on CAIC's explicit per contract broker fee. See Exhibit E for historical CBC broker PMPMs in the small group market. 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 small group 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 in $2 per member per year ($0.17 PMPM), trended annually. At an estimated trend of 4%, the 2017 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 2017, and $14.3 billion in 2018. After 2018, HIF rises according to an index based on net premium growth. See Exhibit H. The HIF is included in the URRT Worksheet 1, "Taxes and Fees".
9. Exchange Fee – CAIC is not offering any plans of the federally-facilitated exchange.
10. Premium Tax: Included in the URRT Worksheet 1, "Taxes and Fees".
11. Federal Income Tax: The projected Federal Income Tax is included in the URRT Worksheet 1, "Taxes and Fees".

See Exhibit H for all CAIC small group 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 small group market segment. The single risk pool includes transitional products/plans for purposes of base rate experience. The projection period reflects experience of transitional policies to the extent that CAIC anticipates the members in those policies to be enrolled in fully ACA-complaint plans during the projection period. The impact of transitional policies is discussed in Projection Factors section above.

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. Only two EHB categories are not included in the experience period: pediatric dental and pediatric vision. Pediatric dental and pediatric vision claim PMPMs are added to the projected index rate as described in the Projection Factors section above.

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 groups renewing January – March (Index 1).
3. Index 1 and Index 2 are taken from the annual filing. Index 3 (July – September) is calculated in step 2, and Index 4 (October – December) is (Index 3) x (1+Trend ^ (3/12)).
4. The final projected index rate is the member weighted average of Index 1, Index 2, Index 3, and Index 4. Member distribution is based on CAIC's current enrollment by renewal month.

See Exhibit J for the calculation of 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,

$$[Market\ Adjusted\ Index\ Rate] = [Index\ Rate] - [Net\ Projected\ ACA\ Reinsurace\ Recoveries] - [Net\ Projected\ Risk\ Adjustments\ PMPM] + [Exchange\ Fees\ PMPM]$$

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: Does not apply to the small group market.
5. Adjustment for distribution and administrative costs: Described in Non-Benefit Expenses and Profit & Risk section above.
6. Tobacco Adjustment: No tobacco factor is applied, so no adjustment is necessary.

The development of the Plan Adjusted Index rate is found in Exhibit L. The average projected 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 projected average age factor is calculated by taking the member-weighted average of current small group enrollment by age in CAIC, CAAC, and KHPC combined. Age factors are applied in accordance with CMS's Standard Age Curve. The average age factor is 1.524, equating to an average age of 46, according to the CMS 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:

$$[Calibrated\ Plan\ Adjusted\ Index\ Rate] = [Plan\ Adjusted\ Index\ Rate] \div ([Age\ Curve\ Calibration]$$

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:

$$[Member - Level\ Consumer\ Adjusted\ Premium\ Rate] = [Calibrated\ Plan\ Adjusted\ Index\ Rate] \times [Age\ Factor] \times [Geographic\ Factor]$$

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

Small Group Plan Premium Rates: CAIC is filing quarterly small group rates with trend. Therefore, the Index Rate, Market Adjusted Index Rate, and Plan Adjusted Index Rate reflect the member-weighted average premium of the calendar year. The trend used to develop the quarterly rates is shown in Exhibit M.

Quarterly 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 equal to current. CAIC expects most membership to stay in CAAC PPO plans.

Terminated Products

See Exhibit Q for a list of terminated products.

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 – Quarterly Base Rates
Exhibit Q – Terminated Products

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, and in accordance with CFR 156.135(b)(2) as necessary. For any plan requiring an alternative method, the development of the actuarial value is based on one of the acceptable alternative methods outlined in 156.135(b)(2) or 156.135(b)(3) for benefits that deviate substantially from the parameters of the AVC and have a material impact on the actuarial value.

    a. The analysis was
        i. conducted by a member of the American Academy of Actuaries, and

ii. performed in accordance with generally accepted actuarial principles and methods.

5. 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 2017 Rate Filing Justification.

[redacted], ASA, MAAA
Actuarial Associate
Capital BlueCross

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Benefit Summary

SMALL GROUP 1-50 PORTFOLIO

	Changes	2018 Plan Name	Deductible (2x Family)	Coinsurance	Out-of-Pocket Maximum	PCP	Specialist	Emergency Room	Urgent Care	IP Hospital per day, maximum of 5 days	Rx $0	Rx $250 (brand only deductible)
			In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network		
13	Changes	Silver CareConnect 3000/0/35	$3,000	0%	$7,350	$35	$65	$350	$100	D/$0	CareConnect Rx $6/$20/$45/$70; VB Drugs $3/$10/$22/$35	

[1] *Drug copays listed are Preferred Generic/Non-Preferred Generic/Preferred Brand/Non-Preferred Brand*

[2] *Speciality drug coverage = 20% up to $250 per fill/20% up to $350 per fill/20% up to $450 per fill*

[3] *Tiered Lab benefits. Independent labs | Hospital based labs*

[4] *D = Deductible D/$ = Deductible applies first then a copay*

[5] *Plan naming convention = Metal level, Plan type, Deductible/Coinsurance/Office Visit Copay - HRA funding*

[6] *CareConnect copays listed are for PCP directed care*

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Benefit Change Summary

						AV		Metal Level		HRA Amount		Deductible(2x Family)		Coinsurance		MOOP	
Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
16	Off-Exchange	Existing	82795PA0110007	Silver CareConnect 3000/0/35	CareConnect Rx	71.9%	71.6%	Silver	Silver	0	0	3,000	3,000	0%	0%	6,550	7,350

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Benefit Change Summary

Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	ACA PCP		Non-ACA PCP		SPC		ER		UC		IP Hosp Copay Per Day		Hi-Tech Imaging		Low End Imaging		Lab Independent		Lab Hospital-Based		OP Surg ASC	
						2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
16	Off-Exchange	Existing	82795PA0110007	Silver CareConnect 3000/0/35	CareConnect Rx	35	35	35	35	65	65	300	350	100	100	N/A	N/A	D/0	D/125	D/0	D/0	D/0	D/35	D/50%	D/50%	D/0	D/250

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Benefit Change Summary

Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	OP Surg AHC		Rx Ded		Rx Gen - Ded Applies?		Rx Gen Pref		Rx Gen Non-Pref		Rx Brand Pref		Rx Brand Non-Pref		Rx Specialty Coin		Rx Specialty Max		Rx Gen Pref Coins		Rx Gen Non-Pref Coins	
						2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
16	Off-Exchange	Existing	82795PA0110007	Silver CareConnect 3000/0/35	CareConnect Rx	D/50%	D/50%	0	0	N	N	6	6	20	20	45	45	70	70	20%	20%	350	350	0%	0%	0%	0%

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Benefit Change Summary

Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	Rx Brand Pref Coin		Rx Brand Non-Pref Coins		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	2017	2018	2017	2018
16	Off-Exchange	Existing	82795PA0110007	Silver CareConnect 3000/0/35	CareConnect Rx	0%	0%	0%	0%	15	15	50	50	113	113	175	175

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Benefit Categories

IP OP Professional	Type of Service
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
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 - Physicial 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
Small Group Rates
Effective 1/1/2018
Pediatric Dental and Vision Rate Development

	Pediatric Dental	Pediatric Vision
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	0.0%	0.0%
Contingency	2.0%	2.0%
Insurer Tax	3.8%	3.8%
Premium Neutrality	1.52	1.52
Conversion Factor	1.005	1.005
Premium Single Rate	$2.84	$0.38

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Benefit Mix Changes

	Total
Average Manual Claim PMPM in Experience Period	386.40
Expected Manual Claim PMPM in Rating Period	325.65
Benefit Mix Adjustment	0.84

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Trend

Trend by Service Category

Category	Cost	Util	Total	Weights	Total Weights	
Inpatient Hospital	8.4%	-0.5%	7.8%	25%	21%	€ 0.12380
Outpatient Hospital	7.8%	1.0%	8.9%	42%	35%	€ 0.11812
Professional	5.6%	1.0%	6.7%	30%	25%	€ 0.09616
Other Medical	7.8%	1.0%	8.9%	3%	3%	€ 0.11812
Capitation	3.0%	0.0%	3.0%	0%	0%	
Prescription Drug	12.6%	1.6%	14.3%	100%	17%	
Dental & Vision	1.0%	2.0%	3.0%	100%	100%	

Aggregate Pricing Trend	
Total	9.1%
Medical	8.0%
Drug	14.3%
Agg Med + Rx Trend	9.1%
Dental and Vision	3.0%

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Credibility Manual Development for URRT

Section II: Allowed Claims, PMPM basis

	Experience Period				Adj't. from Experience to Projection Period		Annualized Trend Factors		Projections		
		Allowed									
Benefit Category	Utilization Description	Utilization per 1,000	Average Cost/Service	PMPM	Pop'l risk Morbidity	Other	Cost	Util	Utilization per 1,000	Average Cost/Service	PMPM
Inpatient Hospital	Admits	68.67	17,457.00	99.89	1.000	0.874	1.084	0.995	67.98	17,929.03	101.57
Outpatient Hospital	Visits	1,797.82	1,133.45	169.81	1.000	0.874	1.078	1.010	1,833.95	1,151.93	176.05
Professional	Visits	6,747.44	211.89	119.15	1.000	1.005	1.056	1.010	6,883.07	237.54	136.25
Other Medical	Services	422.19	354.61	12.48	1.000	1.289	1.078	1.010	430.68	531.30	19.07
Capitation	Benefit Period	0.02	189,558.80	0.26	1.000	1.000	1.030	1.000	0.02	201,102.93	0.27
Prescription Drug	Prescriptions	11,084.43	91.18	84.22	1.000	1.005	1.126	1.016	11,430.71	116.18	110.66
Total				**$485.81**							**$543.88**

* All data experience is from KHPC, and other CBC subsidiaries - Capital Advantage Insurance Company (CAIC), and Capital Advantage Assurance Company (CAAC)

Keystone Health Plan Central
Small Group 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:	8.0%

1	Medical Paid and Incurred Claims	242,303,148
2	Completion Factor	0.97
3	BEP Completed Claims (1) / (2)	249,895,811
4	BEP Member Months	738,516
5	BEP Completed Claim PMPM (3) / (4)	338.38
6	Trend Factor	1.17
7	Trended Claim PMPM (5) x (6)	394.46
8	Benefit Change Factor	0.77
9	Adjustment for Adverse Selection Caused by Transitional Policy	1.00
10	Capitation	189,559
11	Capitation PMPM	0.26
12	Adjustment for Maximum 3 Children	1.005
13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	305.46

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:	14.3%

1	BEP Paid and Incurred Claims	56,333,339
2	Completion Factor	1.000
3	BEP Completed Claims (1) / (2)	56,340,873
4	BEP Member Months	738,502
5	BEP Completed Claim PMPM (3) / (4)	76.29
6	Trend Factor	1.31
7	Trended Claim PMPM (5) x (6)	99.74
8	Benefit Change Factor	0.84
9	Adjustment for Adverse Selection Caused by Transitional Policy	1.00
10	Rx Rebates	-5,941,801
11	Rx Rebates PMPM	-8.05
12	Adjustment for Maximum 3 Children	1.005
13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	76.39

	Expected Claim PMPM in Rating Period
Medical	305.46
Drug	76.39
Pediatric Dental	3.42
Pediatric Vision	0.44
Expected Distribution of Embedded Dental Benefit	100%
Total Expected Incurred in Rating Period	385.72
Total Expected Incurred in Rating Period Net RA	428.59

Projected Allowed*	543.88
Paid to Allowed Ratio	0.709

*From Unified Rate Review Template

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Retention

	Medical + Rx	Dental	Vision	Total	% of Premium
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	$38.32	$0.60	$0.09	$39.02	7.3%
Broker PMPM	$19.35	$0.00	$0.00	$19.35	3.6%
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%
HRA Admin Fee PMPM *	$2.56	$0.00	$0.00	$2.56	0.5%
Patient-Centered Outcomes Research Trust Fund:	$0.20	$0.00	$0.00	$0.20	0.0%
Insurer Tax	3.8%	3.8%	3.8%	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%

* HRA Admin fee in charged to HRA plans only

Insurer Tax Calc		
Applied HIF to All Quarters		3.8%
Quarter	% of Enrollees	HIF
1	26%	3.8%
2	12%	3.8%
3	12%	3.8%
4	50%	3.8%

	Admin	Profit	Taxes
	11.2%	2.0%	6.6%
Claims	7.3%		
Broker	3.6%		
Quality Improvement	0.3%		

Expected Incurred	385.72

	Bronze HMO
Plan	7000/0/60
Deductible	
Manual PMPM	325.65
Expected Claim Cost	381.85
Expected Premium PMPM *	$534.02
Allowed Adjustments to Premium for MLR	
Reinsurance Contribution	0.00
Patient-Centered Outcomes Research Trust Fund:	0.20
Risk Adjustment	42.86
Premium Tax	10.68
Insurer Tax	20.32
Exchange Fee	0.00
Quality Improvement	5.34
Federal Income Tax**	3.74
MLR Adjusted Premium	$450.88
Expected Member Distribution	100.0%

Claims	$381.85
Unadjusted Premium	$534.02
Expected MLR Adjusted Premium	$450.88

MLR	**85.5%**

* From Exhibit L
**35% of profit or contingency (assumed to be 2%)

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Projected Index Rate

Projected Index Rate Index Rate	$543.88

Effective Date	Total Index Rate	Trend	Distribution of Members
January - March 2018 (Index 1)	$543.88		26%
April - June 2018 (Index 2)	$555.82	9.1%	12%
July - September 2018 (Index 3)	$568.02	9.1%	12%
October - December 2018 (Index 4)	$580.49	9.1%	50%

Average for Projection Period	$566.58

* From URRT and Exhibit B

Keystone Health Plan Central
Small Group Rates
Effective 1/1/2018
Market Adjusted Index Rate

Development of Market Adjusted Index Rate

Index Rate	543.88
Paid to Allowed	0.71
Projected Claims	385.72
Net Projected ACA Reinsurace Recoveries	0.00
Net Projected Risk Adjustments PMPM	42.86
Exchange User Fee Adjustment	0.00
Market-Adjusted Projected Paid EHB Claims PMPM	428.59
Market Adjusted Index Rate	604.32

Development of Exchange User Fee

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

Development of Risk Adjustment Projection

Projected 2018 Risk Adjustment Payment	$42.73

Projected 2016 SW Average Premium	$471.10
Projected 2017 and 2018 Rate Increase	46%
Change to Premium to Remove Admin from RA Calculation	0.86
Projected 2018 SW Premium	$590.95
2016 RA % of Premium	3.2%
% Change for Transitional movement to ACA	2.0%
% Change for Market Improvement in Coding	2.0%
Projected 2018 RA % of Premium	7.2%

Projected 2016 Risk Adjustment Payment Payable	$7,211,920
2016 MemberMonths	473,736
Projected 2016 Risk Adjustment Payment PMPM	$15.22
Capital Advantage Assurance Company	$6,125,098
Keystone Health Plan Central	$946,155
Capital Advantage Insurance Company	$140,667

Adjust Base Experience Period to Base Plan

	Medical	Rx	Total
Expected Claim PMPM in Rating Period	305.46	76.39	381.85
Adjustment to Base Plan			1.00
Adjustment for Induced Demand			1.00
Expected Claim Base Plan			381.85

Rate Development by Benefit Option	Off-Exchange
Level of Coverage	**Silver**
Plan Name:	**Silver CareConnect 3000/0/35**
Market Adjusted Index Rate	604.32
AV and Cost-Sharing Adjustment	
W Embedded Ped Dental	
Combined	0.71
Provider Network	1.000
Induced Demand	1.000
Plan Pricing Relativities:	
Deductible Combined	Y
HRA	N
Manual PMPM	325.65
Manual Relativity	1.000
Pricing Relativity	1.000
Projected Claims PMPM	381.85
Medical + Rx Projected Claims PMPM + Market Level Adjustments:	
Combined	424.72
Retention	
Admin PMPM	$38.32
Broker PMPM	$19.35
Patient-Centered Outcomes Research Trust Fund:	$0.20
HRA Admin Fee	$0.00
Member OOP and Ways to Save	$0.25
Value-Based Benefits	$1.25
BCBSA Identity Theft	$0.02
Premium Tax	2.0%
Federal Income Tax	0.7%
Contingency	2.0%
Insurer Tax	3.8%
Premium Neutrality	1.52
Medical + Rx Premium Single Rate:	
Combined	$347.10
Pediatric Dental - High PMPM	$2.84
Pediatric Vision PMPM	$0.38
Medical + Rx + Pediatric Premium Single Rate:	
With Embedded Pediatric Dental:	
Combined	$350.32
Tobacco Adjustment	1.00
Plan Adjusted Index Rates	
With Embedded Pediatric Dental:	
Combined	$534.02
Average Per Member Per Month Rate (Including Dental and Vision) and including Average Rating Factor	$534.02
Expected Member Distribution	100.0%
Relativity Checks	
Claims	1.00
Premium	1.00
Admin	$59.89
Combined	11%
Taxes	
Combined	6.5%

Benefit Plans

			516										554.16	531.97				Annual Trend
#	Combo Description	Projected Membership	Proj MM	New or Existing	Product ID	Plan ID	On/Off Exchange	Metal Level	Metal Value	Pricing Value	Induced Demand	Plan Description	Average Plan Adj Index Rate	Q1 Plan Adj Index Rate	Q2 Plan Adj Index Rate	Q3 Plan Adj Index Rate	Q4 Plan Adj Index Rate	Medical & Rx
1	Silver CareConnect 3000/0/35	100.0%	516	Renewing	82795PA011	82795PA0110007	Off Exchange	Silver	71.6%	70.9%	1.00	Silver CareConnect 3000/0/35	$554.16	$531.97	$543.64	$555.58	$567.77	9.07%

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Calibration

Expected Average Age Factor:	1.524
Expected Average Region Factor:	1.00
Cumulative Rating Factors (Premium Neutrality):	1.524

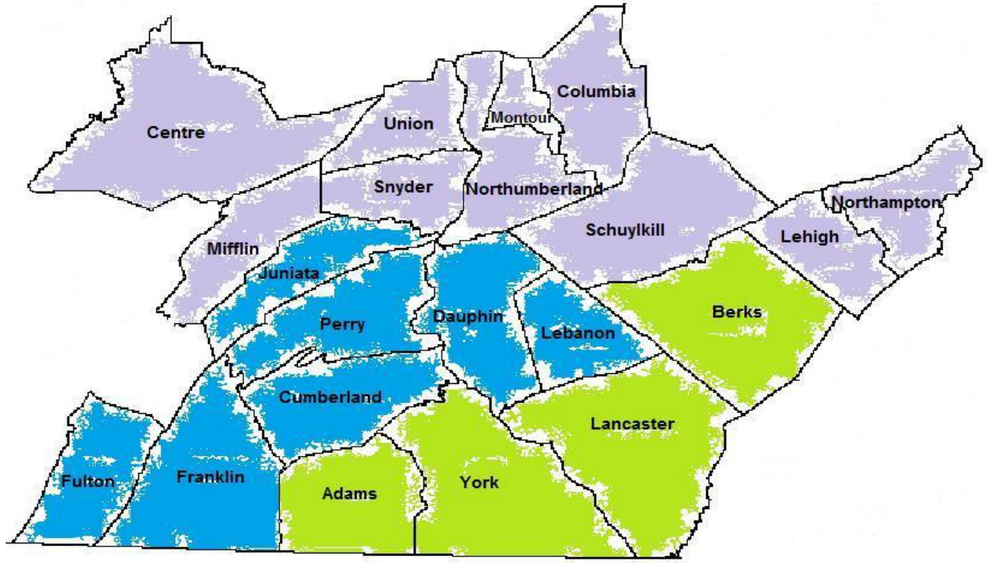
Age Factors			Region Factors		
Age	Distribution of Poplulation	Age Factor	Region	Distribution of Population	Factor
0-14	13.9%	0.7650	6		
15	1.2%	0.8330	7		
16	1.1%	0.8590	9	100.0%	1
17	1.2%	0.8850			
18	1.2%	0.9130			
19	1.3%	0.9410			
20	1.3%	0.9700			
21	1.4%	1.0000			
22	1.5%	1.0000			
23	1.4%	1.0000			
24	1.4%	1.0000			
25	1.6%	1.0040			
26	1.6%	1.0240			
27	1.5%	1.0480			
28	1.6%	1.0870			
29	1.6%	1.1190			
30	1.6%	1.1350			
31	1.6%	1.1590			
32	1.6%	1.1830			
33	1.6%	1.1980			
34	1.6%	1.2140			
35	1.6%	1.2220			
36	1.5%	1.2300			
37	1.6%	1.2380			
38	1.6%	1.2460			
39	1.6%	1.2620			
40	1.7%	1.2780			
41	1.5%	1.3020			
42	1.6%	1.3250			
43	1.7%	1.3570			
44	1.6%	1.3970			
45	1.8%	1.4440			
46	2.0%	1.5000			
47	1.9%	1.5630			
48	1.8%	1.6350			
49	2.0%	1.7060			
50	2.0%	1.7860			
51	2.0%	1.8650			
52	2.3%	1.9520			
53	2.2%	2.0400			
54	2.2%	2.1350			
55	2.2%	2.2300			
56	2.2%	2.3330			
57	2.2%	2.4370			
58	2.2%	2.5480			
59	2.2%	2.6030			
60	2.1%	2.7140			
61	1.9%	2.8100			
62	1.8%	2.8730			
63	1.6%	2.9520			
64+	2.7%	3.0000			

Capital Advantage Insurance Comp
Small Group Rates
Effective 1/1/2018
Rating Factors

Age Factors

Age	Premium Ratio	Age	Premium Ratio	Age	Premium Ratio
0-14	0.765	24	1.000	34	1.214
15	0.833	25	1.004	35	1.222
16	0.859	26	1.024	36	1.230
17	0.885	27	1.048	37	1.238
18	0.913	28	1.087	38	1.246
19	0.941	29	1.119	39	1.262
20	0.970	30	1.135	40	1.278
21	1.000	31	1.159	41	1.302
22	1.000	32	1.183	42	1.325
23	1.000	33	1.198	43	1.357

Region



Benefit Plans							Base Rates 1/1/2018 - 3/31/2018				Base Rates 4/1/2018 - 6/30/2018				Base Rates 7/1/2018 - 9/30/2018				Base Rates 10/1/2018 - 12/31/2018			Annual Trend	
#	Combo Description	Plan ID	On/Off Exchange	Metal Level	Medical + Rx	Medical	Rx	Pediatric Dental	Pedatric Vision	Total	Medical + Rx	Pediatric Dental	Pedatric Vision	Total	Medical + Rx	Pediatric Dental	Pedatric Vision	Total	Medical + Rx	Pediatric Dental	Pedatric Vision	Total	Medical & Rx	Dental & Vision
1	Silver CareConnect 3000/0/35	82795PA0110007	Off Exchange	Silver	$345.75	$283.52	$62.23	$2.84	$0.38	$348.97	$353.39	$2.86	$0.38	$356.63	$361.20	$2.88	$0.38	$364.46	$369.18	$2.90	$0.38	$372.46	9.07%	3.0%

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Terminated Products/Plans

HIOS	Description
82795PA0110006	Gold CareConnect 1000/0/10

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	Capital Advantage Insurance Company		
Product(s):	PPO		
Market Segment:	Small Group		
Rate Effective Date:	1/1/2018	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	Members	Member-months
	Experience Period	**Current Period (as of 02-01-2017)**	**Projected Rating Period**
Average Age	40	40	40
Total	571	84	1,008
<18	3	6	72
18-24	33	6	72
25-29	118	12	144
30-34	95	10	120
35-39	77	8	96
40-44	25	5	60
45-49	33	11	132
50-54	65	8	96
55-59	70	8	96
60-63	52	10	120
64+	-	-	0

*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
$ 322,847.36	$ 166,710.84	$ 170,920.33	571	$ 59,248.18	$ 230,168.50	$ -	$ (6,019.63)	$ -	$ -	$ (139,429.26)	$ -
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											**$ 392.55**
Loss Ratio											**89.90%**

Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite URRT Trend **	Weight*
Inpatient Hospital	8.38%	-0.50%	0.00%	7.84%	20.56%
Outpatient Hospital	7.81%	1.00%	0.00%	8.89%	34.95%
Professional	5.62%	1.00%	0.00%	6.67%	24.53%
Other Medical	7.81%	1.00%	0.00%	8.89%	2.57%
Capitation				3.00%	0.05%
Prescription Drugs	12.60%	1.55%	0.00%	14.34%	17.34%
Total Annual Trend				9.07%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.190	

** 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		$ 193,078.99	1.0000	$ 193,078.98	749	$ 257.78		$ (2,625.20)	$ 231,560.57	$ 309.16
Feb-14		$ 113,603.06	1.0000	$ 113,603.05	701	$ 162.06		$ (700.84)	$ 134,383.67	$ 191.70
Mar-14		$ 145,311.64	1.0000	$ 145,311.64	661	$ 219.84		$ (724.73)	$ 174,647.03	$ 264.22
Apr-14		$ 131,249.86	1.0000	$ 131,249.85	631	$ 208.00		$ (1,501.16)	$ 165,474.95	$ 262.24
May-14		$ 144,098.16	1.0000	$ 144,098.15	517	$ 278.72		$ (821.92)	$ 172,799.46	$ 334.23
Jun-14		$ 118,544.39	1.0000	$ 118,544.39	468	$ 253.30		$ (943.69)	$ 135,265.87	$ 289.03
Jul-14		$ 114,911.37	1.0000	$ 114,911.38	472	$ 243.46		$ (2,037.58)	$ 128,426.55	$ 272.09
Aug-14		$ 149,715.52	1.0000	$ 149,715.53	532	$ 281.42		$ (4,233.98)	$ 168,084.65	$ 315.95
Sep-14		$ 135,519.59	1.0000	$ 135,522.53	537	$ 252.37		$ (841.86)	$ 154,562.92	$ 287.83
Oct-14		$ 194,295.67	1.0000	$ 194,304.92	600	$ 323.84		$ (1,754.26)	$ 210,741.96	$ 351.24
Nov-14		$ 98,210.65	0.9999	$ 98,215.70	593	$ 165.63		$ (726.60)	$ 121,565.27	$ 205.00
Dec-14	$ 2,228,860.31	$ 76,253.34	0.9999	$ 76,258.21	647	$ 117.86	$ 296,844.73	$ (1,973.13)	$ 95,261.22	$ 147.24
Jan-15		$ 80,584.48	0.9998	$ 80,604.36	385	$ 209.36		$ (1,186.05)	$ 98,475.73	$ 255.78
Feb-15		$ 78,515.01	0.9998	$ 78,534.53	380	$ 206.67		$ (409.02)	$ 119,253.81	$ 313.83
Mar-15		$ 59,874.18	0.9996	$ 59,898.65	376	$ 159.30		$ (661.98)	$ 72,101.88	$ 191.76
Apr-15		$ 65,894.76	0.9995	$ 65,925.96	377	$ 174.87		$ (704.49)	$ 78,543.34	$ 208.34
May-15		$ 83,228.33	0.9788	$ 85,031.66	372	$ 228.58		$ (1,258.82)	$ 106,500.35	$ 286.29
Jun-15		$ 49,023.98	0.9994	$ 49,053.04	370	$ 132.58		$ (339.78)	$ 62,031.29	$ 167.65
Jul-15		$ 86,624.54	0.9993	$ 86,688.99	412	$ 210.41		$ (642.59)	$ 112,664.42	$ 273.46
Aug-15		$ 102,986.84	0.9991	$ 103,076.40	404	$ 255.14		$ (916.71)	$ 121,944.37	$ 301.84
Sep-15		$ 40,670.27	0.9989	$ 40,716.10	394	$ 103.34		$ (220.01)	$ 60,836.70	$ 154.41
Oct-15		$ 28,845.08	0.9985	$ 28,889.77	313	$ 92.30		$ (232.57)	$ 39,471.26	$ 126.11
Nov-15		$ 24,919.53	0.9860	$ 25,273.65	340	$ 74.33		$ (189.53)	$ 37,909.85	$ 111.50
Dec-15	$ 1,259,095.81	$ 22,978.03	0.9971	$ 23,045.51	166	$ 138.83	$ 218,030.64	$ (265.91)	$ 28,008.80	$ 168.73
Jan-16		$ 5,645.62	0.9375	$ 6,021.87	41	$ 146.87		$ (519.94)	$ 15,100.11	$ 368.30
Feb-16		$ 15,006.51	0.9979	$ 15,038.75	42	$ 358.07		$ (1,284.47)	$ 22,494.52	$ 535.58
Mar-16		$ 3,795.07	0.9982	$ 3,802.04	46	$ 82.65		$ (594.91)	$ 7,292.24	$ 158.53
Apr-16		$ 7,252.51	0.9971	$ 7,273.36	47	$ 154.75		$ (615.77)	$ 10,488.54	$ 223.16
May-16		$ 21,279.28	0.9957	$ 21,370.91	48	$ 445.23		$ (767.84)	$ 25,289.99	$ 526.87
Jun-16		$ 10,359.24	0.9947	$ 10,414.34	50	$ 208.29		$ (864.51)	$ 13,005.08	$ 260.10
Jul-16		$ 14,429.44	0.9916	$ 14,551.92	49	$ 296.98		$ (286.06)	$ 17,921.58	$ 365.75
Aug-16		$ 22,116.30	0.9766	$ 22,646.97	48	$ 471.81		$ (109.24)	$ 27,848.74	$ 580.18
Sep-16		$ 24,717.33	0.9823	$ 25,161.67	49	$ 513.50		$ (180.10)	$ 28,008.87	$ 571.61
Oct-16		$ 8,922.91	0.9386	$ 9,506.95	49	$ 194.02		$ (299.66)	$ 11,608.32	$ 236.90
Nov-16		$ 15,615.82	0.9628	$ 16,219.46	49	$ 331.01		$ (193.33)	$ 18,009.05	$ 367.53
Dec-16	$ 322,847.36	$ 17,570.81	0.9291	$ 18,912.10	53	$ 356.83	$ 59,248.18	$ (303.80)	$ 27,081.82	$ 510.98

** Express Completion Factor as a percentage*

Carrier Name:	**Capital Advantage Insurance Company**
Product(s):	**PPO**
Market Segment:	**Small Group**
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
$ 360,791,806.18	$ 298,000,968.33	$ 305,592,314.31	738,516	$ 58,936,659.89	$ 364,528,974.21	$ -	$ (5,941,800.96)	$ 189,558.80	$ -	$ (5,263,307.16)	$ -
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											**$ 485.81**
Loss Ratio											**84.34%**

**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	8.38%	-0.50%	0.00%	7.84%	20.56%
Outpatient Hospital	7.81%	1.00%	0.00%	8.89%	34.95%
Professional	5.62%	1.00%	0.00%	6.67%	24.53%
Other Medical	7.81%	1.00%	0.00%	8.89%	2.57%
Capitation				3.00%	0.05%
Prescription Drugs	12.60%	1.55%	0.00%	14.34%	17.34%
Total Annual Trend				9.07%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.190	

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

*** Should = URRT Trend*

Table 4b. Historical Manual 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		$ 23,464,713.20	1.0000	$ 23,464,712.33	62,867	$ 373.24		$ (611,410.55)	$ 27,757,568.45	$ 441.53
Feb-14		$ 22,649,721.43	1.0000	$ 22,649,720.15	62,937	$ 359.88		$ (198,253.09)	$ 26,349,225.42	$ 418.66
Mar-14		$ 23,324,209.84	1.0000	$ 23,324,209.93	61,857	$ 377.07		$ (217,679.18)	$ 27,346,998.01	$ 442.10
Apr-14		$ 22,767,300.74	1.0000	$ 22,767,299.97	60,471	$ 376.50		$ (352,901.21)	$ 26,327,073.66	$ 435.37
May-14		$ 22,641,058.54	1.0000	$ 22,641,057.78	58,729	$ 385.52		$ (367,831.75)	$ 25,899,531.75	$ 441.00
Jun-14		$ 21,038,632.83	1.0000	$ 21,038,631.96	57,356	$ 366.81		$ (338,516.75)	$ 24,052,299.53	$ 419.35
Jul-14		$ 21,876,240.76	1.0000	$ 21,876,241.68	55,850	$ 391.70		$ (388,471.12)	$ 24,857,067.45	$ 445.07
Aug-14		$ 19,808,901.51	1.0000	$ 19,808,902.65	54,979	$ 360.30		$ (418,529.23)	$ 22,551,102.08	$ 410.18
Sep-14		$ 21,026,586.17	1.0000	$ 21,026,974.64	53,810	$ 390.76		$ (393,499.49)	$ 23,711,460.76	$ 440.65
Oct-14		$ 22,987,939.00	1.0000	$ 22,988,877.05	51,944	$ 442.57		$ (421,737.68)	$ 25,824,124.39	$ 497.15
Nov-14		$ 21,585,564.45	1.0000	$ 21,586,533.34	51,114	$ 422.32		$ (376,990.49)	$ 23,873,644.73	$ 467.07
Dec-14	$ 300,494,261.72	$ 18,173,201.64	0.9999	$ 18,174,201.32	47,224	$ 384.85	$ 42,695,742.66	$ (388,553.80)	$ 21,018,634.88	$ 445.08
Jan-15		$ 16,155,218.40	0.9998	$ 16,158,423.77	44,817	$ 360.54		$ (409,966.16)	$ 19,331,723.89	$ 431.35
Feb-15		$ 15,539,882.83	0.9998	$ 15,543,030.65	44,264	$ 351.14		$ (376,295.32)	$ 18,328,812.61	$ 414.08
Mar-15		$ 19,424,071.27	0.9997	$ 19,430,704.66	43,721	$ 444.42		$ (379,739.98)	$ 22,189,528.60	$ 507.53
Apr-15		$ 18,498,294.66	0.9996	$ 18,505,408.76	43,507	$ 425.34		$ (439,185.67)	$ 21,079,528.24	$ 484.51
May-15		$ 16,892,696.23	0.9828	$ 17,187,527.86	43,437	$ 395.69		$ (420,938.82)	$ 19,545,199.94	$ 449.97
Jun-15		$ 17,329,245.08	0.9995	$ 17,337,549.18	43,224	$ 401.11		$ (421,261.71)	$ 19,740,400.32	$ 456.70
Jul-15		$ 17,407,362.79	0.9994	$ 17,417,938.74	43,011	$ 404.96		$ (550,635.44)	$ 19,621,944.18	$ 456.21
Aug-15		$ 17,145,624.37	0.9993	$ 17,157,636.17	42,831	$ 400.59		$ (481,463.61)	$ 19,270,281.32	$ 449.91
Sep-15		$ 17,603,786.03	0.9991	$ 17,619,910.09	42,860	$ 411.10		$ (465,593.62)	$ 19,770,192.61	$ 461.27
Oct-15		$ 18,241,183.93	0.9987	$ 18,264,309.74	43,749	$ 417.48		$ (513,974.68)	$ 20,786,005.68	$ 475.12
Nov-15		$ 17,710,668.64	0.9884	$ 17,918,629.36	44,439	$ 403.22		$ (517,781.07)	$ 20,160,656.01	$ 453.67
Dec-15	$ 265,808,945.96	$ 19,886,285.10	0.9977	$ 19,932,808.58	52,484	$ 379.79	$ 36,398,754.96	$ (601,767.26)	$ 23,469,755.78	$ 447.18
Jan-16		$ 19,479,488.07	0.9357	$ 20,818,051.25	55,879	$ 372.56		$ (585,531.04)	$ 25,614,990.29	$ 458.40
Feb-16		$ 20,911,851.88	0.9981	$ 20,951,926.47	56,414	$ 371.40		$ (673,570.70)	$ 25,154,866.63	$ 445.90
Mar-16		$ 26,508,690.70	0.9974	$ 26,577,915.11	57,341	$ 463.51		$ (750,649.25)	$ 30,912,342.04	$ 539.10
Apr-16		$ 23,236,592.01	0.9964	$ 23,319,691.15	58,555	$ 398.25		$ (695,379.95)	$ 27,126,750.53	$ 463.27
May-16		$ 24,172,934.66	0.9959	$ 24,273,275.50	60,132	$ 403.67		$ (603,308.56)	$ 28,133,783.27	$ 467.87
Jun-16		$ 25,509,283.49	0.9937	$ 25,670,009.88	61,716	$ 415.94		$ (723,037.56)	$ 29,466,384.56	$ 477.45
Jul-16		$ 24,434,294.76	0.9923	$ 24,625,082.40	62,242	$ 395.63		$ (385,516.05)	$ 28,337,132.48	$ 455.27
Aug-16		$ 28,626,445.70	0.9795	$ 29,225,437.00	62,546	$ 467.26		$ (437,954.16)	$ 33,435,719.22	$ 534.58
Sep-16		$ 26,459,719.15	0.9850	$ 26,863,845.69	63,515	$ 422.95		$ (375,095.25)	$ 30,899,677.36	$ 486.49
Oct-16		$ 25,974,680.32	0.9372	$ 27,714,472.37	64,710	$ 428.29		$ (238,625.36)	$ 32,414,029.03	$ 500.91
Nov-16		$ 27,153,978.74	0.9671	$ 28,077,653.29	65,714	$ 427.27		$ (233,943.42)	$ 32,663,698.40	$ 497.06
Dec-16	$ 360,791,806.18	$ 26,168,528.43	0.9306	$ 28,119,324.35	69,752	$ 403.13	$ 58,132,011.70	$ (239,189.66)	$ 34,267,521.39	$ 491.28

** 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: Small Group
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	$ 392.55	$ 485.81	<- Actual Experience PMPM should be consistent with the Index Rate for Experience Period on URRT
Two year trend projection Factor	1.190	1.190	
Unadjusted Projected Allowed EHB Claims PMPM	$ 467.01	$ 577.95	
Single Risk Pool Adjustment Factors			
Change in Morbidity	1.000	1.000	<- See URRT Instructions
Change in Other	1.000	0.941	
Change in Demographics	1.000	1.000	<- See URRT Instructions
Change in Network	1.000	0.931	<- See URRT Instructions
Change in Benefits	1.000	1.006	<- See URRT Instructions
Change in Other	1.000	1.005	<- See URRT Instructions
Total Adjusted Projected Allowed EHB Claims PMPM	$ 467.01	$ 543.88	
Credibidility Factors	0%	100%	<- See Instructions
Blended Projected EHB Claims PMPM		$ 543.88	**<- Projected Index Rate**
Development of the Market-Adjusted Index Rate and Total Allowed Claims			
Adjusted Projected Allowed EHB Claims PMPM	$ 543.88		<- 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]	$ 566.56		<- Index Rate for Projection Period on URRT - Small Group
Projected Paid to Allowed Ratio	0.709		<- Paid to Allowed Average Factor in Projection Period on URRT
Projected Paid EHB Claims PMPM	$ 401.81		
Market-wide Adjustments			
Projected Risk Adjustment PMPM	$ (42.86)		
Projected Paid Exchange User Fees PMPM	$ -		
Market-Adjusted Projected Paid EHB Claims PMPM	$ 444.68		
Market-Adjusted Projected Allowed EHB Claims PMPM	$ 627.00		<- Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM	$ -		
Market-Adjusted Projected Paid Total Claims PMPM	$ 444.68		
Market-Adjusted Projected Allowed Total Claims PMPM	$ 627.00		

For Informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	$ 485.81	**<- Index Rate of Experience Period on URRT**
Blended Earned Premium	**$ 360,791,806.18**	
Blended Loss Ratio	**84.34%**	

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	241,620	106,884	111,996	465,108	925,608
Adjusted Projected Allowed EHB Claims PMPM Q1	$ 543.88	$ 543.88	$ 543.88	$ 543.88	$ 543.88
Months of Trend	-	3	6	9	
Annual Trend	9.07%	9.07%	9.07%	9.07%	
Single Risk Pool Projected Allowed Claims	$ 543.88	$ 555.81	$ 568.01	$ 580.48	$ 566.56
Quarterly Trend Factor	100.0%	102.2%	104.4%	106.7%	104.2%
2018 Trend Factors by Quarter	0.959951872	0.981019657	1.002549811	1.024552481	

Table 6. Retention

Retention Items - *Express in percentages*	
Administrative Expenses	11.21%
General and Claims	7.30%
Agent/Broker Fees and Commissions	3.62%
Quality Improvement Initiatives	0.28%
Taxes and Fees	6.54%
PCORI Fees (Enter $ amount here: $_____0.20_____)	0.04%
Pa Premium Tax (if applicable)	2.00%
Federal Income Tax	0.70%
Health Insurance Providers Fee	3.80%
Profit/Contingency (after tax)	2.00%
Total Retention	19.76%
Projected Required Revenue PMPM	$ 554.16

<- Single Pool Gross Premium Avg. Rate, PMPM on URRT

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2017	2018
Average Age Factor	1.479	1.524
Average Geographic Factor	1.000	1.000
Average Tobacco Factor	1.000	1.000
Average Benefit Richness (induced demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	$ 585.61	$ 627.00
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	$ 395.86	$ 411.32

Table 8. Components of Rate Change

Rate Components	2017	2018	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	347.053497	363.5306072	$16.48	4.7%
B. Base period allowed claims before normalization	$ 485.30	$ 485.81	$0.51	0%
C. Normalization factor component of change	$ (157.25)	-167.1153275	-$9.87	-$0.03
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	$ 328.05	$ 318.69	$ (9.36)	-3%
D2. URRT Trend	$ 51.12	$ 60.45	$ 9.32	3%
D3. URRT Morbidity	$ -	$ -	$ -	0%
D4. URRT Other	$ (24.56)	$ (22.35)	$ 2.20	1%
D5. Normalized URRT RA/RI on an allowed basis	-11.86830848	39.64863178	$ 51.52	15%
D6. Normalized Exchange User Fee on an allowed basis	$ -	$ -	$ -	0%
D7. Subtotal - Sum(D1:D6)	$ 342.75	$ 396.43	$ 53.69	15%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	$ -	0	$ -	0%
E2. Pricing AV	$ (57.32)	$ (115.28)	$ (57.95)	-17%
E3. Benefit Richness	$ -	$ -	$ -	0%
E4. Catastrophic Eligibility	$ -	$ -	$ -	0%
E5. Subtotal - Sum(E1:E4)	$ (57.32)	$ (115.28)	$ (57.95)	-17%
F. Change in Retention Components				
F1. Administrative Expenses	$ 40.27	$ 40.77	$ 0.49	0%
F2. Taxes and Fees	$ 18.35	$ 23.78	$ 5.44	2%
F3. Profit and/or Contingency	$ -	$ 7.27	$ 7.27	2%
F4. Subtotal - Sum(F1:F3)	$ 58.62	$ 71.82	$ 13.20	4%
G. Change in Miscellaneous Items		$ -	$ -	0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	$ 344.04	$ 352.97	$ 8.93	3%

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

	2017	2018	
Paid-to-Allowed	0.866	0.709	
URRT Trend (Total Applied Trend Factor)	1.156	1.190	<- URRT W1, S2
URRT Morbidity	1.000	1.000	<- URRT W1, S2
URRT "Other"	0.935	0.941	<- URRT W1, S2
Risk Adjustment	$ (15.21)	$ 42.86	<- URRT W1, S3
Exchange User Fee	$ -	$ -	<- URRT W1, S3
Capitation	$ 0.27	$ 0.26	<- URRT W1, S2
Network	1.000	1.000	
Pricing AV	0.833	0.709	
Benefit Richness	1.000	1.000	
Catastrophic Eligibility	1.000	1.000	
Administrative Expenses	11.60%	11.21%	
Taxes and Fees	5.29%	6.54%	
Profit and/or Contingency	0.00%	2.00%	

PA Rate Template Part III

Table 10. Plan Rates

Carrier Name:	Capital Advantage Insurance Company
Product(s):	PPO
Market Segment:	Small Group
Rate Effective Date:	1/1/2018
Base Period Start Date	1/1/2016
Date of Most Recent Membership	2/1/2017
Market Adjusted Index Rate	$ 627.00

Calibration	
Age Calibration Factor	1.524
Geographic Calibration Factor	1.000
Aggregate Calibration Factor	1.524

Total Covered Lives @ 02-01-2017
84

										45 CFR Part 156.8 (d) (2) Allowable Factors													02-01-2017 Number of Covered Lives by Rating Area										
Plan Number	HIOS Plan ID (Standard Component)	Plan Type (HMO, POS, PPO, EPO, Indemnity, Other)	Plan Marketing Name	Existing, Modified, New, Discontinued & Mapped, Discontinued & Not Mapped (E,M,N,DM, DNM) for 2018	1/1/18 Plan HIOS Plan ID (If 1/1/17 Plan Discontinued & Mapped)	Metallic Tier	Metallic Tier Actuarial Value	Standard AV, Approach (1), Approach (2)	Exchange On/Off or Off	Pricing AV (company-determined AV)	Benefit Richness (induced demand)	Benefits in addition to EHB	Provider Network	Catastrophic Eligibility	Tobacco Surcharge Adjustment	Pure Premium	Admin Costs	Taxes & Fees (not including Exchange fees)	Profit or Contingency	Total Covered Lives Mapped into 2018 Plans @ 02-01-2017	Total Policyholders @ 02-01-2017	2017 Calibrated Plan Adjusted Index Rate PMPM	2018 Calibrated Plan Adjusted Index Rate PMPM	Proposed Rate Change Compared to Prior 12 months	% of Total Covered Lives	1	2	3	4	5	6	7	8	9	Total	2018 Continued/ Discontinued Plans Indicator
Totals							0.716			0.709	1.000	1.000	1.000	1.000	1.000	$ 444.68	11.2%	6.5%	2.0%	84	71	$ 347.05	$ 363.53	4.75%		-	-	-	-	-	-	-	-	84	84	
Plan 1	82795PA0110006	PPO	CareConnect 1000.0 PD PH ACA	DM	82795PA0110007	Silver	0.71569124	Standard	Off	0.709	1.000	1.000	1.000	1.000	1.000	$444.68	11.2%	6.5%	2.0%	44	42	$ 373.99	$ 363.53	-2.8%	52.4%									44	44	1
Plan 2	82795PA0110007	PPO	CareConnect 3000.0 PD PH ACA	M		Silver	0.71569124	Standard	Off	0.709	1.000	1.000	1.000	1.000	1.000	$444.68	11.2%	6.5%	2.0%	40	29	$ 317.42	$ 363.53	14.5%	47.6%									40	40	1
Plan 3																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 4																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 5																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 6																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 7																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 8																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 9																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 10																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 11																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 12																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 13																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 14																$0.00				-			$ -	0.0%	0.0%									-	0
Plan 15																$0.00				-			$ -	0.0%	0.0%									-	0

PA Rate Template Part IV B - Small Group Annual

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

Carrier Name: Capital Advantage Insurance Company
Product(s): PPO
Market Segment: Small Group
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	Quarter 1 2017, 21-year-old Non-Tobacco Premium PMPM									
							1	2	3	4	5	6	7	8	9	(weighted by enrollment by rating area)
Totals	These cells auto-fill using the data entered in Table 10.						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 324.23	$ 324.23
Plan 1	82795PA0110006	CareConnect 1000.0 PD F	DM	82795PA0110007	Silver	Off									$ 350.12	$ 350.12
Plan 2	82795PA0110007	CareConnect 3000.0 PD F	M	0	Silver	Off									$ 295.76	$ 295.76

PA Rate Template Part IV B - Small Group Annual

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

Carrier Name: Capital Advantage Insurance Company
Product(s): PPO
Market Segment: Small Group
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	Quarter 1 2018, 21-year-old Non-Tobacco Premium PMPM										Change in Quarter 1, 21-year-old Non-Tobacco Premium PMPM									
							1	2	3	4	5	6	7	8	9	(weighted by enrollment by rating area)	1	2	3	4	5	6	7	8	9	(weighted by enrollment by rating area)
Totals	**These cells auto-fill using the data entered in Table 10.**						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 348.97	$ 348.97	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.4%	8.4%
Plan 1	82795PA0110006	CareConnect 1000.0 PD F	DM	82795PA0110007	Silver	Off	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 348.97	$ 348.97									-0.3%	-0.3%
Plan 2	82795PA0110007	CareConnect 3000.0 PD F	M	0	Silver	Off	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 348.97	$ 348.97									18.0%	18.0%

PA Rate Template Part IV B - Small Group Annual

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

Carrier Name: Capital Advantage Insurance Company
Product(s): PPO
Market Segment: Small Group
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	Quarter 2 2018, 21-year-old Non-Tobacco Premium PMPM										Quarter 3 2018, 21-year-old Non-Tobacco Premium PMPM									
							1	2	3	4	5	6	7	8	9	(weighted by enrollment by rating area)	1	2	3	4	5	6	7	8	9	(weighted by enrollment by rating area)
Totals	**These cells auto-fill using the data entered in Table 10.**						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 356.63	$ 356.63	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 364.46	$ 364.46
Plan 1	82795PA0110006	CareConnect 1000.0 PD F	DM	82795PA0110007	Silver	Off	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 356.63	$ 356.63	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 364.46	$ 364.46
Plan 2	82795PA0110007	CareConnect 3000.0 PD F	M	0	Silver	Off	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 356.63	$ 356.63	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 364.46	$ 364.46

PA Rate Template Part IV B - Small Group Annual

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

Carrier Name: Capital Advantage Insurance Company
Product(s): PPO
Market Segment: Small Group
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	Quarter 4 2018, 21-year-old Non-Tobacco Premium PMPM									
							1	2	3	4	5	6	7	8	9	(weighted by enrollment by rating area)
Totals	These cells auto-fill using the data entered in Table 10.						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 372.46	$ 372.46
Plan 1	82795PA0110006	CareConnect 1000.0 PD F	DM	82795PA0110007	Silver	Off	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 372.46	$ 372.46
Plan 2	82795PA0110007	CareConnect 3000.0 PD F	M	0	Silver	Off	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 372.46	$ 372.46

PA Rate Quarterly Template Part V
Consumer Factors

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

Table 12. Age and Tobacco Factors

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

*PA follows the federal default age curve.

Table 13. Geographic Factors

Geographic Area Factors			
Area	Counties	Current Factor	Proposed Factor
Rating Area 1			
Rating Area 2			
Rating Area 3			
Rating Area 4			
Rating Area 5			
Rating Area 6			
Rating Area 7			
Rating Area 8			
Rating Area 9	Cumberland, Dauphin, Perry	1.000	1.000

Table 14. Network Factors

Projecion Period Network Factors				
Network Name	Rating Area	Current Factor	Proposed Factor	DOH Approval Date
CareConnect	All	0.920	0.931089753	3/28/2014

Capital Advantage Insurance Company
Small Group
Plan Design Summary

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
82795PA0110007	Silver CareConnect PinnacleHealth 3000/0/35 | CareConnect Rx	Gatekeeper PPO	Silver	Off	Gatekeeper PPO	9	Cumberland, Dauphin, Perry

Company Name: Capital Advantage Insurance Company
Market: Small Group
Product: Gatekeeper PPO
Effective Date of Rates: January 1, 2018 **Ending date of Rates:** March 31, 2018

HIOS Plan ID (On Exchange)=>		
HIOS Plan ID (Off Exchange)=>	82795PA0110007	
Plan Marketing Name =>	Silver CareConnect PinnacleHealth 3000/0/35 | CareConnect Rx	
Form # =>	C18-CAIC-SPG	
Rating Area =>	9	
Network =>	Gatekeeper PPO	
Metal =>	Silver	
Deductible =>	$3000 /$0 Med/Rx	
Coinsurance =>	0%	
Copays =>	$35/$65/$350 PCP/SPC/ER	
OOP Maximum =>	$7350 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes	
Age Band	**Non-Tobacco**	**Tobacco**
0 - 14	$266.96	$266.96
15	$290.69	$290.69
16	$299.77	$299.77
17	$308.84	$308.84
18	$318.61	$318.61
19	$328.38	$328.38
20	$338.50	$338.50
21	$348.97	$348.97
22	$348.97	$348.97
23	$348.97	$348.97
24	$348.97	$348.97
25	$350.37	$350.37
26	$357.35	$357.35
27	$365.72	$365.72
28	$379.33	$379.33
29	$390.50	$390.50
30	$396.08	$396.08
31	$404.46	$404.46
32	$412.83	$412.83
33	$418.07	$418.07
34	$423.65	$423.65
35	$426.44	$426.44
36	$429.23	$429.23
37	$432.02	$432.02
38	$434.82	$434.82
39	$440.40	$440.40
40	$445.98	$445.98
41	$454.36	$454.36
42	$462.39	$462.39
43	$473.55	$473.55
44	$487.51	$487.51
45	$503.91	$503.91
46	$523.46	$523.46
47	$545.44	$545.44
48	$570.57	$570.57
49	$595.34	$595.34
50	$623.26	$623.26
51	$650.83	$650.83
52	$681.19	$681.19
53	$711.90	$711.90
54	$745.05	$745.05
55	$778.20	$778.20
56	$814.15	$814.15
57	$850.44	$850.44
58	$889.18	$889.18
59	$908.37	$908.37
60	$947.10	$947.10
61	$980.61	$980.61
62	$1,002.59	$1,002.59
63	$1,030.16	$1,030.16
64+	$1,046.90	$1,046.90

Company Name: Capital Advantage Insurance Company
Market: Small Group
Product: Gatekeeper PPO
Effective Date of Rates: April 1, 2018 **Ending date of Rates:** June 30, 2018

HIOS Plan ID (On Exchange)=>		
HIOS Plan ID (Off Exchange)=>	82795PA0110007	
Plan Marketing Name =>	Silver CareConnect PinnacleHealth 3000/0/35 | CareConnect Rx	
Form # =>	C18-CAIC-SPG	
Rating Area =>	9	
Network =>	Gatekeeper PPO	
Metal =>	Silver	
Deductible =>	$3000 /$0 Med/Rx	
Coinsurance =>	0%	
Copays =>	$35/$65/$350 PCP/SPC/ER	
OOP Maximum =>	$7350 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes	
Age Band	**Non-Tobacco**	**Tobacco**
0 - 14	$272.82	$272.82
15	$297.07	$297.07
16	$306.35	$306.35
17	$315.62	$315.62
18	$325.60	$325.60
19	$335.59	$335.59
20	$345.93	$345.93
21	$356.63	$356.63
22	$356.63	$356.63
23	$356.63	$356.63
24	$356.63	$356.63
25	$358.06	$358.06
26	$365.19	$365.19
27	$373.75	$373.75
28	$387.66	$387.66
29	$399.07	$399.07
30	$404.78	$404.78
31	$413.33	$413.33
32	$421.89	$421.89
33	$427.24	$427.24
34	$432.95	$432.95
35	$435.80	$435.80
36	$438.65	$438.65
37	$441.51	$441.51
38	$444.36	$444.36
39	$450.07	$450.07
40	$455.77	$455.77
41	$464.33	$464.33
42	$472.53	$472.53
43	$483.95	$483.95
44	$498.21	$498.21
45	$514.97	$514.97
46	$534.95	$534.95
47	$557.41	$557.41
48	$583.09	$583.09
49	$608.41	$608.41
50	$636.94	$636.94
51	$665.11	$665.11
52	$696.14	$696.14
53	$727.53	$727.53
54	$761.41	$761.41
55	$795.28	$795.28
56	$832.02	$832.02
57	$869.11	$869.11
58	$908.69	$908.69
59	$928.31	$928.31
60	$967.89	$967.89
61	$1,002.13	$1,002.13
62	$1,024.60	$1,024.60
63	$1,052.77	$1,052.77
64+	$1,069.88	$1,069.88

Company Name: Capital Advantage Insurance Company
Market: Small Group
Product: Gatekeeper PPO
Effective Date of Rates: July 1, 2018 **Ending date of Rates:** September 30, 2018

HIOS Plan ID (On Exchange)=>		
HIOS Plan ID (Off Exchange)=>	82795PA0110007	
Plan Marketing Name =>	Silver CareConnect PinnacleHealth 3000/0/35 | CareConnect Rx	
Form # =>	C18-CAIC-SPG	
Rating Area =>	9	
Network =>	Gatekeeper PPO	
Metal =>	Silver	
Deductible =>	$3000 /$0 Med/Rx	
Coinsurance =>	0%	
Copays =>	$35/$65/$350 PCP/SPC/ER	
OOP Maximum =>	$7350 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes	
Age Band	**Non-Tobacco**	**Tobacco**
0 - 14	$278.81	$278.81
15	$303.60	$303.60
16	$313.07	$313.07
17	$322.55	$322.55
18	$332.75	$332.75
19	$342.96	$342.96
20	$353.53	$353.53
21	$364.46	$364.46
22	$364.46	$364.46
23	$364.46	$364.46
24	$364.46	$364.46
25	$365.92	$365.92
26	$373.21	$373.21
27	$381.95	$381.95
28	$396.17	$396.17
29	$407.83	$407.83
30	$413.66	$413.66
31	$422.41	$422.41
32	$431.16	$431.16
33	$436.62	$436.62
34	$442.45	$442.45
35	$445.37	$445.37
36	$448.29	$448.29
37	$451.20	$451.20
38	$454.12	$454.12
39	$459.95	$459.95
40	$465.78	$465.78
41	$474.53	$474.53
42	$482.91	$482.91
43	$494.57	$494.57
44	$509.15	$509.15
45	$526.28	$526.28
46	$546.69	$546.69
47	$569.65	$569.65
48	$595.89	$595.89
49	$621.77	$621.77
50	$650.93	$650.93
51	$679.72	$679.72
52	$711.43	$711.43
53	$743.50	$743.50
54	$778.12	$778.12
55	$812.75	$812.75
56	$850.29	$850.29
57	$888.19	$888.19
58	$928.64	$928.64
59	$948.69	$948.69
60	$989.14	$989.14
61	$1,024.13	$1,024.13
62	$1,047.09	$1,047.09
63	$1,075.89	$1,075.89
64+	$1,093.37	$1,093.37

Company Name: Capital Advantage Insurance Company
Market: Small Group
Product: Gatekeeper PPO
Effective Date of Rates: October 1, 2018 **Ending date of Rates:** December 31, 2018

HIOS Plan ID (On Exchange)=>		
HIOS Plan ID (Off Exchange)=>	82795PA0110007	
Plan Marketing Name =>	Silver CareConnect PinnacleHealth 3000/0/35 | CareConnect Rx	
Form # =>	C18-CAIC-SPG	
Rating Area =>	9	
Network =>	Gatekeeper PPO	
Metal =>	Silver	
Deductible =>	$3000 /$0 Med/Rx	
Coinsurance =>	0%	
Copays =>	$35/$65/$350 PCP/SPC/ER	
OOP Maximum =>	$7350 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes	
Age Band	**Non-Tobacco**	**Tobacco**
0 - 14	$284.93	$284.93
15	$310.26	$310.26
16	$319.94	$319.94
17	$329.63	$329.63
18	$340.06	$340.06
19	$350.48	$350.48
20	$361.29	$361.29
21	$372.46	$372.46
22	$372.46	$372.46
23	$372.46	$372.46
24	$372.46	$372.46
25	$373.95	$373.95
26	$381.40	$381.40
27	$390.34	$390.34
28	$404.86	$404.86
29	$416.78	$416.78
30	$422.74	$422.74
31	$431.68	$431.68
32	$440.62	$440.62
33	$446.21	$446.21
34	$452.17	$452.17
35	$455.15	$455.15
36	$458.13	$458.13
37	$461.11	$461.11
38	$464.09	$464.09
39	$470.04	$470.04
40	$476.00	$476.00
41	$484.94	$484.94
42	$493.51	$493.51
43	$505.43	$505.43
44	$520.33	$520.33
45	$537.83	$537.83
46	$558.69	$558.69
47	$582.15	$582.15
48	$608.97	$608.97
49	$635.42	$635.42
50	$665.21	$665.21
51	$694.64	$694.64
52	$727.04	$727.04
53	$759.82	$759.82
54	$795.20	$795.20
55	$830.59	$830.59
56	$868.95	$868.95
57	$907.69	$907.69
58	$949.03	$949.03
59	$969.51	$969.51
60	$1,010.86	$1,010.86
61	$1,046.61	$1,046.61
62	$1,070.08	$1,070.08
63	$1,099.50	$1,099.50
64+	$1,117.37	$1,117.37

Capital Advantage Insurance Company
Market Small Group
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**
82795PA0110007	Silver CareConnect PinnacleHealth 3000/0/35 | Car	Gatekeeper PPO	Silver	Off	$348.97	$348.97					$348.97

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***
Required: Enter the 14-character Plan ID	**Required:** Select the Rating Area ID	**Required:** Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	**Required:** Select the age of a subscriber eligible for the rate	**Required:** Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan	**Required:** Enter the rate of an Individual tobacco enrollee on a plan
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	0-14	317.66	317.66
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	15	345.90	345.90
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	16	356.69	356.69
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	17	367.49	367.49
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	18	379.12	379.12
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	19	390.74	390.74
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	20	402.79	402.79
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	21	415.24	425.62
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	22	415.24	425.62
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	23	415.24	425.62
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	24	415.24	425.62
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	25	416.90	427.33
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	26	425.21	435.84
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	27	435.17	446.05
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	28	451.37	462.65
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	29	464.66	476.27
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	30	471.30	483.08
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	31	481.27	493.30
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	32	491.23	503.51
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	33	497.46	509.90
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	34	504.10	516.71
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	35	507.43	520.11
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	36	510.75	523.52
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	37	514.07	526.92
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	38	517.39	530.33
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	39	524.04	537.14
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	40	530.68	570.48
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	41	540.65	581.19
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	42	550.20	591.46
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	43	563.48	605.75
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	44	580.09	623.60
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	45	599.61	659.57
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	46	622.86	685.15
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	47	649.02	713.93
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	48	678.92	746.81
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	49	708.40	779.24
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	50	741.62	852.87
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	51	774.43	890.59
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	52	810.55	932.14
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	53	847.09	974.16
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	54	886.54	1019.52
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	55	925.99	1111.19
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	56	968.76	1162.51
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	57	1011.95	1214.33
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	58	1058.04	1269.64
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	59	1080.88	1297.05
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	60	1126.97	1408.71
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	61	1166.83	1458.54
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	62	1192.99	1491.24
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	63	1225.80	1532.24
82795PA0120001	Rating Area 9	Tobacco User/Non-Tobacco User	64 and over	1245.72	1557.16

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***
Required: Enter the 14-character Plan ID	**Required:** Select the Rating Area ID	**Required:** Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	**Required:** Select the age of a subscriber eligible for the rate	**Required:** 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

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*	4/1/2018			
Rate Expiration Date*	6/30/2018			
Rating Method*	Age-Based Rates			

Plan ID*	**Rating Area ID***	**Tobacco***	**Age***	**Individual Rate***
Required: Enter the 14-character Plan ID	**Required:** Select the Rating Area ID	**Required:** Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	**Required:** Select the age of a subscriber eligible for the rate	**Required:** 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	*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.*			
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	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***
Required: Enter the 14-character Plan ID	**Required:** Select the Rating Area ID	**Required:** Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	**Required:** Select the age of a subscriber eligible for the rate	**Required:** 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

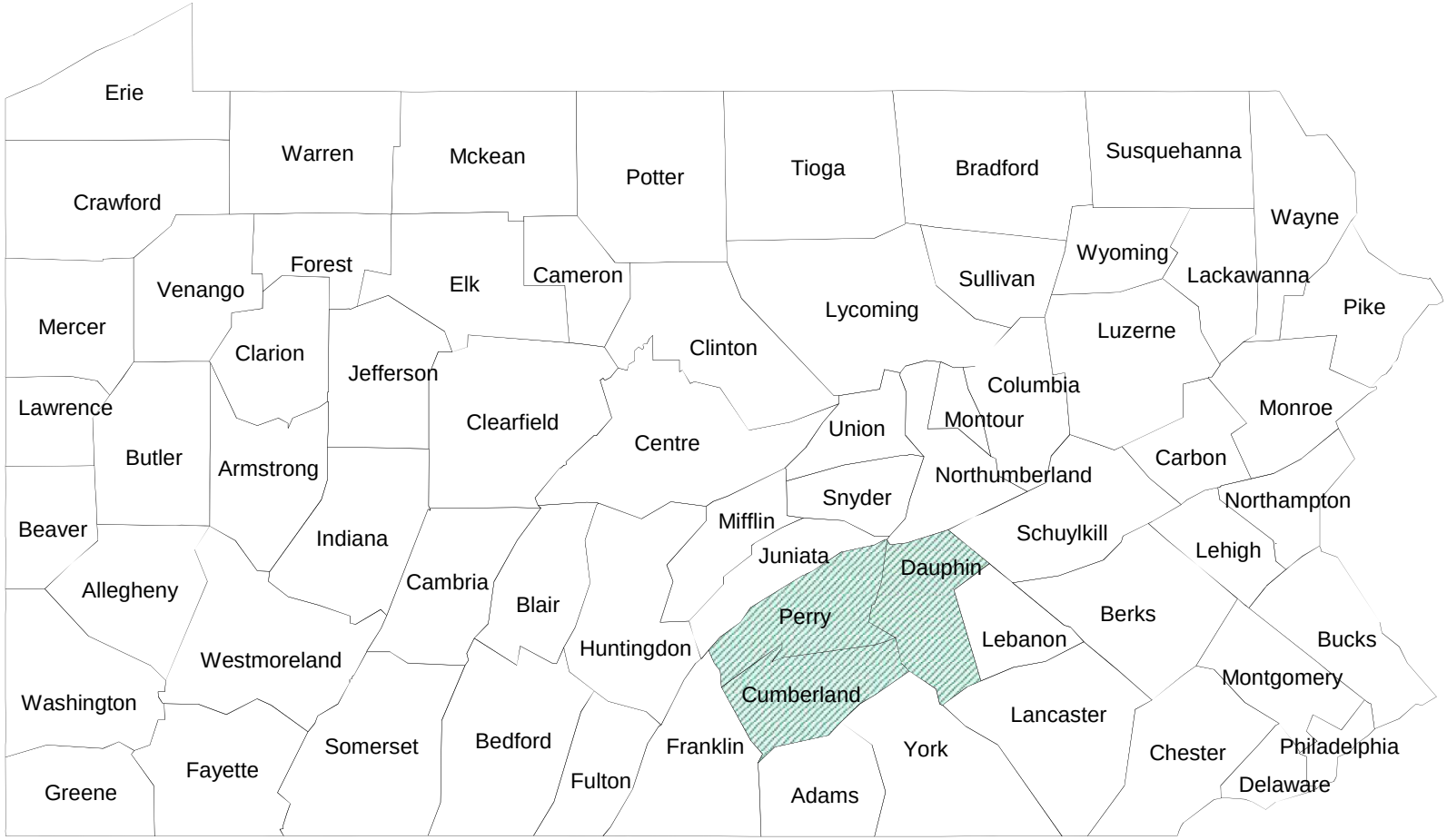
2018 Rates Table Template v7.1	*All fields with an asterisk (*) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.*			
	If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.			
	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***
Required: Enter the 14-character Plan ID	**Required:** Select the Rating Area ID	**Required:** Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	**Required:** Select the age of a subscriber eligible for the rate	**Required:** 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: Small Group



Key *(modify as needed)*

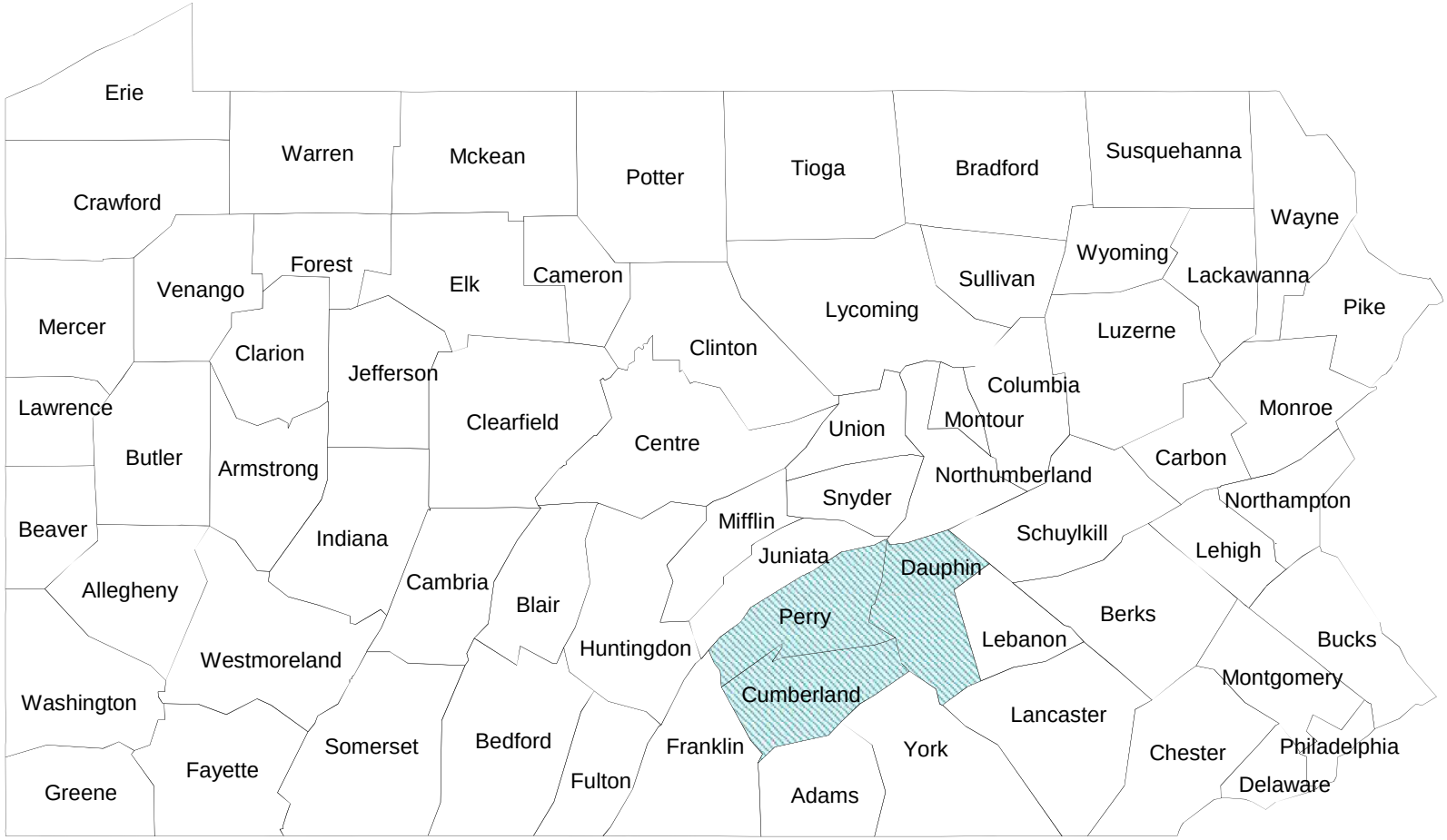
: 2017 on-exchange service area

: 2017 off-exchange only service area

2018 Service Area

Issuer: 82795

Market: Small Group



Key *(modify as needed)*

: 2018 on-exchange service area

: 2018 off-exchange only service area

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

Total Medical - Trend Model and Market Adjustments

		2017	2018	Average
		8%	**8%**	**8%**

Commerical Medical Trend

Cost	Total	5.3%	4.7%	5.0%
	Facility	5.9%	5.7%	5.8%
	Professional	4.0%	2.7%	3.4%
Utilization		0.6%	0.6%	0.6%

Total Drug- Trend Model and Market Adjustments

	2017	2018	Average
	14%	**15%**	**14%**

Commercial Drug Trend

Cost	12.2%	13.0%	12.6%
Utilization	1.4%	1.7%	1.6%

Adjustment Specific to Market Segment

Induced Utilization	0.0%	0.0%	0.0%
Leveraging (Applied Medical Only)	1.1%	1.1%	1.1%
Intensity (Applied Medical Only)	1.1%	1.1%	1.1%

Capital Advantage Insurance Company
Small Group 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

Small Group Total

	12 Months Ended:			% Change	
Allowed PMPM	201705	201605	201505	2017/2016	2016/2015
Inpatient	$ 104.38	$ 90.70	$ 92.20	15.1%	-1.6%
Outpatient	173.52	157.72	150.67	10.0%	4.7%
Professional	125.63	121.79	118.62	3.1%	2.7%
Medical Total	**$ 403.53**	**$ 370.22**	**$ 361.50**	9.0%	2.4%
Non-Specialty Drug	61.47	60.53	57.73	1.5%	4.9%
Specialty Drug	32.68	30.45	27.84	7.3%	9.4%
Pharmacy Total	**$ 94.14**	**$ 90.97**	**$ 85.57**	3.5%	6.3%
Grand Total	**$ 497.67**	**$ 461.19**	**$ 447.06**	7.9%	3.2%
Incurred/Paid PMPM					
Inpatient	$ 101.15	$ 87.49	$ 89.49	15.6%	-2.2%
Outpatient	141.59	129.27	125.93	9.5%	2.7%
Professional	92.97	90.67	90.54	2.5%	0.1%
Medical Total	**$ 335.70**	**$ 307.43**	**$ 305.96**	9.2%	0.5%
Non-Specialty Drug	47.15	45.33	41.44	4.0%	9.4%
Specialty Drug	31.44	29.53	27.03	6.5%	9.2%
Pharmacy Total	**$ 78.59**	**$ 74.86**	**$ 68.47**	5.0%	9.3%
Grand Total	**$ 414.30**	**$ 382.29**	**$ 374.43**	8.4%	2.1%
Utilization Metrics					
Admissions/1000 Members	63.9	63.9	65.8	0.0%	-2.9%
Average Length of Stay	4.76	4.55	4.75	4.7%	-4.2%
Days/1000 Members	304	291	312	4.7%	-7.0%
Outpatient Visits/1000 Members	2,346	2,311	2,323	1.6%	-0.5%
Professional Visits/1000 Members	8,819	8,716	8,823	1.2%	-1.2%
Non-Specialty Prescriptions PMPY	10.81	10.99	11.05	-1.6%	-0.6%
Specialty Prescriptions PMPY	0.068	0.064	0.084	6.8%	-24.2%
Unit Cost (Allowed)					
Cost per Inpatient Admission	$ 19,609.28	$ 17,035.95	$ 16,813.69	15.1%	1.3%
Cost per Outpatient Visit	887.46	819.15	778.44	8.3%	5.2%
Cost per Professional Visit	170.94	167.68	161.33	1.9%	3.9%
Cost per Non-Specilaty Prescription	68.21	66.11	62.70	3.2%	5.4%
Cost per Specialty Prescription	5,771.74	5,744.26	3,979.03	0.5%	44.4%
Unit Cost (Incurred/Paid)					
Cost per Inpatient Admission	$ 19,002.03	$ 16,433.16	$ 16,318.82	15.6%	0.7%
Cost per Outpatient Visit	724.14	671.37	650.60	7.9%	3.2%
Cost per Professional Visit	126.49	124.84	123.14	1.3%	1.4%
Cost per Non-Specilaty Prescription	52.32	49.51	45.01	5.7%	10.0%
Cost per Specialty Prescription	5,554.04	5,571.62	3,863.43	-0.3%	44.2%

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Q&A Exhibit 2

Plan ID	Metal Level	Projected Membership	Projected Allowed Claims	Projected Paid Claims	Paid to Allowed Factor	Average Tobacco Factor	AV and Cost Sharing Factor	(8)/(6*7) Induced Utilization
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
82795PA0110007	Silver	516	403,146	286,070	0.71	1.000	0.71	1.00
Total		516	403,146	286,070	0.71	1.00	0.71	1.00

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Q&A Exhibit 4

Network Factor Development

ACA Savings		
18% discount on facility	18.0%	
0% discount on physician	0.0%	
Pinnacle/Non-Pinnacle Split		
Pinnacle	75%	Assumes 75% of facility claims will be through a Pinnacle Facility
Non-Pinnacle	25%	
Blended Contract Hospital Savings	13.5%	
Hospital Rating Factor	86.5%	
Total Rating Factor	0.931	
Medical Rating Factor (Exhibit G, cell C21)	0.913	
Rx Rating Factor	1.000	

Aggregate Calculation to apply to URRT

Category	Network Factor	PMPM
Inpatient Hospital	0.865	101.57
Outpatient Hospital	0.865	176.05
Professional	1	136.25
Other Medical	1	19.07
Capitation	1	0.27
Prescription Drug	1	110.66
Total	0.931	543.88

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Q&A Exhibit 3

Effective copays example

		Effective Copays			Actual Benefits							
					Generic		Brand Pref		Brand Pref		Brand NP	
HIOS ID	Plan Name	Generic	Brand Pref	Brand NP	Retail	Mail	Retail	Mail	Retail	Mail	Retail	Mail
82795PA0110007	Silver CareConnect 3000/0/35	12.78	44.27	68.83	6	15	20	50	45	113	70	175

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

Total Medical - Trend Model and Market Adjustments

		2017	2018	Average
		8%	**8%**	**8%**

Commerical Medical Trend

Cost	Total	5.3%	4.7%	5.0%
	Facility	5.9%	5.7%	5.8%
	Professional	4.0%	2.7%	3.4%
Utilization		0.6%	0.6%	0.6%

Total Drug- Trend Model and Market Adjustments

	2017	2018	Average
	14%	**15%**	**14%**

Commercial Drug Trend

Cost	12.2%	13.0%	12.6%
Utilization	1.4%	1.7%	1.6%

Adjustment Specific to Market Segment

Induced Utilization	0.0%	0.0%	0.0%
Leveraging (Applied Medical Only)	1.1%	1.1%	1.1%
Intensity (Applied Medical Only)	1.1%	1.1%	1.1%

Capital Advantage Insurance Company
Small Group 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

Small Group Total

	12 Months Ended:			% Change	
Allowed PMPM	201705	201605	201505	2017/2016	2016/2015
Inpatient	$ 104.38	$ 90.70	$ 92.20	15.1%	-1.6%
Outpatient	173.52	157.72	150.67	10.0%	4.7%
Professional	125.63	121.79	118.62	3.1%	2.7%
Medical Total	**$ 403.53**	**$ 370.22**	**$ 361.50**	9.0%	2.4%
Non-Specialty Drug	61.47	60.53	57.73	1.5%	4.9%
Specialty Drug	32.68	30.45	27.84	7.3%	9.4%
Pharmacy Total	**$ 94.14**	**$ 90.97**	**$ 85.57**	3.5%	6.3%
Grand Total	**$ 497.67**	**$ 461.19**	**$ 447.06**	7.9%	3.2%
Incurred/Paid PMPM					
Inpatient	$ 101.15	$ 87.49	$ 89.49	15.6%	-2.2%
Outpatient	141.59	129.27	125.93	9.5%	2.7%
Professional	92.97	90.67	90.54	2.5%	0.1%
Medical Total	**$ 335.70**	**$ 307.43**	**$ 305.96**	9.2%	0.5%
Non-Specialty Drug	47.15	45.33	41.44	4.0%	9.4%
Specialty Drug	31.44	29.53	27.03	6.5%	9.2%
Pharmacy Total	**$ 78.59**	**$ 74.86**	**$ 68.47**	5.0%	9.3%
Grand Total	**$ 414.30**	**$ 382.29**	**$ 374.43**	8.4%	2.1%
Utilization Metrics					
Admissions/1000 Members	63.9	63.9	65.8	0.0%	-2.9%
Average Length of Stay	4.76	4.55	4.75	4.7%	-4.2%
Days/1000 Members	304	291	312	4.7%	-7.0%
Outpatient Visits/1000 Members	2,346	2,311	2,323	1.6%	-0.5%
Professional Visits/1000 Members	8,819	8,716	8,823	1.2%	-1.2%
Non-Specialty Prescriptions PMPY	10.81	10.99	11.05	-1.6%	-0.6%
Specialty Prescriptions PMPY	0.068	0.064	0.084	6.8%	-24.2%
Unit Cost (Allowed)					
Cost per Inpatient Admission	$ 19,609.28	$ 17,035.95	$ 16,813.69	15.1%	1.3%
Cost per Outpatient Visit	887.46	819.15	778.44	8.3%	5.2%
Cost per Professional Visit	170.94	167.68	161.33	1.9%	3.9%
Cost per Non-Specilaty Prescription	68.21	66.11	62.70	3.2%	5.4%
Cost per Specialty Prescription	5,771.74	5,744.26	3,979.03	0.5%	44.4%
Unit Cost (Incurred/Paid)					
Cost per Inpatient Admission	$ 19,002.03	$ 16,433.16	$ 16,318.82	15.6%	0.7%
Cost per Outpatient Visit	724.14	671.37	650.60	7.9%	3.2%
Cost per Professional Visit	126.49	124.84	123.14	1.3%	1.4%
Cost per Non-Specilaty Prescription	52.32	49.51	45.01	5.7%	10.0%
Cost per Specialty Prescription	5,554.04	5,571.62	3,863.43	-0.3%	44.2%

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Q&A Exhibit 2

Plan ID	Metal Level	Projected Membership	Projected Allowed Claims	Projected Paid Claims	Paid to Allowed Factor	Average Tobacco Factor	AV and Cost Sharing Factor	(8)/(6*7) Induced Utilization
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
82795PA0110007	Silver	516	403,146	286,070	0.71	1.000	0.71	1.00
Total		516	403,146	286,070	0.71	1.00	0.71	1.00

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Q&A Exhibit 3

Effective copays example

		Effective Copays			Actual Benefits							
					Generic		Brand Pref		Brand Pref		Brand NP	
HIOS ID	Plan Name	Generic	Brand Pref	Brand NP	Retail	Mail	Retail	Mail	Retail	Mail	Retail	Mail
82795PA0110007	Silver CareConnect 3000/0/35	12.78	44.27	68.83	6	15	20	50	45	113	70	175

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Q&A Exhibit 4

Network Factor Development

ACA Savings		
18% discount on facility	18.0%	
0% discount on physician	0.0%	
Pinnacle/Non-Pinnacle Split		
Pinnacle	75%	Assumes 75% of facility claims will be through a Pinnacle Facility
Non-Pinnacle	25%	
Blended Contract Hospital Savings	13.5%	
Hospital Rating Factor	86.5%	
Total Rating Factor	0.931	
Medical Rating Factor (Exhibit G, cell C21)	0.913	
Rx Rating Factor	1.000	

Aggregate Calculation to apply to URRT

Category	Network Factor	PMPM
Inpatient Hospital	0.865	101.57
Outpatient Hospital	0.865	176.05
Professional	1	136.25
Other Medical	1	19.07
Capitation	1	0.27
Prescription Drug	1	110.66
Total	0.931	543.88

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

Question and Answer
Small Group Rates
Effective January 1, 2018

With this response, please find corresponding Q&A Exhibits in "SG_17-38_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. Please discuss the average rate increase of 2.51% in Table 10 versus the average premium increase in Table 11 9.51% versus the URRT average product rate increase of 15.9% as shown in Worksheet II.

Answer 2: Please note that I did make a correction to the 2017 calibrated index rate on Table 10. I also made a correction to the network factor used to develop rates, which is discussed in answer 16 and 21 below. Both changes have altered the rate increases, but I can still discuss the reason for differences in the table calculations:

- Table 10:
  - Average 2018 over average 2017
  - Includes impact of mapping.
  - Does not include impact of regional rating factors (not applicable to CAIC since CAIC only operates in region 9), and changes to CMS age curve.
  - Uses current membership to calculated member-weighted average increase.
- Table 11:
  - January 2018 over January 2017: This is different from average 2018 over average 2017 in Table 10 because CAIC filed a Q3/Q4 2017 rate increase, so the January increase is higher than Q3 and Q4. Lower Q3 and Q4 increases lower the average annual increase.
  - Includes impact of mapping.
  - Includes impact of regional rating factors (not applicable to this filing).
  - Does not include impact of changes to CMS age curve.
  - Uses current membership to calculated member-weighted average increase.
- URRT Worksheet II:
  - Average 2018 over average 2017
  - Does not include impact of mapping.
  - Includes impact of regional rating factors (not applicable to this filing).
  - Does not include impact of changes to CMS age curve.
  - Uses projected membership to calculate member-weighted average increase.

So the biggest differences related to this filing are:

- Difference between average 2018 over average 2017 increase versus January 2018 over January 2017 increase.
- Impact of mapping: The impact of mapping $1000 deductible plan to the $3000 deductible plan varies the calculation significantly.

Question 3. The current number of policy holders in the cover letter is not consistent with the Rate/Rule Schedule tab change summary exhibit or Table 10. Please review and revise.

Answer 3: I have corrected the cover letter to match Table 10. Rate/Rule Schedule tab has been updated to use covered lives and also matches Table 10.

Question 4. The cover letter indicates off exchange while other documents show on/off exchange. Please review and revise for consistency.

Answer 4: I have updated all documents to show off-exchange only.

Question 5. Please confirm that you have tested to ensure that the PID rate exhibits the Federal rates template included in this filing and in the binder are 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. Please update the cover letter to correctly reference the corresponding binder.

Answer 6: I have updated the cover letter to include the correct corresponding binder.

Question 7. Does data in Tables 2 and 4 include transitional business? If so, please provide total claims amount, the total premium and the number of transitional members.

Answer 7: Table 2 does not include transitional business. Table 4 only includes transitional business prior to 2016.

Question 8. Please provide the quantitative development of the trend factors shown in Exhibit E for Cost and Utilization.

Answer 8: Pricing 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. Leveraging can be seen in historical trend reports as described below and see in Exhibit 2a (difference between incurred and allowed trends).

Utilization trend also takes into account the historical data. Please refer to Q&A Exhibit 2a for CAAC small group trend summary.

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

Question 9. Please explain why there is no induced utilization factor included in the utilization trend while there is one included in the individual filing.

Answer 9: 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. CBC does not expect this same behavior in the small group market, as small employers are likely to continue to offer similar coverage even with regulatory changes.

Question 10. On page 14 of the 2018 Guidance, the department requested data regarding the development of the Pricing Avs and Induced Demand in Table 10. Please provide this data in Excel.

Answer 10: Please see Q&A Exhibit 2 for the requested data.

Question 11. Please provide the development and explain the purpose of the 1.289 factor shown in the other projection factor in the URRT for "Other Medical" in Exhibit F.

Answer 11: 1.289 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.

Question 12. The Actuarial Memorandum indicated a morbidity adjustment is made to account for the impact of transitional policies. However, Exhibit F and the URRT both show a morbidity factor of 1.0. Please explain this discrepancy.

Answer 12: I have corrected the actuarial memorandum to remove language around transitional policies. The morbidity factor is 1.0.

Question 13. Please explain why there is no adjustment for the distribution of transitional policies when projecting the paid claims in Exhibit G, as page 12 of the Actuarial Memorandum states transitional policies are part of the single risk pool experience.

Answer 13: The impact of transitional policies differs significantly from the individual to the small group market. Transitional small group members do not have significantly different experience than ACA (net risk adjustment). This is because both transitional and ACA members have typically been covered by health insurance. Coverage gaps in the individual market are a significant driver to increased utilization (pent-up demand) and cost (conditions worsening from lack of treatment over uninsured period). Coverage gaps are more likely to occur with individual ACA members than small group ACA members. New small employers did not enter the market after the ACA, instead, the small group population has remained fairly stable. So while small

group transitional members may be slightly healthier than small group ACA members, risk adjustment should account for these differences, and small group ACA members do not have the same cost drivers such as pent-up demand and worsening conditions due to being uninsured. Given these factors, I did not make an explicit adjustment for transitional members.

Question 14. Please provide an explanation for the development of the plan PMPM amount in cell R32 on the "PMPM" tab including the development of the 0.97 factor applied to the medical PMPM.

Answer 14: The amounts in the PMPM column of the PMPM tab are from CAAC'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 PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on cumulative probability distributions (CPDs), where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.

The Final PMPMs are adjusted for market/competition reasons. Adjustments were made in order to create premium relativities similar to 2017. Competitors have wider pricing relativities than CBC's actuarial cost model would indicate. Because of competitive pressure in the small group market, CBC has widened the deductible pricing slope to give less credit for low deductibles and more credit for higher deductibles. Please also note that CBC applies admin on a PMPM basis instead of as a flat percent of premium. This drive up the cost of low-cost, high-deductible plans as a flat percent of premium would drive up costs of high-premium, low deductible plans and drive down the cost of low-premium, high-deductible plans. So adjustments to manual cost mitigate that impact.

Question 15. Please explain the development of the Benefit Mix Adjustment shown in Exhibit D. Specifically, please provide the source for the Medical PMPM of $386.40.

Answer 15: 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. 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".

Question 16. Please explain the development and purpose of the 0.96 factor shown in the Benefit Change Factor, cell C21, in Exhibit G.

Answer 16: The factor is the estimated network impact. The filing uses combined CAAC, KHPC and CAIC data (same data used to develop CAAC PPO rates) and adjusts that data for CAIC PPO Gatekeeper network. The network factor applied in Exhibit G has changed since the initial submission. I explain the development of the network factor in answer 21 below.

Question 17. 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 12% per year determined?
b) Please provide justification for using the statewide average premium in calculating the risk adjustment percentage instead of Capital's own average premium.
c) 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%?
d) Please explain and provide the development for the 2.0% adjustment for transitional movement to ACA.
e) Please explain and provide the development for the 2.0% adjustment for market improvement in coding.

Answer 17:

a. The 12% average annual premium increase, is intended to represent anticipated increases due to allowance trend of roughly 5% - 8%, leveraging of roughly 3% - 5%, and the impact of continued migration of transitional policies into the ACA market. Since the aggregate 12% 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. 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.
c. Similar to b) 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.

d. Prior to 2014 payers had initiated a marketing initiative to aid small groups in attaining the lowest rates possible. Ultimately, healthy groups were marketed transitional policies and less healthy groups were marketed ACA policies (since healthy groups would be favorably impacted by disallowing of risk in premium rating). As transitional policies migrate to ACA, the overall health status of the CBC's ACA population will improve, driving up CBC's payment transfer. The amount is ultimately unknown, but it is estimated that it will certainly have an unfavorable impact. 2% was reviewed for reasonability and was deemed appropriate.
e. Internal coding represents the fact that CBC's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. The churn rate for SG business is upwards of 30%. 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.

Question 18. Please indicate if the pricing AV shown in Exhibit L, row 23, includes induced demand.

a) If induced utilization is included, please provide the induced utilization amount for each plan as well as an explanation about how the amount was determined.
b) If induced utilization is not included, please provide an explanation for where in the rate calculation it is included and an explanation about how the amount was determined.

Answer 18:

a. Induced utilization is not included in Exhibit L rows 34 and 35.
b. For the small group market, induced utilization is only added to platinum plans, as other metal levels do drive over-utilization like is seen in the individual market.

Question 19. On page 14 of the 2018 Guidance, the department requested data regarding the development of the Pricing Avs and Induced Demand in Table 10. Please provide this data in Excel.

Answer 19: Please see Q&A Exhibit 2 for the requested data.

Question 20. Please provide an explanation for how the effective copay's were developed for use in the AV Calculator and why that method is appropriate.

Answer 20: The Rx effective copays are developed as follows:

- Generic: CBC has a 2-tier generic copay structure – generic preferred and generic non-preferred. It is estimated that 50% of generic drugs fall into each category.
- All tiers: Copays are blended to reflect retail and mail copays. Mail copays are divided by 3 because 1 mail prescription is typically equal to 3 retail prescriptions. It is estimated that Rx prescriptions are 90% retail and 10% mail order.

Please see Q&A Exhibit 3 for an example calculation.

Question 21. Please provide the development of the Network factor of 0.9427 shown in the "V Consumer Factors" exhibit. Also provide an explanation for needing the application of a network factor if there is only one network.

Answer 21: Please see Q&A Exhibit 4 for the calculation of the network factor. Because CAIC data is not credible, CAAC, CAIC, and KHPC combined data (same data used to project CAAC and KHPC cost) is used to projected 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% (factor of 0.931), 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 .931).

Question 22. 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 22: I have corrected PCORI to be $0.20 and ensured the percent of premium is consistent.

Question 23. You have indicated that the manual claims used in this filing are from CAAC. Please explain and show the adjustments made to those claims to make it appropriate for use in a narrowed service area, network and product (gatekeeper PPO v. PPO).

Answer 23: I have updated the actuarial memo to state that then manual claims are from combined CAAC, KHPC, and CAIC experience. This is the same experience used to develop CAAC and KHPC rates. KHPC and CAIC experience is very small in comparison to CAAC, so CAAC PPO is driving the results. Please see discussion of the network factor in answer 21 above.

Question 24. Show development of the federal income tax in cell C56 of Table 6.

Answer 24: The federal income tax is estimated to be 35 percent of the 2 percent risk/contingency, or 35% x 2% = 0.7%.

Question 25. What is the basis for the Health Insurance Industry Fee of 3.8% as shown in Table 6 cell C57?

Answer 25: 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.

But for the small group market only, for groups renewing starting in Q2 2018, a portion of their HIF assessment will be at the 2019 level. For this reason, the assessment is trended at 3% in 2019 and the final 2018 filing assessment is the member-weighted average by renewal quarter.

Question 26. In the supporting Excel exhibits, Exhibit A and A1 lists plan designs which are not proposed in 2018. Please update this exhibit as well as the actuarial memorandum.

Answer 26: I have updated Exhibit A and A1 to only list plans offered by CAIC.

Question 27. Table 6 cell C63 indicates the Single Risk Pool pmpm is $558.22, while the Single risk pool in the URRT in cell V43 indicates $548.93. Please reconcile.

Answer 27: For the small group market, Table 6 Single Risk Pool PMPM will not match URRT cell V43. This is because Table 6 uses the member-weighted average of the quarterly trended amount, while the URRT uses the Q1 amount.

Question 28. Page 4 of the PA AM indicates the PD to be $5.01 while Exhibit G shows an average Pediatric Dental pmpm of $3.01. Please explain.

Answer 28: The difference between the PA AM projected amount and Exhibit G is $5.01 is the projected allowed amount and $3.61 is the projected incurred amount.

Question 29. Modify PA AM to include the average age factor. Also include the associated age according to the CMS default curve. Please note Table 1 should show the SRP true average age unlike the age associated with the average age factor.

Answer 29: I have updated the PA AM, Calibration section, to include the average age factor and the associated average age according to the CMS age curve.

Question 30. 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 30: Brokers are paid the same commission rate for all geographic locations, enrollment dates, and metal levels. The broker commission applied in rating is taken directly from CBC's Finance Department's line of business report for small group YTD 2017. 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: "SG_17-38_Initial_CAIC_PPO_BrokerRedacted_Supporting_20170626.pdf"
b. Redacted Preferred Producer Master Agreement: "SG_17-38_Initial_CAIC_PPO_PPMABrokerRedacted_Supporting_20170626.pdf"

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
Small Group Rates
Effective 1/1/2018
Q&A Exhibit 1

Capital BlueCross Monthly Medical Trend Report

For 12 Month Periods Ended

Small Group Total

	12 Months Ended:			% Change	
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Professional	125.63	121.79	118.62	3.1%	2.7%
Medical Total	**$ 403.53**	**$ 370.22**	**$ 361.50**	9.0%	2.4%
Non-Specialty Drug	61.47	60.53	57.73	1.5%	4.9%
Specialty Drug	32.68	30.45	27.84	7.3%	9.4%
Pharmacy Total	**$ 94.14**	**$ 90.97**	**$ 85.57**	3.5%	6.3%
Grand Total	**$ 497.67**	**$ 461.19**	**$ 447.06**	7.9%	3.2%
Incurred/Paid PMPM					
Inpatient	$ 101.15	$ 87.49	$ 89.49	15.6%	-2.2%
Outpatient	141.59	129.27	125.93	9.5%	2.7%
Professional	92.97	90.67	90.54	2.5%	0.1%
Medical Total	**$ 335.70**	**$ 307.43**	**$ 305.96**	9.2%	0.5%
Non-Specialty Drug	47.15	45.33	41.44	4.0%	9.4%
Specialty Drug	31.44	29.53	27.03	6.5%	9.2%
Pharmacy Total	**$ 78.59**	**$ 74.86**	**$ 68.47**	5.0%	9.3%
Grand Total	**$ 414.30**	**$ 382.29**	**$ 374.43**	8.4%	2.1%

Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Q&A Exhibit 2

Without Adjustment for Pediatric Dental and Vision

	Experience Period				Adj't. from Experience to Projection Period		Annualized Trend Factors		Projections		
		Allowed									
Benefit Category	Utilization Description	Utilization per 1,000	Average Cost/Service	PMPM	Pop'l risk Morbidity	Other	Cost	Util	Utilization per 1,000	Average Cost/Service	PMPM
Other Medical	Services	422.19	354.61	12.48	1.000	1.005	1.078	1.010	430.68	414.24	14.87

With Adjustment for Pediatric Dental and Vision

	Experience Period				Adj't. from Experience to Projection Period		Annualized Trend Factors		Projections		
		Allowed									
Benefit Category	Utilization Description	Utilization per 1,000	Average Cost/Service	PMPM	Pop'l risk Morbidity	Other	Cost	Util	Utilization per 1,000	Average Cost/Service	PMPM
Other Medical	Services	422.19	354.61	12.48	1.000	1.289	1.078	1.010	430.68	531.47	19.07

Estimated Allowed PMPM	4.21
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%
Projected Claims PMPM	**$3.42**

* Claim details are found in 2018 Stand-Alone Dental Filing CABC-131022099
** From Small Group data

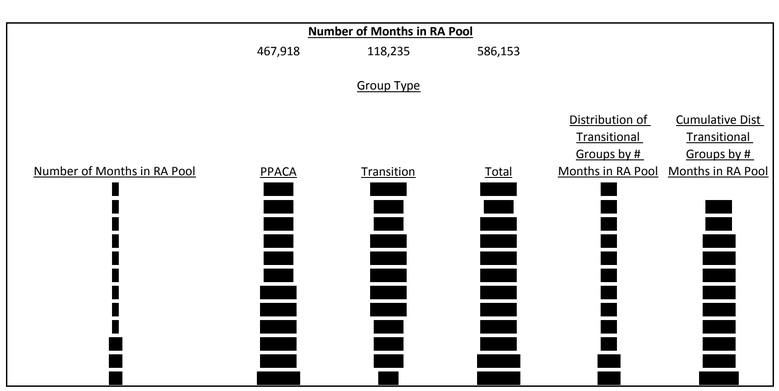
Pediatric Vision Rate Development *

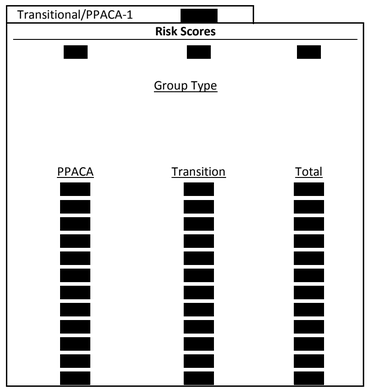
	Claim Cost per Child per Month	
Category	In-Network	OON
Exam	$ 1.35	$ 0.04
Contact Lens Eval/Fitting	$ -	$ -
Frame	$ 0.41	$ 0.05
Eyeglass Lenses	$ 0.81	$ 0.05
Contact Lenses	$ 0.58	$ 0.02
Lens Option	$ -	$ -
Value Added Benefits	$ 0.00	$ -
Value of Combined Max	$ 0.00	
Total	$ 3.15	$ 0.16
CBC Adjustment	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%
Projected Claims PMPM		**$0.44**

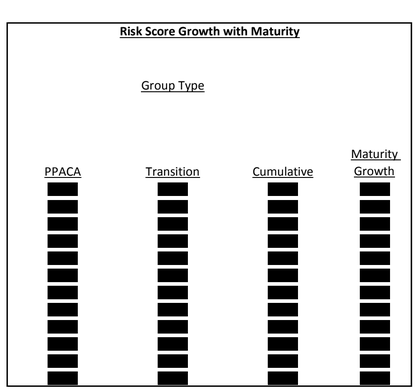
* From CBC's internal vision quote model
** From Small Group data

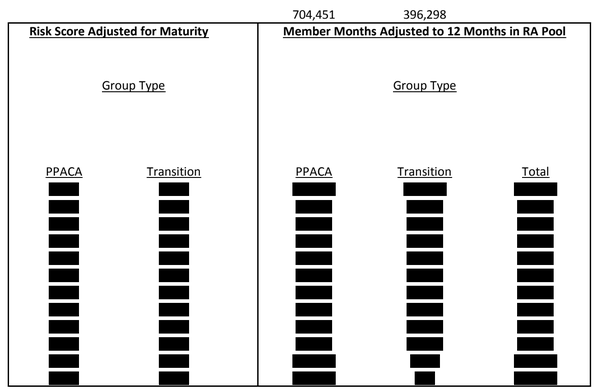
Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Q&A Exhibit 3

Results	PPACA	Transitional	Total
2016 Risk Score	1.59	1.10	1.49
Adjusted for Transitional Migration	1.64	1.06	1.43
Impact to Risk Score			-4.1%









Capital Advantage Insurance Company
Small Group Rates
Effective 1/1/2018
Q&A Exhibit 4

Company Name	HIOS ID	STATE	Reinsurance			Individual RA			Small Group RA		
			2014	2015	2016	2014	2015	2016	2014	2015	2016
Aetna Health Inc. (a PA corp.)	64844	PA	$1,280,386	$6,956,216	$12,886,104	-$1,144,737	-$25,852,345	-$31,760,033	-$3,059,493	-$1,628,025	-$5,577,918
Aetna HealthAssurance Pennsylvania, Inc.	18939	PA	$0	$0	$0	$0	$0	$0	$0	$0	-$4,892,978
Aetna Life Insurance Company	33906	PA	$2,951,626	$4,645,171	$0	-$67,222	-$9,332,073	-$64	-$382,153	-$361,487	-$835,762
Capital Advantage Assurance Company	45127	PA	$276,428	$4,544,340	$13,180,606	$395,777	$6,863,660	$13,226,705	$5,977,678	-$3,297,708	-$6,125,098
Capital Advantage Insurance Company CAIC	82795	PA	$4,230,863	$0	$0	$3,395,486	$0	-$52,068	-$38,117	$84,422	-$140,667
Celtic Insurance Company	10842	PA	$0	$0	$0	-$6,141	-$2,443	$0	$0	$0	$0
Coventry Health and Life Insurance Co.	16072	PA	$0	$0	$0	$0	$0	$0	$0	-$101,342	-$104,427
Federated Mutual Insurance Company	80148	PA	$0	$0	$0	$0	$0	$0	-$405,353	-$2,549,616	-$2,016,941
First Priority Life Insurance Company, Inc.	55957	PA	$19,949,106	$22,703,971	$10,257,016	$585,146	-$3,237,217	-$6,653,750	$1,050,495	-$305,361	$3,259,788
Geisinger Health Plan	22444	PA	$14,765,963	$9,309,344	$5,014,141	$1,759,835	$11,417,707	$2,695,563	-$6,627,592	-$2,139,259	-$2,263,960
Geisinger Quality Options	75729	PA	$2,772,467	$1,545,945	$2,364,122	$490,533	$1,142,253	$7,409,434	-$2,827,499	-$1,613,340	-$584,164
HealthAmerica Pennsylvania, Inc.	91303	PA	$2,150,141	$2,390,671	$0	-$1,253,464	-$2,527,672	$0	$0	$0	$0
HealthAssurance PA, Inc	93838	PA	$0	$0	$0	$0	$0	$0	-$1,641,283	-$58,719	-$4,558,706
Highmark Benefits Group Inc.	79962	PA	$0	$0	$0	$0	$0	$0	$0	-$984,207	$989,557
Highmark Coverage Advantage Inc.	79279	PA	$0	$0	$0	$0	$0	$0	$0	$220,268	$165,131
Highmark Health Insurance Company	70194	PA	$59,657,177	$37,247,106	$19,268,231	$42,359,592	$51,852,280	$49,750,020	$5,446,786	$777,889	-$437,220
Highmark Inc.	33709	PA	$97,340,297	$106,751,487	$8,120,536	-$44,238,595	-$46,784,130	-$3,929,580	-$4,503,418	-$7,096,865	-$2,657,962
Highmark Select Resources Inc.	36247	PA	$0	$0	$5,266,381	$0	$0	$3,930,304	$0	$0	$0
Independence Blue Cross (QCC Ins. Co.)	31609	PA	$67,630,617	$43,116,918	$23,746,837	$50,795,146	$64,851,297	$74,118,153	$13,315,932	$24,985,337	$32,747,626
Inter-County Hospital Plan	48788	PA	$0	$0	$0	$0	$0	$0	-$818,248	-$508,919	-$455,848
John Alden Life Insurance Company	58819	PA	$0	$0	$0	$0	$0	$0	-$78,134	-$101,659	$0
Keystone Health Plan Central	53789	PA	$1,122,657	$1,234,236	$5,430,423	$238,390	$298,017	-$35,510,815	-$78,245	$5,269	-$946,155
Keystone Health Plan East, Inc.	33871	PA	$56,237,854	$49,277,760	$23,860,952	-$61,020,486	-$12,386,831	-$53,397,058	-$7,900,230	-$4,106,694	##########
Keystone Health Plan West	38949	PA	$304,443	$81,905	$0	$223,700	$63,116	$232,540	-$59,934	-$7,981	-$18,946
Time Insurance Company	19068	PA	$4,662,824	$3,983,204	$0	$1,461,480	$3,948,940	$0	-$220,046	-$394,254	$0
UnitedHealthcare Insurance Company	23489	PA	$0	$0	$0	$0	$0	$0	-$2,928,220	-$5,371,432	-$6,368,539
UnitedHealthcare Life Insurance Company	45404	PA	$1,124,050	$1,101,471	$264,047	$798,351	$1,720,001	-$300,893	$0	$0	$0
UnitedHealthcare of Pennsylvania, Inc.	24872	PA	$0	$6,773,389	$3,711,026	$0	-$39,114,322	-$14,547,161	$0	$0	$0
UPMC Health Coverage, Inc.	62560	PA	$2,326,234	$0	$0	$2,366,388	-$11,718	$0	$480,494	-$317,613	-$1,157,499
UPMC Health Network, Inc.	16481	PA	$921,884	$0	$0	$541,632	$0	$0	$1,137,930	-$1,036,677	$0
UPMC Health Options, Inc.	16322	PA	$24,575	$17,827,409	$18,516,908	-$3,587	-$3,105,783	-$5,211,297	$3,575,646	$5,913,428	$12,239,314
UPMC Health Plan, Inc.	52899	PA	$2,040,378	$32,872	$0	$2,322,777	$197,264	$0	$583,004	-$5,456	$0

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

Question and Answer
Small Group Rates
Effective January 1, 2018

With this response, please find corresponding Q&A Exhibits in "SG_17-38_Initial_CAIC_PPO_Q&AExhibits2_Supporting_20170714.xlsm"

Question 1. In response to Answer 8, please provide quantitative support for the leveraging of 1.1% 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 small group total trend data used to estimate adjustments to trend. 2017 over 2016 allowed trend is 8.4% and incurred trend is 7.9% - a difference of 0.5%. 1.1% is only applied to medical trend – making the aggregate leveraging adjustment 0.011 x 0.8 (in general, 80% of cost is medical) = 0.9%. We can assume that benefits play a role in reducing the difference between allowed and incurred trend (incurred trends include benefit buy-downs while allowed trend does a better job of netting out those differences). It is reasonable to assume that benefits could be netted out of the incurred trend to make up the additional 0.4% needed to support leveraging of 0.9% (aggregate medical + Rx).

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 reconcile the 1.289 "Other Medical" factor described in Answer 11 to the Exhibit C information, which lists the paid claims for pediatric dental and vision to be a combined $4.08.

Answer 2. 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 3. In your response in Answer 16 you state that the 0.96 factor is the estimated network impact and the new factor, outlined in Answer 21, is 0.931. However, in the Benefit Change Factor, cell C21, in Exhibit G the factor is listed is 0.9135. Please explain this discrepancy.

Answer 3. This factor was developed in the Q&A submitted in June – Q&A Exhibit 4 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.

Question 4. Please explain the significant change in the 'Paid to Allowed Ratio' in cell C41 of Exhibit G compared to the initial filing even though there were no changes to the plans or benefits being offered in 2018 compared to the initial filing.

Answer 4. 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 5. Please answer the following questions about risk adjustment and the responses to Question 17:

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 provide more explanation for the 2.0% adjustment that accounts for "Transitional Movement to ACA." How was it determined that the movement of transitional policies would impact CBC more adversely than the market in total?
c) Please provide more explanation for the 2.0% adjustment that accounts for "Adjustment for Market Improvement in Coding." How was it determined that the churn of small group business would impact CBC more adversely than the market in total?
d) 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 0.86 adjustment is now explicitly reflected in the RA projection calculation in Exhibit K. Please note, as explained in the first Q&A Answer 14, 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. In order to explicitly account for the 14% reduction, I made a change to the 2-year expected rate increase. Competitive intelligence shows that small group competitor rates rose about 25% 2017 over 2016. The total 2-year increase assumes premiums will rise 17% 2018 over 2016. The 2-year increase is similar to what is

expected in the individual market. A few factors were considered when estimating the increase –

a. The small group product portfolio does not experience the same decreased benefit structure as what is seen in the individual market. In 2017, most carriers stopped offering Platinum plans in the individual market. And each year, cost-share increases within the metal levels. Also, the change in AV range in 2018 from -2%/+2% to -4%/+2% has an impact on the individual market as carriers do not want to have the richest benefits available in that market in order to protect themselves from adverse selection. This change does not have the same impact on the small group market, as carriers generally offer plans based on sales feedback and are not eager to change group benefits.
b. Buy-downs are also not as significant in the small group market, as most groups continue to purchase plans in the Gold metal level range.

b) Please see Q&A Exhibit 3 for data to support the 2% adjustment for transitional policies. The rationale is as follows:

a. CBC continues to move small group transitional groups into the PPACA pool throughout 2016.
b. Transitional groups have a significantly lower risk score than PPACA groups.
c. While 2016 data partially reflects the impact of transitional policies to RA, the full impact is not yet realized. Transitional groups moved risk pools throughout 2016, so many groups did not reside in the PPACA pool for 12 months. In 2018, we would expect each of these groups to have a full 12 months in the PPACA pool, increasing their impact to RA.
d. Market intelligence has shown that CBC is moving transitional groups to PPACA at a faster rate than competitors, adversely impacting our RA results. CBC has learned that competitors are actively moving low risk groups to small group ASO products, keeping these groups out of the RA risk pool.
e. Q&A Exhibit 3 shows 2016 small group PPACA and transitional member months and HHS risk score by number of months in PPACA pool.
    i. You can see that transitional groups have a significantly lower risk score than PPACA (1.1 versus 1.59).
    ii. Risk score also grows over time – members with 1 month of data show a risk score approximately 21% lower than members with 12 months of data.
    iii. If we take every PPACA and transitional group and adjust their member months to reflect 12 months in the PPACA pool and adjust the risk score for maturity, the total 2016 risk score changes from 1.49 to 1.43, which is a difference of 4%. 2% was an estimate applied in rating, but we could justify up to 4%.

c) As discussed in our previous response on market improvement in coding, 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. This dynamic is readily apparent by looking at a summary of PA issuers RA payment

transfer over time. Not only are large plans able to apply greater resource intensity to the coding gap closure efforts, they are also able to invest in greater analysis through the use of consulting firms like Wakely and Milliman. Note in Q&A Exhibit 4, for all three years of 2014, 2015 and 2016 that Independence BlueCross was not only in the minority of plans receiving payment transfer in the Small Group and Individual market, but the magnitude of receipt far outpaced other plans. This is due to resource intensity dedicated to gap closure efforts as well as years of history performing the same function in the Medicare Advantage space, which has many similarities to the Commercial market.

d) CBC will not make changes to its projected RA amount based on the June 30, 2017 report.

Question 6. Answer 25 indicates that the HIF assessment needs to increase 5% from 2016 to 2018. However, a 4% annual trend (8.16% in total) is applied. Please explain this discrepancy.

Answer 6. The 4 percent trend referenced in June's Q&A is total over 2 year, not annual. 3.62% x 1.05 = 3.8%, slightly higher than 3.78% used in rate development. 3.78% was an estimate based on premium increases across multiple markets and the 25% increase in HIF assessment between 2016 and 2018.

Question 7. Please provide an itemized build-up of the 4.8% rate change. This will likely include items such as trend, morbidity, and benefit changes.

Answer 7. The itemized build-up of the rate change is found on PA Rate Exhibits Table 8.

Question 8. In response to question 30, you have provided only the redacted 2017 commission schedule. Please provide an unredacted agreement and provide the same for tentative 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 8. The 2018 broker commission schedule is yet to be finalized. CBC does not anticipate any changes to small group broker commissions in 2018. Attached please find the 1/1/2017 copy of the broker agreement – unredacted version. Files are as follows:

a. Agent Agreement: "SG_17-38_Initial_CAIC_PPO_Broker_Supporting_CONF_20170714"
b. Preferred Producer Master Agreement: "SG_17-38_Initial_CAIC_PPO_PPMABroker_Supporting_CONF_20170714.pdf"

The broker commission applied in rating is taken directly from CBC's Finance Department's line of business report for small group YTD 2017.

Question 9. Please ensure that all revisions are reflected in this resubmission.

Answer 9. I have checked the exhibits and memos for consistency and accuracy, including all revisions noted in this Q&A.

Question 10. 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 10. 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