

State: Pennsylvania **Filing Company:** First Priority Life Insurance Company
TOI/Sub-TOI: H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense
Product Name: 1A-DP-17-FPLIC
Project Name/Number: 1A-DP-17-FPLIC/1A-DP-17-FPLIC

Filing at a Glance

Company: First Priority Life Insurance Company
Product Name: 1A-DP-17-FPLIC
State: Pennsylvania
TOI: H15I Individual Health - Hospital/Surgical/Medical Expense
Sub-TOI: H15I.001 Health - Hospital/Surgical/Medical Expense
Filing Type: Rate
Date Submitted: 05/22/2017
SERFF Tr Num: HGHM-131020586
SERFF Status: Pending State Action
State Tr Num: HGHM-131020586
State Status: Pending Finalization
Co Tr Num: 1A-DP-17-FPLIC

Implementation: 01/01/2018
Date Requested:
Author(s): Scott Humpert, Justin DeCroo, Aaron Syster, Craig Cooper, Gregory Amspacher, Kelly Flannery, Kenneth Scott, Daniel Dininno, Kevin Luu, Gregory Bruce
Reviewer(s): Tammy Tomczyk (primary), Rashmi Mathur, Art Lucker, Jack Burke
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:
rri=10.4% Off Exchange

State: Pennsylvania
TOI/Sub-TOI: H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense
Product Name: 1A-DP-17-FPLIC
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General Information

Project Name: 1A-DP-17-FPLIC
Project Number: 1A-DP-17-FPLIC
Requested Filing Mode: Review & Approval

Explanation for Combination/Other:
Submission Type: New Submission
Overall Rate Impact: 10.4%

Deemer Date:
Submitted By: Aaron Syster

State Sub-TOI: H15I.001 Health - Hospital/Surgical/Medical Expense

PPACA Notes: null

Include Exchange Intentions:

Filing Description:
Please see cover letter and memorandum for details.

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments: Pennsylvania is the state of domicile.
Market Type: Individual
Individual Market Type: Individual
Filing Status Changed: 07/20/2017
State Status Changed: 09/13/2017
Created By: Gregory Amspacher
Corresponding Filing Tracking Number: HGHM-131033176
State TOI: H15I Individual Health - Hospital/Surgical/Medical Expense

PPACA: Not PPACA-Related

No

Company and Contact

Filing Contact Information

Kevin Luu, kevin.luu@highmark.com
1800 Center Street 717-302-2203 [Phone]
Camp Hill, PA 17011

Filing Company Information

First Priority Life Insurance Company	CoCode: 60147	State of Domicile:
19 North Main Street	Group Code:	Pennsylvania
Wilkes Barre, PA 18711	Group Name:	Company Type:
(570) 200-4300 ext. [Phone]	FEIN Number: 23-2905083	State ID Number:

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

SERFF Tracking #:	HGHM-131020586	State Tracking #:	HGHM-131020586	Company Tracking #:	1A-DP-17-FPLIC
State:	Pennsylvania		Filing Company:	First Priority Life Insurance Company	
TOI/Sub-TOI:	H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense				
Product Name:	1A-DP-17-FPLIC				
Project Name/Number:	1A-DP-17-FPLIC/1A-DP-17-FPLIC				

Supporting Document Schedules

Satisfied - Item:	Public Rate Filing
Comments:	A redacted version of the rate filing is attached for public disclosure. Two files are required due to file size limitations.
Attachment(s):	1A-DP-17-FPLIC Public Rate Filing v3 1 of 2.pdf 1A-DP-17-FPLIC Public Rate Filing v3 2 of 2.pdf
Item Status:	
Status Date:	

August 8, 2017

Ms. Johanna Fabian-Marks, Special Deputy & Acting Director
Commonwealth of Pennsylvania Insurance Department
Bureau of Life, Accident & Health Insurance
1311 Strawberry Square
Harrisburg, PA 17120

Re: First Priority Life Insurance Company 2018 ACA Rate Filing (Individual Market)
Filing # 1A-DP-17-FPLIC (SERFF # HGHM-131020586)

This constitutes Notice pursuant to Section 707 of the Pennsylvania Right-to-Know Law that the attached First Priority Life Insurance Company (FPLIC) 2018 Individual Market Rate Filing contains Trade Secret and Confidential Proprietary Information. Therefore, FPLIC must, prior to the release of any portion of this Filing, be notified of any request by a third party for access to this Filing, and the Trade Secret and/or Confidential Proprietary Information identified by FPLIC should be redacted before release.

Dear Ms. Fabian-Marks:

This Filing includes the First Priority Life Insurance Company (“FPLIC”, “Company”) Individual Market rates and the supporting rate development for policies with effective dates on or after January 1, 2018.

This rate filing has been modified from the filing originally submitted on May 22, 2017, pursuant to the Insurance Department’s review of the filing, and in accordance with the guidance provided by the Department on the uncertainties existing in the Individual market at the time of this rate filing. Specifically, the changes made to this filing are as follows:

1. Pursuant to the Department’s review, the morbidity factor in the rate development was reduced from 4.0% to 0.0%. This morbidity factor reduction changed the Average Rate Change reflected in Table 10 from 10.4% to **6.6%**.
2. In accordance with the Department’s guidance, the morbidity factor was increased by a factor of 1.06. This adjustment reflects the market uncertainty that the health insurance coverage mandate may be eliminated, which would remove the financial penalty for individuals who forego purchasing health insurance coverage and would result in some deterioration of the risk pool. It was noted by the Department that this adjustment factor is 50% of the average impact expected by Individual market insurers.

3. In accordance with the Department's guidance, the rates of all Silver plans not exclusively offered off-exchange were increased by a factor of 0.94/0.70, or about 1.3429, to reflect the non-payment of Cost Sharing Reduction ("CSR") subsidies. (Not applicable for this filing.)

Please note that in making adjustments #1 and #2 above, the percent of premium administrative cost load was adjusted so that any flat dollar expense loads conform to the revised expected premium levels.

The remainder of this cover letter was updated to reflect the results of filing updated rates reflecting all three of the above changes.

In the event the Department decides to publish this Filing in the PA Bulletin, the company information requested in the Department's 2018 ACA-Compliant Health Insurance Rate Filing Guidance, Section B, is provided below:

Requested Company Information

1. Company Name & NAIC #: **First Priority Life Insurance Company, NAIC # 60147**
2. Market: **Individual**
3. On or Off Exchange: **This filing reflects that FPLIC anticipates selling one plan off of the exchange.**
4. Effective date of coverage: **January 1, 2018**
5. Average rate change requested: **12.2% increase.**
6. Range of rate change requested: **FPLIC will offer only one plan in 2018. The rate increase for this plan is 12.2%.**
7. Product(s): **PPO**
8. Rating Areas and the change from 2017: **Rating Area 3**

There are no changes in our covered Rating Areas from the 2017 rate filing.

9. Metal Levels and Catastrophic Plans: This filing reflects that the Company anticipates selling the following Metal Levels in the indicated Market: **Bronze**
10. Current number of covered lives and of policyholders as of February 1, 2017: **624 covered lives; 446 policyholders**

11. Number of plans offered in 2018 and the change this represents from 2017: **1**

There are no changes in the plan offering from the 2017 rate filing.

Please note that inclusion of premium rates in this filing for a given offering should not be construed to mean that the offering will ultimately be made available for sale in the Market. Final offering decisions will be made consistent with and within the timelines set forth in CMS rules and/or ACA regulations.

12. Corresponding contract form #, SERFF and Binder ID#s: **The corresponding SERFF binder number is HGHM-PA18-125072199 affecting the following Company products and forms:**

Product Name / Type	Contract Form & SERFF#
my Blue Access	FP-1-I-ACCESS-1/1/18; HGHM-131033176

13. HIOS Issuer ID # and submission tracking number: **HIOS Issuer ID #55957, Company Filing #1A-DP-17-FPLIC (SERFF Filing # HGHM-131020586)**

Additional Filing Disclosures

The Company has submitted all Required Documents stipulated by the Department, including the federal documents related to this filing, in its SERFF submission. In addition to the Required Documents, the Company has submitted a Supplemental Exhibits file containing additional detailed exhibits on items referenced in the PA Actuarial Memorandum. All tables, exhibits, and detail in support of this filing and the PA Actuarial Memorandum have been included in Excel format. To assist in the Department's review, the Excel files have retained their formulas to the extent possible.

CMS has instructed issuers that it no longer requires any interim changes to the URRT to be submitted to HIOS. CMS is requesting that only the initial URRT and the final URRT be submitted to HIOS.

Potential Changes to Federal Regulations

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. In accordance with the Department's guidance, and as discussed above, we have assumed that the ACA health insurance coverage mandate will be eliminated, and that cost sharing reduction (CSR) payments will cease for 2018. Additional assumptions include that advance payment of premium credits (APTCs) will continue until the end of 2018, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance,

etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2018. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, FPLIC reserves the right to submit a revised filing.

Request for Confidentiality

Please note that the rates and the supporting rate development contained in this Filing are competitively sensitive, are not in the public domain, and constitute business confidential proprietary/trade secret information that would cause harm to the competitive position of FPLIC if disclosed to the public.

Public disclosure of any information contained in this Filing would allow FPLIC competitors to better understand or discover its confidential and proprietary rating, pricing and/or marketing practices, would undermine competition in the Individual market and could have negative consequences for the operation of FPLIC's business. Therefore, FPLIC asserts that this Filing, in its entirety, constitutes Trade Secret and Confidential Proprietary Information and should not be disclosed.

It is our understanding that the Department does not intend to publish the confidential & proprietary information contained in this Filing or to otherwise permit this Filing and its confidential information, other than the redacted information and final approved rates, to be disclosed or released.

Furthermore and pursuant to the Pennsylvania Right-to-Know Law ("RTKL"), FPLIC must be notified prior to release of information contained in this Filing and be given the opportunity to respond to requests for such information. Should the Department receive such request or require the release of information contained in this Filing for its own purposes, FPLIC asserts its right to release a redacted version of the Filing. In accordance with the RTKL, please contact the FPLIC RTKL representative identified below prior to release of any information contained in this Filing:

Lisa Martinelli, Esq.
RTKL Representative
VP Chief Privacy Officer
Highmark Health
120 Fifth Avenue, Suite 2114
Pittsburgh, PA 15222

Furthermore, it should be noted that FPLIC is equally concerned that even if this information is released in aggregate form, it still may be easy to identify the carrier that submitted it.

Ms. Johanna Fabian-Marks, Special Deputy & Acting Director
FPLIC 2018 Individual Market Rates
August 8, 2017
Page 5 of 5

Should you have any questions regarding the attached Filing, please feel free to contact me at (717) 302-2143 or via e-mail at: jeffrey.scheib@highmark.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Scheib". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Scheib" clearly distinguishable.

Jeffrey Scheib, ASA, MAAA
Vice President, Actuarial Services
Highmark Inc.

cc: Frank Haver
Tija Hilton-Phillips, Esq.
William Sarniak

First Priority Life Insurance Company – Individual Plans

Rate request filing ID # 1A-DP-17-FPLIC; SERFF # HGHM-131020586- 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:	10.4% ¹
Revised requested average rate change:	12.2% ¹
Range of requested rate change:	12.2%
Effective date:	January 1, 2018
People impacted:	624
Available in:	Rating Area 3

Key information

Jan. 2016-Dec. 2016 financial experience

Premiums	\$156,211,065
Claims	\$167,635,747
Administrative expenses	\$19,489,418
Taxes & fees	\$10,405,324
Company made (after taxes)	(\$41,319,424)

How it plans to spend your premium

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

Claims:	86%
Administrative:	9%
Taxes & fees:	5%
Profit:	0%

The company expects its annual medical costs to increase **11.2%**.

Explanation of requested rate change

These premium rates are being set at a level that is required to adequately cover rising costs, primarily due to increasing medical and pharmacy services in the Individual market and the re-introduction of the federal insurer fee.

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.

Actuarial Memorandum

1. Basic Information and Data

A. Company Information

The appropriate company information has been provided in Table 0.

B. Rate History and Proposed Variations in Rate Changes

The three most recent rate changes in Pennsylvania for First Priority Life Insurance Company (FPLIC) are as follows:

Year	Avg. Increase	SERFF ID#
2017	45.8%	HGHM-130536965
2016	21.5%	BCNP - 130071834
2015	6.9%	BCNP-129632010

In 2015 the rate change varied by plan due to a variance in network factors by service area. In 2016, increases varied by plan due to cost sharing alterations required to maintain federal AV levels as well as for updates to other pricing factors. In 2017 the rate change varied by product due to updated cost sharing levels to meet federal AV requirements as well as updates in the pricing AV factors.

The proposed 2018 increase is for the one Bronze plan and the plan level increase can be found in Table 10.

C. Average Rate Change

The average rate changes as presented in the filing are:

- Table 10: 12.2%
- Table 11: 12.2%
- URRT Worksheet 1 Cell V45: 37.75%
- URRT Worksheet 1 Cell V46: 17.37%

The two values above from the URRT Worksheet 1 are changes in the projected average premium, which also includes the substantial impacts of changes in the distribution of members by plan, as well as changes in the covered population's average age and mix of members by rating area. They do not represent changes in premium rates for a fixed population from 2017 to 2018.

FPLIC feels that the best representation of the rate increase is the value from Table 10.

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. In accordance with the Department's guidance, we have assumed that the ACA health insurance coverage mandate will be eliminated, and that the CSR payments will cease for 2018. (The CSR issue does not

impact this filing; see Section 2.A. below for a discussion of the mandate impact.) Additional assumptions include that advance payment of premium credits (APTCs) will continue until the end of 2018, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2018. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, FPLIC reserves the right to submit a revised filing.

D. Membership Count

Please see Table 1 for the average age, age breakdown, and total membership for the periods shown.

E. Benefit/Cost Sharing Changes

The sole Bronze plan is renewing with an update to the deductible and out-of-pocket maximum to maintain regulatory compliance.

The screenshots from the HHS AV calculator, showing the plan benefits and the resulting actuarial value, are in Attachment E. Also the PA Plan Design Summary and Rate Tables with the HIOS Plan IDs are submitted in SERFF Rate/Rule Schedule Tab.

F. Experience Period Claims and Premium

Please see Table 2 for the experience period data for the most recent calendar year. The experience period paid claims data represents the 2016 calendar year results for all policies in the single risk pool, with run out through January 2017. This data is consistent with the data reported in Section I of Worksheet I of the URRT.

The components of this exhibit were developed as follows:

- The Earned Premium represents actual revenues earned in the experience period.
- Incurred Claims represent claims paid by FPLIC net of expected CSR recoveries. Note that the URRT includes capitated services and is net of Rx Rebates. Those values are not included here as they are listed as separate items.
- The Allowed Claims represent our best estimate of the total claims prior to member cost sharing incurred during the experience period. The Allowed Claims include:
 - One month of run out from the end of the experience period,
 - Claims processed outside of the Company's claims system (e.g., claim settlement costs), and
 - Our best estimate of claims incurred but not paid as of the end of the run out period.Note that allowed claims in the URRT include capitation and are net of drug rebates. They are not included here as they are called out separately in the exhibit.
- Allowed Charges for non EHB services are included in column G. The amount of non EHB included is shown in column H.

- Prescription Drug Rebates are used to reduce the level of Incurred Claims in the experience period.
- Total EHB capitation includes amounts for the pediatric vision benefit (\$0.34).
- The Estimated Risk Adjustment for the experience period represents our best estimate of the year end risk adjustment transfer payment that FPLIC will incur. This amount is developed based on an analysis of FPLIC data (risk scores as defined in the HHS Notice of Benefit and Payment Parameters, as well as other risk transfer formula components), and an estimate as to the Market-wide risk profile. This Market-wide risk profile is developed from available Market data, including prior years' risk adjustment transfer results, publicly available data (such as MLR reports), and outside expertise from actuarial consultants.
- Estimated Reinsurance Recoveries reflect what FPLIC expects to receive for the experience period. FPLIC is assuming a \$90,000 attachment point and 40% coinsurance up to \$250,000. The coinsurance value is different than the current CMS regulations due to uncertainty surrounding how CMS will treat treasury payments.

G. Credibility of Data

The experience period data for FPLIC is large enough to be fully credible. The results are based 100% on the experience period data.

H. Trend Identification

Table 3 identifies the annual medical and prescription drug allowed claims cost and utilization trends. The underlying total annual trend is 11.0%. Additionally, there is an induced utilization adjustment of 0.18% per year applied to reach the overall trend of 11.20% shown in Table 3 column G. The definitions of service categories, cost, and utilization in Table 3 are consistent with the URRT instructions. The numbers entered in the Cost and Utilization columns are consistent with those entered in Worksheet I, Section 2 of the URRT, except as noted below.

The cost trends presented in Table 3 reflect FPLIC's expectations regarding increases in in-network contractual reimbursement, as well as projected out-of-network costs. These estimates measure and normalize for benefit leverage, population aging, and historical changes for fee schedules, as well as company-wide utilization management programs, and external trend drivers.

The trend components represent a blended average for all types of service and are applied to the aggregate experience for pricing, and as such Table 3 shows the same trend components for each service category. Due to the significant changes in the make-up of the ACA population from 2014 to 2016, the data included in Table 4 was not used in the development of the trend. A separate regression study was developed by the FPLIC valuation team that analyzed the ACA trend levels of cohorts of ACA members that were continuously enrolled in a significant portion of both 2015 and 2016. The analysis took into consideration seasonality and removed outlier months. The resulting trend was compared to the group business and any industry available ACA data.

I. Historical Experience

Table 4 presents the most recent 36 months (3 calendar years) of FPLIC data with run-out through January 2017. This date was not used to develop the trend in Table 3. Please see Section H for further details.

2. Rate Development & Change

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

The development of the Projected Index Rate, Projected Market-Adjusted Index Rate, and Projected Total Allowed Claims, shown in Table 5, closely follows that utilized in the development presented in Worksheet 1 of the URRT, a discussion of which can be found in the Part III Actuarial Memorandum submitted in the Rate Filing Justification. Some of the items separately identified in Table 5 include:

- The Change in Demographics adjustment reflects the change in age and geography factors we expect from the experience period to the projection period.
- The Change in Network adjustment reflects the change in the allowed claims we anticipate due to network contracting changes between the experience period and the projection period.
- There is no explicit Change in Benefits adjustment.
- The Change in Other adjustment reflects improved contracting with our pharmacy benefits provider.

Please see Attachment A for a more detailed calculation of these factors. These factors can also be found in the accompanying spreadsheet.

The -\$12.01 Risk Adjustment assumption in cell C31 represents our best estimate of the year end risk adjustment transfer payment that FPLIC will incur. This amount is developed based on an analysis of FPLIC data (risk scores as defined in the HHS Notice of Benefit and Payment Parameters, as well as other risk transfer formula components), and an estimate as to the Market-wide risk profile. This Market-wide risk profile is developed from available Market data, including prior years' risk adjustment transfer results, publicly available data (such as MLR reports), and outside expertise from actuarial consultants.

The -\$12.01 PMPM projected risk adjustment assumption is comprised of an expected risk transfer payable of -\$11.87 PMPM, less the \$0.14 PMPM risk adjustment user fee. The development of the -\$11.87 PMPM is shown in Attachment B as well as the attached spreadsheet. Our expected payable of -\$12.01 reflects that we anticipate FPLIC's average risk score (net of allowable rating factors) to be lower than the statewide average.

Impact of Health Insurance Coverage Mandate

In accordance with the Department's guidance, the morbidity factor was increased by a factor of 1.06 to reflect the market uncertainty that the health insurance coverage mandate may be eliminated. If this mandate is eliminated, there would no longer be a financial penalty for individuals who forego

purchasing health insurance coverage and would result in some deterioration of the risk pool. This deterioration is reflected in this filing through this 1.06 morbidity adjustment, which as noted by the Department would represent 50% of the average morbidity impact expected by Individual market insurers.

B. Retention Items

Table 6 has been completed with the requested retention elements for the proposed rates for the rating period. The amounts presented separately sum to the total administrative expenses and taxes and fees presented in the rate development. Administrative costs reflect internal costs that the FPLIC is projected to incur in the projected experience period, and are developed from standard expense allocation methods. Agent/broker fees and commissions reflect our anticipated costs for these items in the experience period.

Note the following regarding plan level retention items:

- The Profit/Contingency for all plans is set to 0%.
- The Health Insurance Provider Fee of 3.4%
- The administrative expenses do not vary by plan
- 2% Pennsylvania Premium Tax was included
- The \$0.21 PMPM PCORI fee was factored into the administrative expense percentage of premium.
- Expenses for Quality Improvement Initiatives are 0.34%.

FPLIC has voluntarily refrained from adding a risk and contingency factor in this filing. By this voluntary restraint, FPLIC is not waving any right to include a risk and contingency factor which FPLIC believes is consistent with historical and legal interpretations of FPLIC and the Pennsylvania Insurance Department.

The proposed rate development assumes an average broker commission of \$0 for 2018. A schedule of the current broker commission amounts is included in Attachment D.

C. Normalized Market-Adjusted Projected Allowed Total Claims

The normalization factors presented in Table 7 are each determined from the underlying membership demographics expected in the projected rating period. The 2017 values are pulled from the prior year's filing, while the 2018 values represent our projection for 2018 assumed in the 2018 rate development.

D. Components of Rate Change

Table 8 presents the components of change in the proposed 2018 Calibrated Plan Adjusted Index Rate (PMPM). Cell C72 is populated with the base period allowed charges found in the 2017 plan year rate filing.

Table 9 presents the data elements supporting the calculations in Table 8. Note the following differences between the Table 9 values presented for 2017 and the values from the 2017 URRT:

- Taxes and Fees shown in Table 9 differ from the Taxes and Fees from the URRT as Table 9 shows the Exchange User Fee as a separate line item. In the URRT the Exchange User Fee is included in the Taxes and Fees line item.

The 2017 values are populated using the 2017 filed factors adjusted for the membership mix as of February 1, 2017.

3. Plan Rate Development

Table 10 shows the plan rate development for 2018. This table shows the plans that FPLIC intends to offer in 2018, as well as all plans offered in 2017 portfolio. The calibrated plan adjusted index rates for 2017 are calculated according to the instructions. The 2018 rating factors are consistent with the factors found in Exhibit II of the Part III URRT memorandum with the pricing effect further broken out into pricing AV and benefit richness. Additionally, the tobacco surcharge factor is broken out in Table 10 as requested. This surcharge factor is included as part of calibration in the URRT. Admin effect is broken into admin costs, taxes and fees, and profit or contingency.

The benefit richness factors in column L are populated with the factors found in Attachment C. The table in Attachment C can also be found in the attached spreadsheet. The derivation of the AV and Cost Sharing factors can also be found in Attachment C. Please note that the attachment includes the tobacco factor in the AV and Cost Sharing Factor as requested. This will make the values inconsistent with those found in the URRT as the URRT treats tobacco as a calibration factor. The values in column 9 of the attachment represent the pure induced utilization for each plan. FPLIC's utilization factors are consistent with those used in the Federal Risk Adjustment program. Each plan's factor was then normalized by the average utilization factor. The average is a weighted average using projected membership as the weight. After normalization the average factor as shown in attachment C is 1.000.

Note that the HHS Actuarial Value Calculator was unable to accommodate all of FPLIC's benefit designs. Plans needing certification are marked in column I of Table 10. Screen shots of all of the AV calculations and the appropriate certifications are included in Attachment E.

Columns AG through AQ are populated with the February 1, 2017 enrollment by 2018 plan and rating area.

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

Table 11 presents FPLIC's 21-year-old non-tobacco premium in the Individual Market. As mentioned in Section 1.C above, the change in 21-year-old non-tobacco premium PMPM calculated in this table is 12.2%, which is consistent with the SERFF Rate Review Detail Screen "percent rate change requested".

5. Plan Factors

A. Age and Tobacco Factors

Please see Table 12 for FPLIC's age and tobacco factors.

B. Geographic Factors

Please see Table 13 for FPLIC's geographic factors. FPLIC's factors for the rating period are unchanged from the currently approved factors.

C. Network Factors

Please see Table 14 for FPLIC's network rating factors.

D. Service Area Composition

The Plan Design Summary exhibit uploaded as a separate document contains the service areas related to this filing. As requested, service area maps are included.

6. Actuarial Certifications

I, [REDACTED], am a member of the American Academy of Actuaries and meet its qualification standards for actuaries issuing statements of actuarial opinions in the United States. This filing is prepared on behalf of FPLIC to accompany its rate filing (for calendar year 2018) for the Individual Market on and off the Pennsylvania Exchange.

I hereby certify that the projected index rate is, to the best of my knowledge and understanding:

- In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1) and 147.102),
- Developed in compliance with the applicable Actuarial Standards of Practice
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Neither excessive nor deficient.

I certify that the index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates. The allowable modifiers used to generate plan-level rates were:

- The actuarial value and cost-sharing design of the plan.
- The plan's provider network, delivery system characteristics, and utilization management practices.
- The benefits provided under the plan that are in addition to the essential health benefits. These estimated benefits were pooled with similar benefits within the single risk pool and the claims experience from those benefits was utilized to determine rate variations.
- Administrative costs, excluding Exchange user fees.

I certify that all factors, benefit and other changes from the prior approved filing have been disclosed in the 2018 PA Actuarial Memorandum Rate Exhibits.

I certify that the benefits included in FPLIC's plans are substantially equivalent to the Essential Health Benefits (EHBs) in the State of Pennsylvania's benchmark plans. I certify that any benefit substitutions are:

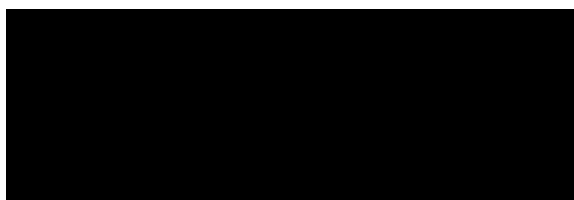
- Actuarially equivalent to the benefits being replaced,
- Are made within only the same essential health benefit category,
- Are based on a standardized plan population,
- Are determined regardless of cost-sharing,
- Are not prescription drug benefits, and
- Are based on an analysis performed in accordance with generally accepted actuarial principles and methodologies.

I certify that new plans are not considered modifications of existing plans (per the uniform modification standards in 45 CFR 147.106).

I certify that the AV Metal Values included in Table 10 were based entirely on the Federal AV Calculator or one of the approved alternative approaches.

I certify that the geographic rating factors reflect only differences in the costs of delivery (which can include unit cost and provider practice pattern differences) and do not include differences for population morbidity by geographic area.

I certify that the information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2018 Part II Rate Filing Justification.



Title: Manager, Actuarial Services

Date: 08/08/2017

First Priority Life Insurance Company

Individual Market Product Portfolio

Supplemental Exhibits

Attachment A	Demographic and Morbidity Change Calculations
Attachment B	Risk Adjustment Calculation
Attachment C	Induced Demand Calculations
Attachment D	Current Broker Commission Schedule
Attachment E	Screenshots of HHS AV calculator and Actuarial Certification for Approach 1
Attachment F	Milliman Certification

First Priority Life Insurance Company

Individual Market

Attachment A - Demographic and Morbidity Change Calculations

Population Source	2016 Member Distribution	2016 Normalized Allowed PMPM	2018 Member Distribution	2018 Normalized Allowed PMPM	Morbidity Change Relative to Total
FPLIC ACA	100.0%	\$376.64	88.3%	\$399.05	1.060
FPLIC Medically Underwritten			5.8%	\$399.05	1.060
Uninsured & Employer Markets			5.8%	\$399.05	1.060
Total	100.0%	\$376.64	100.0%	\$399.05	1.060

Component of Other	Factor
CY2016 Demographic Factor	1.775
CY2018 Demographic Factor	1.827
Change in Demographic	1.030
CY2016 Network Factor	1.005
CY2018 Network Factor	0.962
Change in Network	0.958
Change in Benefits	1.000
Table 5 - Change in Other's Other	0.995
URRT and Table 5 Change in Other	0.981

First Priority Life Insurance Company

Individual Market

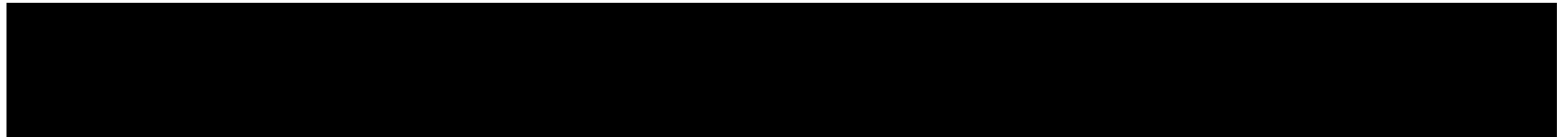
Attachment B - Risk Adjustment Calculation

Total State Development - 2018									Calculated Results - 2018			
Average	Market	Member	Billable	HHS Risk	Allowable	Geo Cost	Induced	Actuarial	Factors	Factors	Transfer	
Premium	Share	Months	Member	Score	Rating	Factor	Demand	Value	incl. risk	excl. risk	PMPM	\$ Transfer
			Months		Factor	Factor	Factor		score	score	(Calc'd)	(Estimate)

Non-Catastrophic Pool

FPLIC
Other PA

Total PA



First Priority Life Insurance Company

Individual Market

Attachment C - Induced Demand Calculations

Induced Utilization Exhibit								
Plan ID (1)	Metal Level (2)	Projected Membership (3)	Projected Allowed Claims (4)	Projected Paid Claims (5)	Paid to Allowed Factor (6)	Average Tobacco Factor (7)	AV & Cost Sharing Factor (8)	(8)/(6*7) (9)
55957PA0350005	Bronze	6,000	4,136,472	2,854,798	0.690	0.988	0.682	1.000

Components of AV & Cost Sharing Factor						
HIOS Plan ID	Metal Level	Paid-to- Allowed Ratio	Induced Utilization Factor	Avg. Benefit Richness	URRT Avg Cost Share Factor*	Avg. Tobacco Factor
55957PA0350005	Bronze	0.690	1.000	1.000	0.690	0.988
*Ties to Exhibit II of URRT memorandum where tobacco is treated as calibration and not part of the Cost Share Factor						

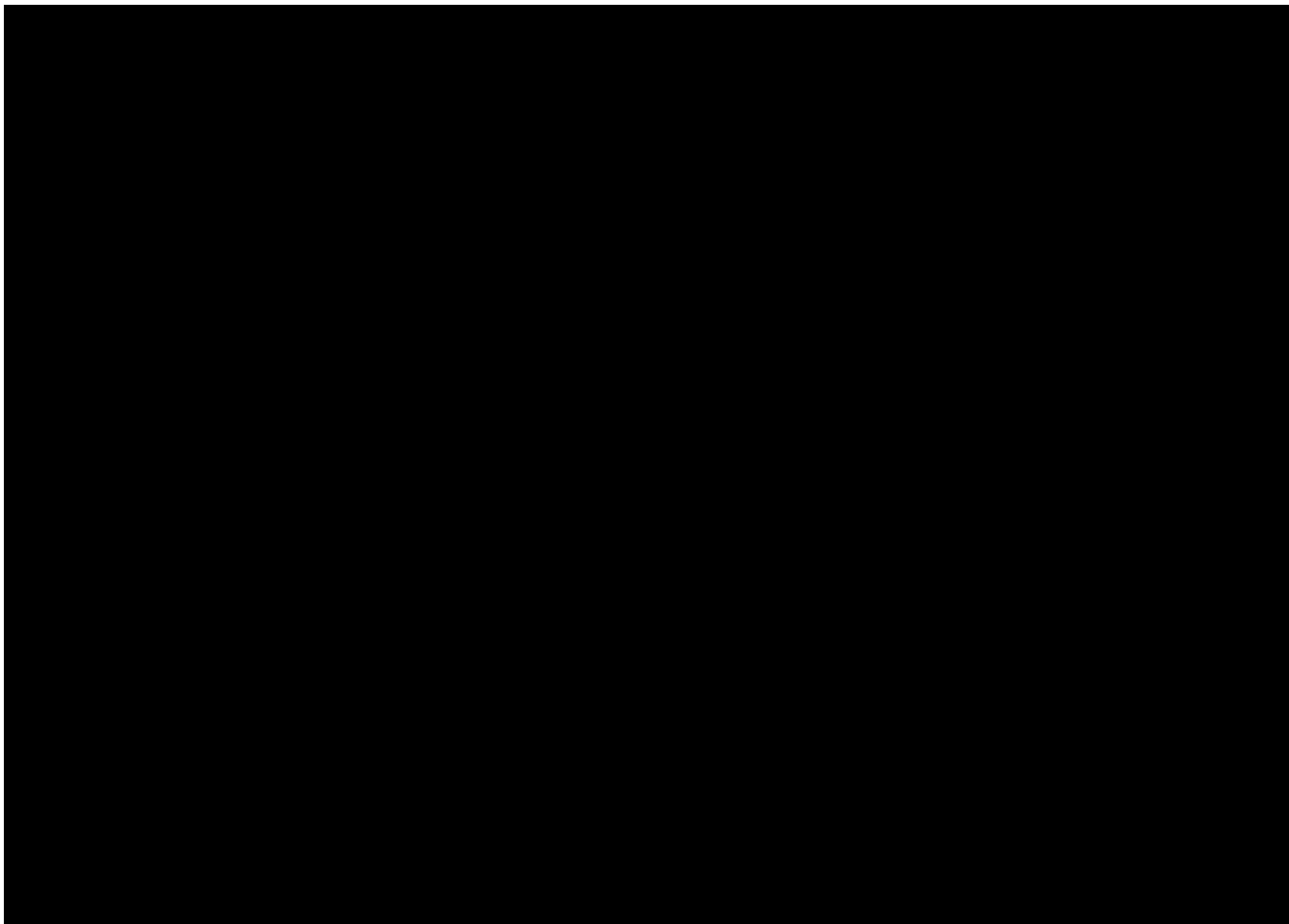
**First Priority Life Insurance Company
Individual Market**

Attachment D - Current Broker Commission Schedule

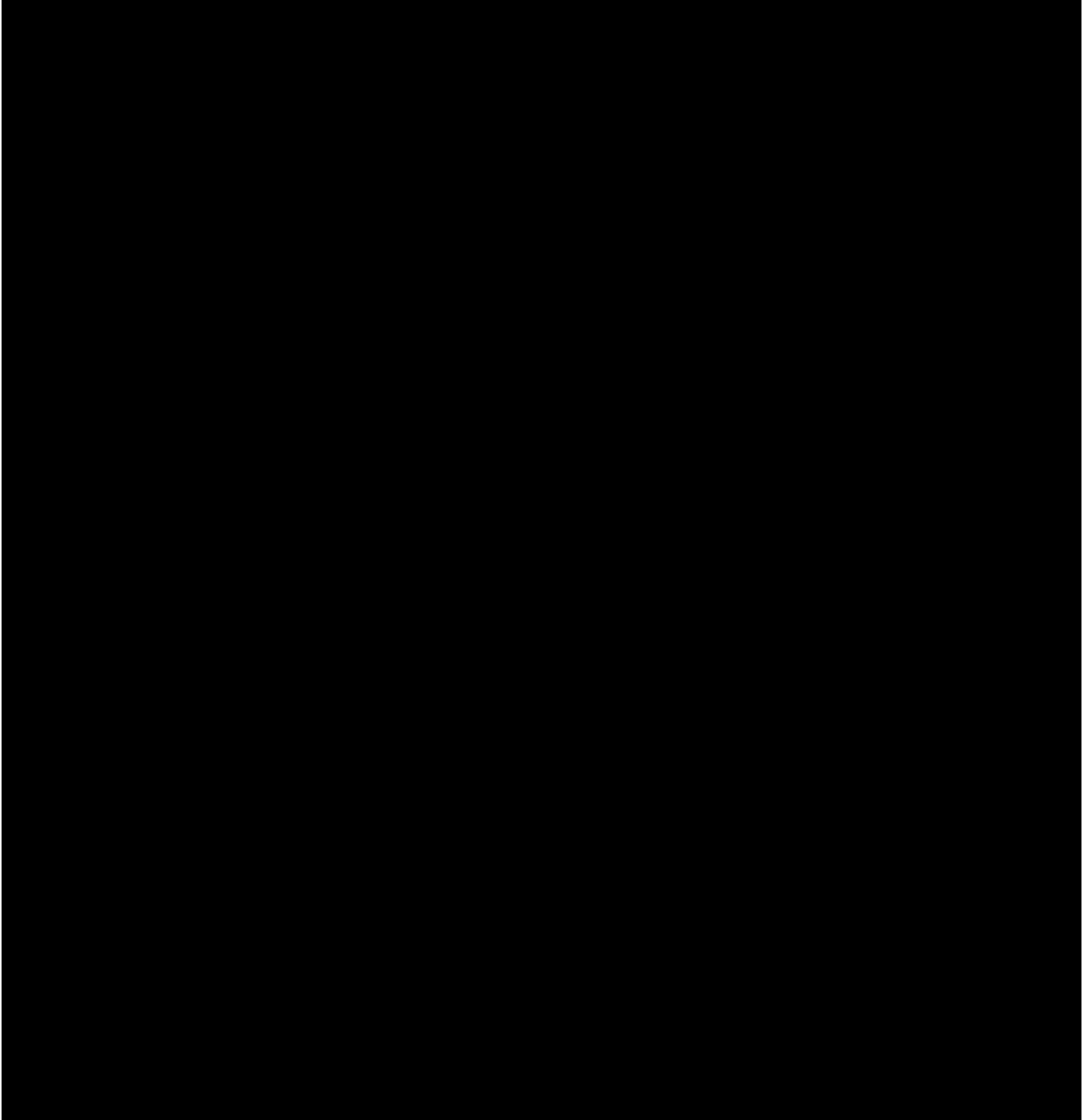
Metal	Current Broker Commission Amount

Attachment E – First Priority Life Insurance Company

Screenshots of HHS AV calculator and Actuarial Certification for Approach 1



First Priority Life Insurance Company
Individual Market Product Portfolio
Effective January 1, 2018



First Priority Life Insurance Company
Form Numbers

<u>HIOS ID</u>	<u>Plan Name</u>	<u>Form Number</u>
55957PA0350005	myBlue Access 7000	FP-1-I-ACCESS-1/1/18



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ACTUARIAL MEMORANDUM

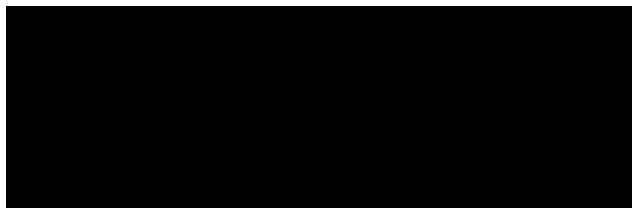
First Priority Life Insurance Company

Revised Individual Rate Filing - January 1, 2018

I, [REDACTED], am a member of the American Academy of Actuaries and meet its qualification standards for preparing individual rate filings. As a consulting actuary, I was requested by First Priority Life Insurance Company ("FPLIC") to review the development of the market-wide base rate for the individual market off the Pennsylvania Exchange. The confidential material presented in this revised filing was prepared for the specific purpose of submitting the rating formula for the Pennsylvania Insurance Department and may not be appropriate for other purposes. This filing represents premium rates for individuals sold or renewed effective January 1, 2018. The rates are guaranteed until December 31, 2018.

To the best of my knowledge and judgment, the following are true with respect to this filing:

1. Premium rates are established in accordance with generally accepted actuarial principles and the applicable Actuarial Standards of Practice. They are not excessive, inadequate, or unfairly discriminatory. Rates are reasonable in relationship to the benefits provided. However, it is certain that actual experience will not conform exactly to the assumptions used in this analysis. To the extent that actual experience is different from the assumptions used in developing the rates, the actual results will also deviate from the projected amounts.
2. In compliance with all applicable Pennsylvania and Federal Statutes and Regulations (45 CFR 156.80(d)(1)).
3. The rating factors and rating methodology are reasonable and consistent with FPLIC's revised business plan at the time of the filing.



Fellow, Society of Actuaries
Member, American Academy of Actuaries
August 7, 2017

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identifivne Information

Carrier Name:	First Priority Life Insurance Company		
Product(s):	PPH		
Market Segment:	Individual		
Rate Effective Date:	01/01/2018	to	12/31/2018
Base Period Start Date	01/01/2016	to	12/31/2016
Date of Most Recent Membership	02/01/2017		

Table 1. Number of Members

	Member-months	Members	Member-months
	Experience Period	Current Period (as of 02-01-2017)	Projected Rating Period
Average Age	43	43	43
Total	423,210	624	6,000
<18	40,836	71	692
18-24	30,005	48	452
25-29	33,555	41	404
30-34	27,000	20	184
35-39	25,524	37	364
40-44	29,362	45	442
45-49	39,640	60	580
50-54	51,010	77	730
55-59	65,161	100	959
60-63	69,045	83	788
64+	12,252	42	399

* 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
\$ 174,653,426.08	\$ 172,658,747.36	\$ 179,575,173.67	423,210	\$ 51,636,710.82	\$ 231,211,884.50	\$ -	\$ (6,329,336.00)	\$ 143,891.40	\$ -	\$ (18,442,360.76)	\$ 7,753,982.00
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											\$ 536.44
Loss Ratio											107.31%

* Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite UBERT Trend **	Weight*
Inpatient Hospital	5.00%	5.71%	0.18%	11.20%	22.33%
Outpatient Hospital	5.00%	5.71%	0.18%	11.20%	36.12%
Professional	5.00%	5.71%	0.18%	11.20%	21.13%
Other Medical	5.00%	5.71%	0.18%	11.20%	1.49%
Capitation				-1.14%	0.06%
Prescription Drugs	5.00%	5.71%	0.18%	11.20%	18.86%
Total Annual Trend				11.19%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.236	

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

** Should = UBERT 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	\$ 83,685,265.58	\$ 4,560,721.20	1.0000	\$ 4,560,721.20	8,812	\$ 517.56	\$ 27,923,445.95	\$ (65,843.53)	\$ 5,672,958.06	\$ 643.78
Feb-14		\$ 5,965,395.28	1.0000	\$ 5,965,395.28	10,819	\$ 551.38		\$ (71,992.07)	\$ 7,011,587.13	\$ 648.08
Mar-14		\$ 7,268,624.05	1.0000	\$ 7,268,624.05	13,115	\$ 554.22		\$ (83,454.37)	\$ 8,564,639.03	\$ 653.04
Apr-14		\$ 8,317,208.95	1.0000	\$ 8,317,208.95	16,276	\$ 498.46		\$ (106,577.40)	\$ 9,892,265.38	\$ 591.43
May-14		\$ 8,464,005.37	1.0000	\$ 8,464,005.37	21,079	\$ 403.54		\$ (124,497.49)	\$ 9,977,669.42	\$ 473.35
Jun-14		\$ 8,188,792.97	1.0000	\$ 8,188,792.97	21,312	\$ 384.23		\$ (137,551.47)	\$ 9,682,527.02	\$ 454.32
Jul-14		\$ 10,577,047.14	1.0000	\$ 10,577,047.14	22,573	\$ 468.57		\$ (149,935.24)	\$ 12,215,197.02	\$ 541.14
Aug-14		\$ 9,756,366.46	1.0000	\$ 9,756,366.46	22,852	\$ 426.94		\$ (140,450.95)	\$ 11,164,389.96	\$ 488.55
Sep-14		\$ 11,358,615.67	1.0000	\$ 11,358,615.67	23,252	\$ 488.51		\$ (151,790.87)	\$ 12,921,381.47	\$ 555.72
Oct-14		\$ 12,903,390.95	0.9999	\$ 12,904,120.91	23,315	\$ 553.47		\$ (169,942.58)	\$ 14,392,914.16	\$ 617.32
Nov-14		\$ 10,661,144.09	1.0000	\$ 10,661,671.07	23,186	\$ 459.83		\$ (170,718.22)	\$ 11,918,423.37	\$ 514.04
Dec-14		\$ 12,172,033.69	1.0000	\$ 12,172,437.52	22,993	\$ 529.40		\$ (207,644.77)	\$ 13,327,200.10	\$ 579.62
Jan-15	\$ 169,717,732.00	\$ 14,012,130.43	0.9998	\$ 14,034,598.57	35,252	\$ 398.12	\$ 56,103,550.93	\$ (242,664.51)	\$ 18,336,171.63	\$ 520.14
Feb-15		\$ 14,851,860.13	0.9998	\$ 14,855,396.07	37,380	\$ 397.41		\$ (238,585.47)	\$ 18,544,882.07	\$ 496.12
Mar-15		\$ 17,728,692.53	0.9997	\$ 17,733,236.31	41,116	\$ 431.30		\$ (334,392.33)	\$ 22,092,838.50	\$ 537.33
Apr-15		\$ 17,532,373.66	0.9997	\$ 17,537,745.90	40,961	\$ 428.15		\$ (333,199.41)	\$ 21,493,222.00	\$ 524.72
May-15		\$ 16,556,246.19	0.9995	\$ 16,565,116.88	40,610	\$ 407.91		\$ (293,815.54)	\$ 20,169,804.11	\$ 496.67
Jun-15		\$ 17,452,615.49	0.9997	\$ 17,458,575.93	40,309	\$ 433.12		\$ (342,566.16)	\$ 21,090,240.94	\$ 521.73
Jul-15		\$ 17,639,090.31	0.9997	\$ 17,645,103.17	40,005	\$ 443.08		\$ (318,276.66)	\$ 21,124,979.57	\$ 528.06
Aug-15		\$ 16,853,306.09	0.9996	\$ 16,860,856.08	39,664	\$ 425.09		\$ (315,569.07)	\$ 20,048,402.76	\$ 505.45
Sep-15		\$ 16,981,788.22	0.9996	\$ 16,988,937.98	39,400	\$ 431.19		\$ (313,466.71)	\$ 20,148,756.54	\$ 511.39
Oct-15		\$ 19,079,685.30	0.9993	\$ 19,093,534.92	39,081	\$ 488.57		\$ (310,936.38)	\$ 22,597,150.04	\$ 578.22
Nov-15		\$ 17,055,250.06	0.9990	\$ 17,072,609.78	38,368	\$ 444.97		\$ (305,256.38)	\$ 20,159,776.86	\$ 525.43
Dec-15		\$ 19,398,035.70	0.9988	\$ 19,421,212.88	37,665	\$ 515.63		\$ (299,665.99)	\$ 22,617,496.56	\$ 600.49
Jan-16	\$ 174,653,426.08	\$ 11,551,009.05	0.9990	\$ 11,609,472.19	34,964	\$ 332.04	\$ 51,636,710.84	\$ (330,606.17)	\$ 17,329,235.11	\$ 495.63
Feb-16		\$ 13,450,914.82	0.9944	\$ 13,526,509.51	36,134	\$ 374.34		\$ (368,162.45)	\$ 19,294,060.98	\$ 533.96
Mar-16		\$ 14,460,127.36	0.9919	\$ 14,549,107.44	37,072	\$ 392.46		\$ (385,041.08)	\$ 20,177,648.50	\$ 544.28
Apr-16		\$ 13,957,107.37	0.9911	\$ 14,081,769.60	36,749	\$ 383.19		\$ (361,916.63)	\$ 18,968,381.41	\$ 516.16
May-16		\$ 16,061,313.03	0.9922	\$ 16,187,995.68	36,279	\$ 446.21		\$ (399,799.16)	\$ 20,948,070.16	\$ 577.42
Jun-16		\$ 15,183,240.77	0.9897	\$ 15,341,798.45	35,852	\$ 427.92		\$ (374,460.46)	\$ 19,622,913.76	\$ 547.33
Jul-16		\$ 15,180,528.34	0.9886	\$ 15,386,263.44	35,473	\$ 434.76		\$ (365,350.54)	\$ 19,146,184.37	\$ 539.74
Aug-16		\$ 15,268,373.51	0.9823	\$ 15,543,018.52	35,076	\$ 443.12		\$ (373,189.03)	\$ 19,553,239.54	\$ 557.40
Sep-16		\$ 14,276,932.90	0.9713	\$ 14,698,709.29	34,777	\$ 422.66		\$ (343,582.31)	\$ 18,007,315.52	\$ 517.79
Oct-16		\$ 14,001,348.28	0.9537	\$ 14,681,783.37	34,339	\$ 427.55		\$ (336,092.74)	\$ 17,615,211.31	\$ 512.98
Nov-16		\$ 15,248,756.21	0.8999	\$ 17,021,407.73	33,760	\$ 504.19		\$ (361,976.70)	\$ 18,967,526.65	\$ 561.83
Dec-16		\$ 14,019,095.71	0.8272	\$ 16,946,838.43	32,734	\$ 517.71		\$ (329,238.71)	\$ 17,254,770.20	\$ 527.12

* Express Completion Factor as a percentage

Carrier Name:

Product(s):

Market Segment:

Rate Effective Date:

First Priority Life Insurance Company

PPD

Individual

01/01/2018

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
											\$ -
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											\$ -
Loss Ratio											0.00%

*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				0.00%	
Outpatient Hospital				0.00%	
Professional				0.00%	
Other Medical				0.00%	
Capitation					
Prescription Drugs				0.00%	
Total Annual Trend				0.00%	0.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.000	

* 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				#DIV/0!		#DIV/0!				#DIV/0!
Feb-14				#DIV/0!		#DIV/0!				#DIV/0!
Mar-14				#DIV/0!		#DIV/0!				#DIV/0!
Apr-14				#DIV/0!		#DIV/0!				#DIV/0!
May-14				#DIV/0!		#DIV/0!				#DIV/0!
Jun-14				#DIV/0!		#DIV/0!				#DIV/0!
Jul-14				#DIV/0!		#DIV/0!				#DIV/0!
Aug-14				#DIV/0!		#DIV/0!				#DIV/0!
Sep-14				#DIV/0!		#DIV/0!				#DIV/0!
Oct-14				#DIV/0!		#DIV/0!				#DIV/0!
Nov-14				#DIV/0!		#DIV/0!				#DIV/0!
Dec-14				#DIV/0!		#DIV/0!				#DIV/0!
Jan-15				#DIV/0!		#DIV/0!				#DIV/0!
Feb-15				#DIV/0!		#DIV/0!				#DIV/0!
Mar-15				#DIV/0!		#DIV/0!				#DIV/0!
Apr-15				#DIV/0!		#DIV/0!				#DIV/0!
May-15				#DIV/0!		#DIV/0!				#DIV/0!
Jun-15				#DIV/0!		#DIV/0!				#DIV/0!
Jul-15				#DIV/0!		#DIV/0!				#DIV/0!
Aug-15				#DIV/0!		#DIV/0!				#DIV/0!
Sep-15				#DIV/0!		#DIV/0!				#DIV/0!
Oct-15				#DIV/0!		#DIV/0!				#DIV/0!
Nov-15				#DIV/0!		#DIV/0!				#DIV/0!
Dec-15				#DIV/0!		#DIV/0!				#DIV/0!
Jan-16				#DIV/0!		#DIV/0!				#DIV/0!
Feb-16				#DIV/0!		#DIV/0!				#DIV/0!
Mar-16				#DIV/0!		#DIV/0!				#DIV/0!
Apr-16				#DIV/0!		#DIV/0!				#DIV/0!
May-16				#DIV/0!		#DIV/0!				#DIV/0!
Jun-16				#DIV/0!		#DIV/0!				#DIV/0!
Jul-16				#DIV/0!		#DIV/0!				#DIV/0!
Aug-16				#DIV/0!		#DIV/0!				#DIV/0!
Sep-16				#DIV/0!		#DIV/0!				#DIV/0!
Oct-16				#DIV/0!		#DIV/0!				#DIV/0!
Nov-16				#DIV/0!		#DIV/0!				#DIV/0!
Dec-16				#DIV/0!		#DIV/0!				#DIV/0!

* Express Completion Factor as a percentage

PA Rate Template Part II
Rate Development and Change

Carrier Name:	First Priority Life Insurance Company
Product(s):	PPD
Market Segment:	Individual
Rate Effective Date:	01/01/2018

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	\$ 536.44	\$ -	< Actual Experience PMPM should be consistent with the Index Rate for Experience Period on URRT
Two year trend projection Factor	1.236	1.000	
Unadjusted Projected Allowed EHB Claims PMPM	\$ 663.27	\$ -	
Single Risk Pool Adjustment Factors			
Change in Morbidity	1.060		< See URRT Instructions
Change in Other	0.981	0.000	
Change in Demographics	1.030		< See URRT Instructions
Change in Network	0.958		< See URRT Instructions
Change in Benefits	1.000		< See URRT Instructions
Change in Other	0.995		< See URRT Instructions
Total Adjusted Projected Allowed EHB Claims PMPM	\$ 689.41	\$ -	
Credibility Factors	100%	0%	< See Instructions
Blended Projected EHB Claims PMPM		\$ 689.41	< Projected Index Rate
Development of the Market-Adjusted Index Rate and Total Allowed Claims			
Adjusted Projected Allowed EHB Claims PMPM	\$ 689.41		< Index Rate for Projection Period on URRT - Individual or First Quarter Small Group
Adjusted Projected Allowed EHB Claims PMPM [will only populate for small group filings]			< Index Rate for Projection Period on URRT - Small Group
Projected Paid to Allowed Ratio	0.690		< Paid to Allowed Average Factor in Projection Period on URRT
Projected Paid EHB Claims PMPM	\$ 475.80		
Market-wide Adjustments			
Projected Risk Adjustment PMPM	\$ (12.01)		
Projected Paid Exchange User Fees PMPM	\$ -		
Market-Adjusted Projected Paid EHB Claims PMPM	\$ 487.81		
Market-Adjusted Projected Allowed EHB Claims PMPM	\$ 706.81		< Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM	\$ -		
Market-Adjusted Projected Paid Total Claims PMPM	\$ 487.81		
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 706.81		

Table 6. Retention

Retention Items - Express in percentages	
Administrative Expenses	8.75%
General and Claims	8.41%
Agent/Broker Fees and Commissions	0.00%
Quality Improvement Initiatives	0.34%
Taxes and Fees	5.44%
PCORN Fees (Enter \$ amount here: \$0.21)	0.04%
Pa Premium Tax (if applicable)	2.00%
Federal Income Tax	0.00%
Health Insurance Providers Fee	3.40%
Profit/Contingency (after tax)	0.00%
Total Retention	14.19%
Projected Required Revenue PMPM	\$ 568.46

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

Table 8. Components of Rate Change

Rate Components	2017	2018	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	278.673421	312.6028964	\$33.93	12.2%
B. Base period allowed claims before normalization	\$ 527.44	\$ 536.44	\$9.00	3%
C. Normalization factor component of change	\$ (197.78)	\$ -229.791409	\$-32.01	-\$0.11
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 329.65	\$ 306.65	\$ (23.01)	-8%
D2. URRT Trend	\$ 70.84	\$ 72.50	\$ 1.66	1%
D3. URRT Morbidity	\$ (0.11)	\$ 22.57	\$ 22.68	8%
D4. URRT Other	\$ (13.16)	\$ (7.62)	\$ 5.54	2%
D5. Normalized URRT RA/Ri on an allowed basis	\$ 20.88561183	\$ 9.944978223	\$ (10.94)	-4%
D6. Normalized Exchange User Fee on an allowed basis	\$ -	\$ -	\$ -	0%
D7. Subtotal - Sum(D1-D6)	\$ 408.10	\$ 404.04	\$ (4.06)	-1%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ (40.89)	\$ -15.35342349	\$ 25.54	9%
E2. Pricing AV	\$ (124.03)	\$ (120.43)	\$ 3.59	1%
E3. Benefit Richness	\$ -	\$ -	\$ -	0%
E4. Catastrophic Eligibility	\$ -	\$ -	\$ -	0%
E5. Subtotal - Sum(E1-E4)	\$ (164.92)	\$ (135.79)	\$ 29.13	10%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 29.81	\$ 27.36	\$ (2.45)	-1%
F2. Taxes and Fees	\$ 5.68	\$ 16.99	\$ 11.31	4%
F3. Profit and/or Contingency	\$ -	\$ -	\$ -	0%
F4. Subtotal - Sum(F1-F3)	\$ 35.49	\$ 44.35	\$ 8.86	3%
G. Change in Miscellaneous Items		\$ -	\$ -	0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 278.67	\$ 312.60	\$ 33.93	12%

For informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 536.44	< Index Rate of Experience Period on URRT
Blended Earned Premium	\$ 174,653,426.08	
Blended Loss Ratio	107.31%	

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

Effective Date	01/01/2018	04/01/2018	07/01/2018	10/01/2018	Total Single Risk Pool
# of Member Months Renewing in Quarter					-
Adjusted Projected Allowed EHB Claims PMPM Q1	\$ 689.41	\$ 689.41	\$ 689.41	\$ 689.41	\$ 689.41
Months of Trend	-	3	6	9	
Annual Trend	11.19%	11.19%	11.19%	11.19%	
Single Risk Pool Projected Allowed Claims	\$ 689.41	\$ 707.95	\$ 726.98	\$ 746.52	\$ -
Quarterly Trend Factor	100.0%	102.7%	105.4%	108.3%	0.0%
2018 Trend Factors by Quarter	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2017	2018
Average Age Factor	1.758	1.796
Average Geographic Factor	1.000	1.000
Average Tobacco Factor	1.011	1.013
Average Benefit Richness (induced demand)	1.000	1.000
Average Network Factor	0.900	0.962
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 652.95	\$ 706.81
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 408.10	\$ 404.04

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

	2017	2018	
Paid-to-Allowed	0.662	0.690	
URRT Trend (Total Applied Trend Factor)	1.215	1.236	< URRT W1, S2
URRT Morbidity	1.000	1.060	< URRT W1, S2
URRT "Other"	0.962	0.983	< URRT W1, S2
Risk Adjustment	\$ 22.13	\$ 12.01	< URRT W1, S3
Exchange User Fee	\$ -	\$ -	< URRT W1, S3
Capitation	\$ -	\$ -	< URRT W1, S2
Network	0.900	0.962	
Pricing AV	0.662	0.690	
Benefit Richness	1.000	1.000	
Catastrophic Eligibility	1.000	1.000	
Administrative Expenses	10.70%	8.75%	
Taxes and Fees	2.04%	5.44%	
Profit and/or Contingency	0.00%	0.00%	

PA Rate Template Part III

Table 10. Plan Rates

Carrier Name: First Priority Life Insurance Company
Product(s): PPO
Market Segment: Individual
Rate Effective Date: 01/01/2018
Base Period Start Date: 01/01/2016
Date of Most Recent Membership: 02/01/2017
Market Adjusted Index Rate: \$ 706.81

Calibration	
Age Calibration Factor	1.796
Geographic Calibration Factor	1.000
Aggregate Calibration Factor	1.796

Total Covered Lives @ 02-01-2017
624

Date of Most Recent Membership		02/01/2017																			45 CFR Part 156.8 (d) (2) Allowable Factors																	
Market Adjusted Index Rate		\$ 706.81																																				
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,D,N, 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														
Totals							0.649			0.690	1.000	1.000	1.000	1.000	0.988	\$ 481.73	8.8%	5.4%	0.0%	624	446	\$ 278.67	\$ 312.60	12.18%														
Plan 1	559579A0350005	PPO	myBlue Access 7000	M	559579A0350005	Bronze	0.649	Approach (1)	Off	0.690	1.000	1.000	1.000	1.000	0.988	\$481.73	8.8%	5.4%	0.0%	624	446	\$ 278.67	\$ 312.60	12.2%														

<div>% of Total Covered Lives</div>	02-01-2017 Number of Covered Lives by Rating Area										<div>2018 Continued/Discontinued Plans Indicator</div>
	1	2	3	4	5	6	7	8	9	Total	
	-	-	624	-	-	-	-	-	-	624	
100.0%			624							624	1

PA Rate Template Part IV A - Individual

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

Carrier Name: First Priority Life Insurance Company
Product(s): PPO
Market Segment: Individual
Rate Effective Date: 01/01/2018

Plan Number	HIOS Plan ID (Standard Component)	1/1/17 Plan Marketing Name	Discontinued, New, Modified, Existing (D,N,M,E) for 2018	1/1/18 Plan HIOS PLAN ID (If 1/1/17 Plan Discontinued)	Metallic Tier	Exchange On/Off or Off
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Totals	These cells auto-fill using the data entered in Table 10.					
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Plan 1	55957PA0350005	myBlue Access 7000	M	55957PA0350005	Bronze	Off
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2017 21-year-old, Non-Tobacco Premium PMPM									
1	2	3	4	5	6	7	8	9	(weighted by enrollment by rating area)
\$ -	\$ -	\$ 278.67	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278.67
\$ -	\$ -	\$ 278.67	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278.67

2018 21-year-old, Non-Tobacco Premium PMPM									
1	2	3	4	5	6	7	8	9	(weighted by enrollment by rating area)
\$ -	\$ -	\$ 312.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312.60
\$ -	\$ -	\$ 312.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312.60

Change in 21-year-old Non-Tobacco Premium PMPM									
1	2	3	4	5	6	7	8	9	(weighted by enrollment by rating area)
0.0%	0.0%	12.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.2%
		12.2%							12.2%

PA Rate Quarterly Template Part V Consumer Factors

Carrier Name:	First Priority Life Insurance Company
Product(s):	PPO
Market Segment:	Individual
Rate Effective Date:	01/01/2018

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	1.100
15	0.833			41	1.302	1.105
16	0.859			42	1.325	1.112
17	0.885			43	1.357	1.121
18	0.913	1.000		44	1.397	1.132
19	0.941	1.000		45	1.444	1.145
20	0.970	1.000		46	1.500	1.160
21	1.000	1.025		47	1.563	1.177
22	1.000	1.025		48	1.635	1.196
23	1.000	1.025		49	1.706	1.217
24	1.000	1.025		50	1.786	1.225
25	1.004	1.025		51	1.865	1.225
26	1.024	1.025		52	1.952	1.225
27	1.048	1.025		53	2.040	1.225
28	1.087	1.025		54	2.135	1.225
29	1.119	1.025		55	2.230	1.225
30	1.135	1.025		56	2.333	1.225
31	1.159	1.025		57	2.437	1.225
32	1.183	1.025		58	2.548	1.225
33	1.198	1.025		59	2.603	1.225
34	1.214	1.025		60	2.714	1.225
35	1.222	1.025		61	2.810	1.225
36	1.230	1.025		62	2.873	1.225
37	1.238	1.025		63	2.952	1.225
38	1.246	1.025		64+	3.000	1.225
39	1.262	1.025				

*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	Clinton, Pike, Sullivan, Susquehanna, Tioga, Wayne, Wyoming,	1.000	1.000
Rating Area 4			
Rating Area 5			
Rating Area 6			
Rating Area 7			
Rating Area 8			
Rating Area 9			

Table 14. Network Factors

[illegible]

First Priority Life Insurance Company

Northeastern PA Region

Plan Design Summary

HIOS Plan ID	Plan Design Marketing Name	Product	Metal	On/Off Exchange	Network Service Zone	Rating Area	Counties Covered
55957PA0350005	myBlue Access 7000	PPO	Bronze	Off	S	3	Clinton, Pike, Sullivan, Susquehanna, Tioga, Wayne, Wyoming,

Company Name: First Priority Life Insurance Company
Market: Individual
Product(s): PPO
Effective Date of Rates: January 1, 2018 - December 31, 2018

HIOS Plan ID (On Exchange) =>	N/A	
HIOS Plan ID (Off Exchange) =>	55957PA0350005	
Plan Marketing Name =>	myBlue Access 7000	
Form # =>	FP-1-I-ACCESS-1/1/18	
Rating Area =>	Area 3	
Network / Service Zone =>	S	
Metal =>	Bronze	
Deductible =>	\$7,000	
Coinsurance =>	70%	
Copays =>	\$60 PCP	
OOP Max =>	\$7,350	
Pediatric Dental =>	Yes	
Age Band	Non-Tobacco	Tobacco
0-14	\$239.14	\$239.14
15	\$260.40	\$260.40
16	\$268.52	\$268.52
17	\$276.65	\$276.65
18	\$285.40	\$285.40
19	\$294.16	\$294.16
20	\$303.22	\$303.22
21	\$312.60	\$320.42
22	\$312.60	\$320.42
23	\$312.60	\$320.42
24	\$312.60	\$320.42
25	\$313.85	\$321.70
26	\$320.10	\$328.10
27	\$327.60	\$335.79
28	\$339.80	\$348.30
29	\$349.80	\$358.55
30	\$354.80	\$363.67
31	\$362.30	\$371.36
32	\$369.81	\$379.06
33	\$374.49	\$383.85
34	\$379.50	\$388.99
35	\$382.00	\$391.55
36	\$384.50	\$394.11
37	\$387.00	\$396.68
38	\$389.50	\$399.24
39	\$394.50	\$404.36
40	\$399.50	\$439.45
41	\$407.01	\$449.75
42	\$414.20	\$460.59
43	\$424.20	\$475.53
44	\$436.70	\$494.34
45	\$451.39	\$516.84
46	\$468.90	\$543.92
47	\$488.59	\$575.07
48	\$511.10	\$611.28
49	\$533.30	\$649.03
50	\$558.30	\$683.92
51	\$583.00	\$714.18
52	\$610.20	\$747.50
53	\$637.70	\$781.18
54	\$667.40	\$817.57
55	\$697.10	\$853.95
56	\$729.30	\$893.39
57	\$761.81	\$933.22
58	\$796.50	\$975.71
59	\$813.70	\$996.78
60	\$848.40	\$1,039.29
61	\$878.41	\$1,076.05
62	\$898.10	\$1,100.17
63	\$922.80	\$1,130.43
64	\$937.80	\$1,148.81
65+	\$937.80	\$1,148.81

Company Name First Priority Life Insurance Company
Market Individual
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

RATING AREA 1

RATING AREA 2

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Crawford	Clarion	Erie	Forest	Mckean	Mercer	Venango	Warren	Elk	Cameron	Potter
55957PA0350005	myBlue Access 7000	PPO	Bronze	Off											

Company Name First Priority Life Insurance Company
Market Individual
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

RATING AREA 3

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Bradford	Carbon	Clinton	Lackawanna	Luzerne	Lycoming	Monroe	Pike	Sullivan	Susquehanna	Tioga	Wayne	Wyoming
55957PA0350005	myBlue Access 7000	PPO	Bronze	Off			\$312.60					\$312.60	\$312.60	\$312.60	\$312.60	\$312.60	\$312.60

Company Name First Priority Life Insurance Company
Market Individual
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

RATING AREA 4

RATING AREA 5

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Allegheny	Armstrong	Beaver	Butler	Fayette	Greene	Indiana	Lawrence	Washington	Westmoreland	Bedford	Blair	Clearfield	Cambria	Huntingdon	Jefferson	Somerset
55957PA0350005	myBlue Access 7000	PPO	Bronze	Off																	

Company Name First Priority Life Insurance Company
Market Individual
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

RATING AREA 6

RATING AREA 7

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange
55957PA0350005	myBlue Access 7000	PPO	Bronze	Off

Company Name First Priority Life Insurance Company
Market Individual
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

RATING AREA 8**RATING AREA 9**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange
55957PA0350005	myBlue Access 7000	PPO	Bronze	Off

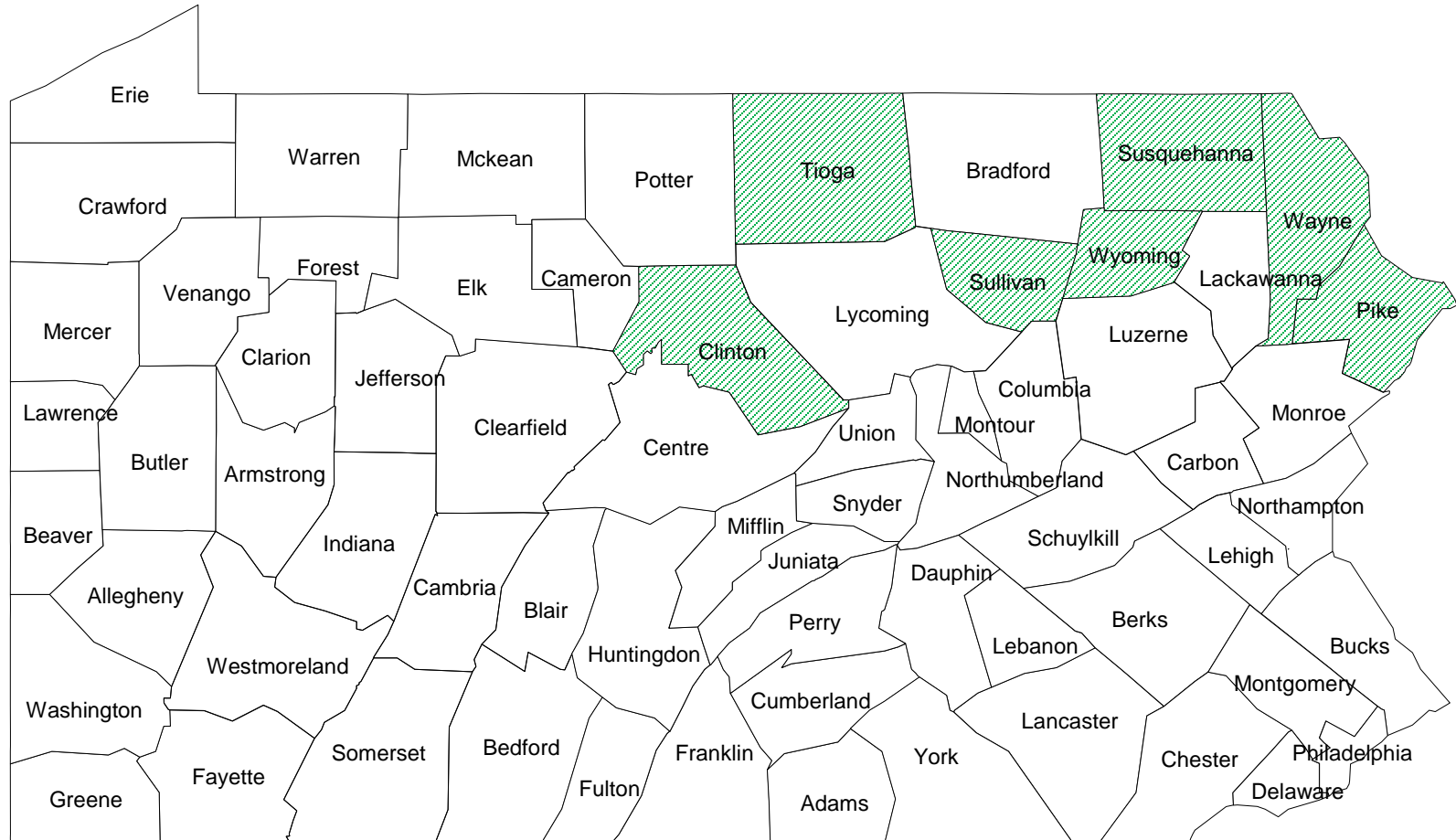
Bucks	Chester	Delaware	Montgomery	Philadelphia
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Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry
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2017 Service Area


Issuer: First Priority Life Insurance Company (FPLIC)

Market: Individual



Key (*modify as needed*)

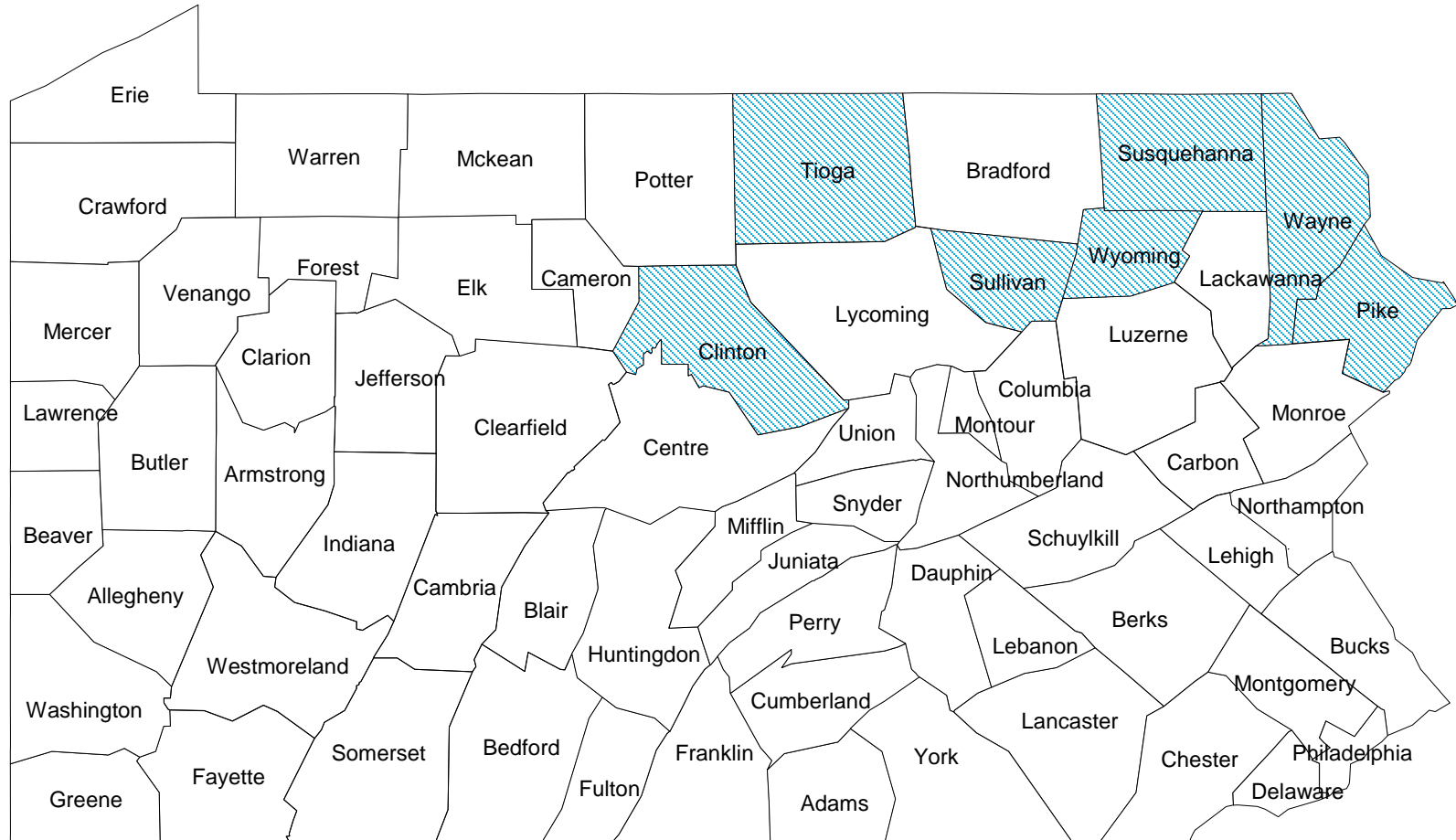
 : 2017 on-exchange service area

 : 2017 off-exchange only service area

2018 Service Area


Issuer: First Priority Life Insurance Company (FPLIC)

Market: Individual



Key (*modify as needed*)

 : 2018 on-exchange service area

 : 2018 off-exchange only service area

1	Unified Rate Review v4.2																								
2																									
3	Company Legal Name:		FPLIC				State:		PA																
4	HIOS Issuer ID:		55957				Market:		Individual																
5	Effective Date of Rate Change(s): 01/01/2018																								
6																									
7																									
8	Market Level Calculations (Same for all Plans)																								
9																									
10																									
11	Section I: Experience period data																								
12	Experience Period:		01/01/2016				to		12/31/2016																
13					Experience Period																				
14					Aggregate Amount		PMPM		% of Prem																
15	Premiums (net of MLR Rebate) in Experience Period:		\$174,653,426		\$412.69		100.00%																		
16	Incurred Claims in Experience Period		\$175,389,729		414.43		100.42%																		
17	Allowed Claims:		\$227,026,440		536.44		129.99%																		
18	Index Rate of Experience Period				\$536.44																				
19	Experience Period Member Months		423,210																						
20	Section II: Allowed Claims, PMPM basis																								
21																									
22																									
23																									
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49																									
50																									

Company Legal Name:
HIOS Issuer ID:
Effective Date of Rate Change(s):

FPLIC
55957
01/01/2018

Section I: General Product and Plan Information

Section I: General Product and Plan Information									
Product ID:	myBlue Choice LP 55957PA032	myBlue Access LP 55957PA033			myBlue Access 55957PA035			myBlue Care 55957PA036	
Metal:	Bronze	Bronze	Silver	Gold	Silver	Catastrophic	Bronze	Gold	
AV Metal Value	0.617	0.618	0.702	0.815	0.719	0.010	0.649	0.802	
AV Pricing Value	0.010	0.010	0.010	0.010	0.010	0.010	0.804	0.010	
Plan Category	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Renewing	Terminated	
Plan Type:	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	
Plan Name	myBlue Choice LP 5500	myBlue Access LP 4600	myBlue Access LP 3500	myBlue Access LP 1500	myBlue Access 1500	myBlue Access 6850	myBlue Access 7000	myBlue Access Gold	
Plan ID (Standard Component ID):	55957PA0320001	55957PA0330001	55957PA0330002	55957PA0330003	55957PA0350001	55957PA0350004	55957PA0350005	55957PA0360000	
Exchange Plan?	No	No	No	No	No	No	No	No	
Historical Rate Increase - Calendar Year - 2	0.00%		0.00%			5.53%		No	0.00%
Historical Rate Increase - Calendar Year - 1	0.00%		0.00%			18.80%		No	0.00%
Historical Rate Increase - Calendar Year 0	0.00%		0.00%			45.82%		No	0.00%
Effective Date of Proposed Rates	01/01/2016	01/01/2016	01/01/2016	01/01/2016	01/01/2016	01/01/2016	01/01/2018	01/01/2016	
Rate Change % (over prior filing)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	12.18%	0.00%	
Cum'lve Rate Change % (over 12 mos prior)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	12.18%	0.00%	
Prod'd Per Rate Change % (over Exper. Period)	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	64.27%	-100.00%	
Product Rate Increase %	0.00%		0.00%			12.18%		0.00%	

[illegible]

Average Current Rate PMPM	\$506.76	\$428.59	\$319.87	\$409.32	\$492.66	\$428.52	\$226.07	\$506.76	\$465.41
Projected Member Months	6,000	0	0	0	0	0	0	6,000	0

Plan ID (Standard Component ID):	Total	5957PA0320001	5957PA0330001	5957PA0330002	5957PA0330003	5957PA0350001	5957PA0350004	5957PA0350005	5957PA0360000
Plan Adjusted Index Rate	\$421.82	\$426.79	\$318.52	\$407.61	\$490.60	\$426.73	\$225.12	\$346.06	\$463.44
Member Monthly	423.211	3.632	58.725	48.730	76.740	154.053	6.787	9.029	62.511
Total Premium (TP)	\$174,672,969	\$1,576,440	\$19,388,067	\$21,260,236	\$35,805,407	\$66,115,788	\$926,771	\$3,028,282	\$26,572,333
EHB Percent of TP, [see instructions]	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Allowed Claims (TAC)	\$227,026,430	\$3,922,383	\$14,440,286	\$28,582,143	\$67,545,514	\$73,394,648	\$566,719	\$2,645,563	\$35,929,177
EHB Percent of TAC, [see instructions]	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TAC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Allowed Claims which are not the issuer's obligation:	\$40,946,391	\$1,518,804	-\$4,867,696	\$7,508,667	\$22,504,493	\$8,922,582	\$244,755	-\$10,132	\$5,124,919
Portion of above payable by HHS's funds on behalf of insured person, in dollars	\$0								
Portion of above payable by HHS on behalf of insured person, as %	0.00%								
Total Incurred Claims, payable with issuer funds	\$186,080,039	\$2,403,579	\$19,307,982	\$21,073,477	\$45,041,021	\$64,472,066	\$321,965	\$2,655,695	\$30,804,255
Net Amt of Reim	\$6,801,757.25	\$422,509.82	\$315,056.00	\$565,122.63	\$2,971,520.53	\$1,525,805.32	-\$15,270.75	\$54,133.03	\$962,880.66
Net Amt of Risk Adj	-\$18,505,842.61	\$522,790.13	-\$116,156.12	-\$952,590.82	\$8,496,328.36	-\$11,958,214.74	-\$151,176.41	-\$1,055,585.86	-\$2,250,862.55
Incurred Claims: PMPM	\$439.69	\$661.78	\$328.79	\$423.76	\$572.02	\$418.51	\$47.44	\$584.13	\$492.77
Allowed Claims PMPM	\$536.44	\$1,079.95	\$245.90	\$574.75	\$857.83	\$476.42	\$83.50	\$293.01	\$574.77
FHB portion of Allowed Claims: PMPM	\$536.44	\$1,079.95	\$245.90	\$574.75	\$857.83	\$476.42	\$83.50	\$293.01	\$574.77

Plan ID (Standard Component ID):	Total	55957PA0320001	55957PA0330001	55957PA0330002	55957PA0330003	55957PA0350001	55957PA0350004	55957PA0350005	55957PA0360000
Plan Adjusted Index Rate	\$568.46	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$568.46	\$0.00
Member Months	6,000							6,000	
Total Premium (TP)	\$3,410,750	\$0	\$0	\$0	\$0	\$0	\$0	\$3,410,750	\$0
EHB Percent of TP, [see instructions]	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TP	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	100.00%
Total Allowed Claims (TAC)	\$4,136,472	\$0	\$0	\$0	\$0	\$0	\$0	\$4,136,472	\$0
EHB Percent of TAC, [see instructions]	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TAC	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	100.00%
Allowed Claims which are not the issuer's obligation	\$1,210,473	\$0	\$0	\$0	\$0	\$0	\$0	\$1,210,473	\$0
Portion of above payable by HHS's funds on behalf of insured person, in dollars	\$0								
Portion of above payable by HHS on behalf of insured person, as %	0.00%								
Total Incurred claims, payable with issuer funds	\$2,925,999	\$0	\$0	\$0	\$0	\$0	\$0	\$2,925,999	\$0
Net Amt of Rein	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Amt of Risk Adj	-\$72,041	\$0	\$0	\$0	\$0	\$0	\$0	-\$72,041	\$0
Incurred Claims, PMPM	\$487.67	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$487.67	#DIV/0!
Allowed Claims PMPM	\$689.41	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$689.41	#DIV/0!
FHB portion of Allowed Claims PMPM	\$689.41	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$689.41	#DIV/0!

Part II of the Preliminary Justification

First Priority Life Insurance Company – Individual Market

Scope and Range:

First Priority Life Insurance Company (FPLIC) is requesting an average rate increase of 12.2% ranging from 12.2% to 12.2% for the 2018 ACA-qualifying individual products with effective dates from January 1, 2018 to December 31, 2018. This is projected to affect 500 members.

These premium rates are being set at a level that is required to adequately cover rising costs, primarily due to increasing medical and pharmacy services in the Individual market and the re-introduction of the federal insurer fee. In addition, rates are being increased to reflect uncertainties for the Individual market at the time of this filing related to the health insurance coverage mandate.

Historical Financial Experience:

FPLIC incurred a substantial underwriting loss in its Individual ACA programs in 2016. This loss is net of the expected risk adjustment and federal reinsurance programs.

Change in Medical Service Costs:

The projected average cost of medical care for the projected population is expected to increase. The increase will emerge in utilization and average cost per service, and is spread across all types of services.

Change in Benefits and Cost Sharing:

Some cost sharing parameters were changed in order to maintain compliance with Federal AV requirements. Additionally, some out of pocket maximum parameters were changed to keep up with the rising cost of health care. These out of pocket maximum changes also aided in mitigating the rate increase.

Administrative Costs and Anticipated Operating Results:

Overall, administrative costs as a percentage of premium is less in 2018 than 2017. The anticipated operating results are not excessive or unreasonable. In accordance with regulations, the projected medical loss ratio is over 80%.

Part III Actuarial Memorandum
First Priority Life Insurance Company
Individual Rate Filing
Effective January 1, 2018

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I. General Information

Document Overview

This document contains the Part III Actuarial Memorandum for First Priority Life Insurance Company's (FPLIC) individual block of business rate filing, for products with an effective date of January 1, 2018. This actuarial memorandum is submitted in conjunction with the Part I Unified Rate Review Template.

The purpose of the actuarial memorandum is to provide certain information related to the submission, including support for the values entered into the Part I Unified Rate Review Template, which supports compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes.

This information is intended for use by the Pennsylvania Insurance Department, the Center for Consumer Information and Insurance Oversight (CCHIO), and their subcontractors to assist in the review of FPLIC's rate filing. However, we recognize that this certification may become a public document. FPLIC makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this actuarial memorandum that would result in the creation of any duty or liability under any theory of law by FPLIC.

The results are actuarial projections. Actual experience is likely to differ for a number of reasons, including population changes, claims experience, and random deviations from assumptions.

I.1 Company Identifying Information:

- Company Legal Name: First Priority Life Insurance Company
- State: The Commonwealth of Pennsylvania has regulatory authority over these policies.
- HIOS Issuer ID: 55957
- Market: Individual
- Effective Date: January 1, 2018

I.2 Company Contact Information:

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

II. Proposed Rate Increase(s)

For all rate increases by plan see the 'Cum'lative Rate Change % (over 12 mos prior)' found in Worksheet 2 Row 27 of the URRT. The rate increase varies by plan due to an update in several of our pricing factors and changes in cost sharing required to meet Actuarial Value and other cost sharing restrictions under the Affordable Care Act as well as mappings between discontinued and new plans.

The primary drivers of the rate increase are increasing medical and pharmacy services in the Individual market and the re-introduction of the federal insurer fee. In addition, rates are being increased to reflect uncertainties for the Individual market at the time of this filing related to the health insurance coverage mandate and the payment of cost sharing reduction (CSR) payments. The impact of the uncertainty related to the coverage mandate is discussed in section V.1 below. The impact of the CSR payments does not impact this filing.

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. In accordance with the Department's guidance, we have assumed that the ACA health insurance coverage mandate will be eliminated, and that cost sharing reduction (CSR) payments will cease for 2018. Additional assumptions include that advance payment of premium credits (APTCs) will continue until the end of 2018, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2018. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, FPLIC reserves the right to submit a revised filing.

III. Experience Period Premium and Claims

III.1 Paid through Date:

Experience Period claims were based on incurred calendar year 2016, paid through January 2017. This includes 2016 experience in Affordable Care Act compliant plans. FPLIC did not offer any transitional plans in 2016.

III.2 Premiums (net of MLR Rebate) in Experience Period:

The premiums shown for the experience period were based on calendar year 2016 actual revenues.

Based on preliminary information for calendar year 2016, no MLR rebates are anticipated to be refunded to enrollees. Therefore, we did not include an adjustment for MLR rebates in the 2016 premium amounts.

III.3 Allowed and Paid Claims Incurred During the Experience Period:

- **Historical Experience:** We chose FPLIC's current experience for the individual block of business for the period January 1, 2016 through December 31, 2016, with claims paid through January, 2017 as the basis for the 2018 projected individual market pricing.
- **Claims Incurred During the 12-month Experience Period:** Worksheet 1, Section I shows our best estimate of the amount of claims that were incurred during the 12-month experience period for FPLIC's individual book-of-business. This section includes:
 - The amount of claims which were processed through Company's claims system,
 - Claims processed outside of the Company's claims system, and
 - Our best estimate of claims incurred but not paid as of the paid through date stated above.
- **Method for Determining Allowed Claims:** For non-capitated claims, the allowed charges are summarized from FPLIC's detailed claim-level historical data. This experience includes 2016 claims for Affordable Care Act compliant business. For capitated and other off-system claims, historical capitations and experience were tabulated and added to the claims.
- **Paid Claims:** We also summarized the paid claims from detailed member records. The paid-to-allowed ratio for the experience period reflects the 2016 plan designs chosen by each member.
- **Incurred but Not Paid (IBNR) Claims Estimate:** FPLIC is using a completion factor of 0.963 to include IBNR claims in allowed charges. The IBNR completion factor was developed using our corporate reserving system for FPLIC's individual business. We applied it equally to both paid and allowed total claims (as a change to utilization) to complete the experience.

IV. Benefit Categories

Historical cost and utilization data was summarized at the defined benefit categories included in Worksheet 1, Section II of the URRT. This data was used to allocate total claims into its components on the URRT.

The data provided in this section closely adheres to the preferred definitions of the Benefit Categories included in the URRT instructions, including the "Other Medical" category. The "Other Medical" category units reflect visits for PDN/home health, trips for ambulance and

procedures for DME/prosthetics. Prescription drugs utilization were converted to a “per 30-day” script count.

V. Projection Factors

V.1 Changes in the Morbidity of the Population Insured

We applied an adjustment of approximately 6.0% to reflect the elimination of the health insurance coverage mandate (discussed below).

Impact of Health Insurance Coverage Mandate

In accordance with the Department’s guidance, the morbidity adjustment above includes a factor of 1.06 to reflect the market uncertainty that the health insurance coverage mandate may be eliminated. If this mandate is eliminated, there would no longer be a financial penalty for individuals who forego purchasing health insurance coverage and would result in some deterioration of the risk pool. This deterioration is reflected in this filing through this 1.06 morbidity adjustment, which as noted by the Department would represent 50% of the average morbidity impact expected by Individual market insurers.

V.2 Changes in Benefits

The sole Bronze plan is renewing with an update to the deductible and out-of-pocket maximum to maintain regulatory compliance.

V.3 Changes in Demographics

We project that the average rating factor (age, tobacco load and area combined) will increase by about 3.0% due to the change in the population. This is primarily due to the expectation that the new members from the group and/or uninsured populations to be slightly older than the population in the underlying experience. This increases the projected allowed claims (utilization) by the same amount.

V.4 Trend Factors (cost/utilization)

This development of the CY2018 rates reflects an annual trend rate of 11.0% (5% cost, 5.7% utilization). These trends reflect FPLIC’s expectations regarding increases in in-network contractual reimbursement. The annual trend estimates include the impact of trends in both projected in-network and out-of-network costs. These estimates measure and normalize for benefit leverage, population aging, and historical changes for fee schedules, as well as company-wide utilization management programs, and external trend drivers.

The trend represents a blended average for all types of service and is applied to the aggregate experience for pricing. These trends represent assumed community-wide expectations. Claim variations due to the specific projected enrolled population in this single risk pool are reflected in the morbidity adjustment.

Please note that while the underlying utilization trend is expected to be 5.7% FPLIC has included the anticipated change in utilization due to cost sharing requirements in the utilization trend column as instructed. The utilization adjustment is 0.18% per year. This brings the final utilization trend to 5.9% as found in the URRT.

VI. Credibility Manual Rate Development

VI.1 Source and Appropriateness of Experience Data Used

FPLIC's individual experience is fully credible. No manual rate is developed or used in this projection. The Credibility Manual section of the URRT has been populated with zeroes to allow for finalization of the URRT Workbook.

VII. Credibility of Experience

The experience is from FPLIC's individual book of business in 2016. It is large enough to be fully credible. Our results are based 100% on the experience rate, as adjusted.

VIII. Paid to Allowed Ratio

The paid to allowed ratio of 0.690 is a weighted average of the 2018 plan level paid to allowed ratios. Plan level paid to allowed factors were developed using an internal model based on FPLIC individual claims experience.

IX. Risk Adjustment and Reinsurance

IX.1 Projected Risk Adjustments PMPM:

The estimated average risk score for FPLIC's projected 2018 population was developed by using FPLIC's 2016 claim diagnoses and the risk adjustment coefficients as finalized in the Notice of Benefit and Payment Parameters. Similarly, allowable rating factors, actuarial value factors, and induced demand factors were estimated for FPLIC based upon its projected 2018 population.

We estimated the statewide average risk transfer factors based on current market assumptions. We estimated the statewide average premium using current market premium assumptions with adjustments for anticipated rate changes for 2018.

The actual calculation of the risk transfer followed the risk transfer methodology as prescribed.

The analysis resulted in FPLIC paying into the risk adjustment pool. This value is reflected in worksheet 1 net of the risk adjuster fee (\$0.14 PMPM) consistent with the single risk pool regulations

IX.2 Projected ACA Reinsurance Recoveries Net of Reinsurance:

The Federal Reinsurance Program was terminated in 2017 resulting in projected 2018 reinsurance of \$0.

X. Non-Benefit Expenses and Profit & Risk

X.1 Administrative Expense Load:

The proposed rates reflect internal administrative costs including quality improvement administrative expenses. This cost was developed based on standard expense allocation methods.

X.2 Profit (or Contribution to Surplus) & Risk Margin:

FPLIC has voluntarily refrained from including a risk and contingency factor in this filing. By this voluntary restraint, FPLIC is not waiving any right to include a risk and contingency factor which FPLIC believes is consistent with historical and legal interpretations of FPLIC and the Pennsylvania Insurance Department.

X.3 Taxes and Fees:

The following fees were added:

- \$0.21 Per Member Per Month for the Patient Centered Outcomes Research Fee.
- 3.4% for the Health Insurance Provider Fee
- 2.0% for the PA Premium Tax

XI. Projected Loss Ratio

The anticipated medical loss ratio is about 90.7% relative to total premium less taxes and fees. This loss ratio is calculated consistently with the federally prescribed MLR methodology.

XII. Single Risk Pool

As described above, the base experience used includes all FPLIC individual members in accordance with the Single Risk Pool regulations. The projected membership and their corresponding premiums and claims only include those members who will be enrolled in a fully ACA-compliant plan in 2018.

XIII. Index Rate

Please see Exhibit I for the numerical development of the projected index rate. The index rates as shown on Worksheet I of the URRRT are simply the average allowed claims for the Essential Health Benefits for the experience and projected populations, respectively, for FPLIC. For the experience period, only non-grandfathered plans are included. The projection period Index Rate is not adjusted for reinsurance or risk adjustment programs or any other fee.

XIV. Market Adjusted Index Rate

Please see Exhibit I for a numerical demonstration of the Market Adjusted Index Rate development. The Market Adjusted Index Rate is the Index Rate further adjusted for risk adjustment, reinsurance, and the exchange fee. The Risk Adjustment factor is developed by taking one minus the expected risk transfer (net of the fee) and dividing by the projected incurred claims before reinsurance and risk adjustment. The Federal Reinsurance Program factor is developed by taking one minus the expected reinsurance recovery (net of the reinsurance premium) and dividing by the projected incurred claims, before reinsurance recoveries, net of reinsurance premium. The Exchange User Fee factor is developed by adding the expected average exchange fee PMPM and the projected incurred claims after risk adjuster and reinsurance, then dividing by the projected incurred claims after risk adjuster and reinsurance. These adjustments were developed as factors in accordance with the Part III instructions.

XV. Plan Adjusted Index Rates

A Plan Adjusted Index Rate is developed by taking the Market Adjusted Index Rate and adding a plan's actuarial value, relative benefit richness, relative network, any non EHB benefits, and retention. Please see Exhibit II for the development of the Plan Adjusted Index Rate for each plan.

XVI. Calibration

XVI.1 Age Curve Calibration:

The projected weighted average age factor for billable members is 1.796. This factor is calculated by dividing the all members age factor of 1.804 by the ratio of all members to billable members (1.005). Each Plan Adjusted Index Rate represents the rate for an average member with an age factor of 1.796. Please note that no member will pay these rates because the age factor of 1.796 is not found on the HHS Age Curve. It only represents the average age factor of the projected population. The nearest age to that factor is for age 50, which has a factor of 1.786. Please see Exhibit I for the development of the calibration factor.

XVI.2 Geographic Factor Calibration:

The projected weighted average geographic factor is 1.000. Each Plan Adjusted Index Rate represents the rate for an average member with a geographic factor of 1.000. Please see Exhibit I for the development of the calibration factor.

XVI.3 Tobacco Factor Calibration:

The projected weighted average tobacco factor is 1.013. Each Plan Adjusted Index Rate represents the rate for an average member with a tobacco factor of 1.013. Please see Exhibit I for the development of the calibration factor.

XVII. Consumer Adjusted Premium Rate Development

The plan adjusted index rate represents the rate for an average age and average geographic member with a mix of tobacco users and non-tobacco users. Multiplying by the Combined Calibration Factor found in Exhibit I results in the value for a 50 year old non-tobacco user in a 1.0 geographical area. The standard HHS Age Curve along with the filed tobacco factors and geography factors can be used to calculate any rate found in the QHP rate template.

XVIII. AV Metal Values

The AV Metal Values included in Worksheet 2 of the Part I Unified Rate Review Template were based the Federal AV Calculator. The single bronze plan did require an adjustment to the inputs entered into the AV calculator. Screen shots and certifications for this plan were submitted as part of FPLIC's QHP application.

XIX. AV Pricing Values

Please see Exhibit II for the portion of each AV pricing value that is attributable to each of the allowable modifiers. The utilization due to differences in cost sharing is based on the factors adopted by the risk adjustment methodology. No differences due to health status are in these adjustments.

XX. Membership Projections

Membership projections are from FPLIC's current forecast for 2018. These projections reflect expected changes in market share due to an expected increase in market competition.

FPLIC is only offering one Bronze plan off of the exchange in 2018.

XXI. Terminated Plans and Products

Plans in the 2016 experience period that will no longer be available in 2018 can be found in Exhibit III. These plans were not offered in 2017.

XXII. Plan Type

The Plan types listed in Worksheet 2, Section I of the Part I Unified Rate Review Template describe FPLIC's plans adequately. No differences are needed.

XXIII. Warning Alerts

There were no validation warnings that occurred when finalizing the URRT workbook.

XXIV. Actuarial Certification

I, [REDACTED], am a member of the American Academy of Actuaries and meet its qualification standards for actuaries issuing statements of actuarial opinions in the United States. This filing is prepared to accompany FPLIC's rate filing for the individual combined market on and off the Pennsylvania Exchange.

I hereby certify that the projected index rate is, to the best of my knowledge and understanding:

- In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1) and 147.102),
- Developed in compliance with the applicable Actuarial Standards of Practice
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Neither excessive nor deficient.

I certify that the index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates. The allowable modifiers used to generate plan-level rates were:

- The actuarial value and cost-sharing design of the plan.
- The plan's provider network, delivery system characteristics, and utilization management practices.
- The benefits provided under the plan that are in addition to the essential health benefits. These estimated benefits were pooled with similar benefits within the single risk pool and the claims experience from those benefits was utilized to determine rate variations.
- Administrative costs, excluding Exchange user fees.
- With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans.

I certify that 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.

I certify that the benefits included in FPLIC's plans are substantially equivalent to the Essential Health Benefits (EHBs) in the Commonwealth of Pennsylvania's benchmark plans. I certify that any benefit substitutions are:

- Actuarially equivalent to the benefits being replaced,
- Are made within only the same essential health benefit category,
- Are based on a standardized plan population,
- Are determined regardless of cost-sharing,
- Are not prescription drug benefits, and
- Are based on an analysis performed in accordance with generally accepted actuarial principles and methodologies.

I certify that 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. The AV Metal Values included in Worksheet 2 of the Part I Unified Rate Review Template were based on the Federal AV Calculator. If any adjustments were required outside of the AV Calculator, appropriate certification has been provided to CMS through the QHP application process.

I certify that the geographic rating reflect only differences in the costs of delivery (which can include unit cost and provider practice pattern differences) and do not include differences for population morbidity by geographic area.

The Part I Unified Rate Review Template does not demonstrate the process used by FPLIC to develop the rates. Rather, it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans for Federally facilitated exchanges and for certification that the index rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

Signed: [REDACTED]

Title: [REDACTED]

Date: August 8, 2017

Exhibit I
First Priority Life Insurance Company

Market Adjusted Index Rate Development

CY2018 Projected Period Average Members	500
CY2018 Projected Allowed Claims	\$689.41
Non-EHB	\$0.00
CY2018 Index Rate (Allowed Claims for EHB Only)	\$689.41
Market-Wide Adjustment	
Risk Adjustment (Net of Risk Adjuster Fee)	1.025
Transitional Reinsurance Program (Net of Reinsurance Premium)	1.000
Exchange User Fee	1.000
CY2018 Market Adjusted Index Rate	\$706.81
Calibration	
Calibration from Plan Adjusted Index Rate to Age 50, 1.0 Area, Non-Smoker	
(a) Average Age Factor	1.796
(b) Age 50 (Nearest Age on HHS Age Curve) Age Factor	1.786
(c) Average Geographic Factor	1.000
(d) Average Tobacco Load Factor	1.013
Combined Calibration Factor $1/[(a/b)*c*d]$	0.982

Exhibit II **First Priority Life Insurance Company**

Unified Rate Review Template (URRT) AV Pricing Value Development **Market Adjusted Index Rate PMPM = \$706.81**

HIOS Plan ID	Exchange Status	Metal Level	Plan Design Marketing Name	Plan Adjusted Index Rate	AV Value	Portion of URRT AV Pricing Value ¹³¹				
						(i)	(ii)	(iii)	(iv)	(v)
55957PA0350005	Off	Bronze	myBlue Access 7000	\$568.46	0.804	0.690	1.000	1.000	1.165	1.000

¹³¹ Permitted Plan-Level Adjustments to the Index Rate as prescribed in 45 CFR Part 156, §156.80(d)(2):

- (i) The actuarial value and cost-sharing design of the plan.
- (ii) The plan's provider network, delivery system characteristics, and utilization management practices.
- (iii) The benefits provided under the plan that are in addition to the essential health benefits.
- (iv) Administrative costs, excluding Exchange user fees.
- (v) With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans.

Exhibit III
First Priority Life Insurance Company

Terminated Experience Period Plans

HIOS ID	Metal	Plan Name	2018 Mapping
55957PA0320001	Bronze	myBlue Choice LP 5500	NA
55957PA0330001	Bronze	myBlue Access LP 4600	NA
55957PA0330002	Silver	myBlue Access LP 3500	NA
55957PA0330003	Gold	myBlue Access LP 1500	NA
55957PA0350001	Silver	myBlue Access 1500	NA
55957PA0350004	Catastrophic	myBlue Access 6850	NA
55957PA0360003	Gold	myBlue Care - Gold	NA

ACTUARIAL MEMORANDUM

First Priority Life Insurance Company

Revised Individual Rate Filing - January 1, 2018

I, [REDACTED], am a member of the American Academy of Actuaries and meet its qualification standards for preparing individual rate filings. As a consulting actuary, I was requested by First Priority Life Insurance Company ("FPLIC") to review the development of the market-wide base rate for the individual market off the Pennsylvania Exchange. The confidential material presented in this revised filing was prepared for the specific purpose of submitting the rating formula for the Pennsylvania Insurance Department and may not be appropriate for other purposes. This filing represents premium rates for individuals sold or renewed effective January 1, 2018. The rates are guaranteed until December 31, 2018.

To the best of my knowledge and judgment, the following are true with respect to this filing:

1. Premium rates are established in accordance with generally accepted actuarial principles and the applicable Actuarial Standards of Practice. They are not excessive, inadequate, or unfairly discriminatory. Rates are reasonable in relationship to the benefits provided. However, it is certain that actual experience will not conform exactly to the assumptions used in this analysis. To the extent that actual experience is different from the assumptions used in developing the rates, the actual results will also deviate from the projected amounts.
2. In compliance with all applicable Pennsylvania and Federal Statutes and Regulations (45 CFR 156.80(d)(1)).
3. The rating factors and rating methodology are reasonable and consistent with FPLIC's revised business plan at the time of the filing.

[REDACTED]

[REDACTED]

Fellow, Society of Actuaries
Member, American Academy of Actuaries
August 7, 2017

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* Federal TIN* Rate Effective Date* Rate Expiration Date* Rating Method*	55957				
	23-2905083				
	01/01/2018				
	12/31/2018				
	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
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	0-14	239.14	239.14
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	15	260.40	260.40
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	16	268.52	268.52
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	17	276.65	276.65
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	18	285.40	285.40
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	19	294.16	294.16
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	20	303.22	303.22
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	21	312.60	320.42
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	22	312.60	320.42
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	23	312.60	320.42
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	24	312.60	320.42
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	25	313.85	321.70
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	26	320.10	328.10
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	27	327.60	335.79
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	28	339.80	348.30
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	29	349.80	358.55
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	30	354.80	363.67
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	31	362.30	371.36
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	32	369.81	379.06
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	33	374.49	383.85
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	34	379.50	388.99
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	35	382.00	391.55
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	36	384.50	394.11
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	37	387.00	396.68
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	38	389.50	399.24
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	39	394.50	404.36
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	40	399.50	439.45
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	41	407.01	449.75
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	42	414.20	460.59
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	43	424.20	475.53
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	44	436.70	494.34
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	45	451.39	516.84
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	46	468.90	543.92
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	47	488.59	575.07
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	48	511.10	611.28
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	49	533.30	649.03
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	50	558.30	683.92
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	51	583.00	714.18
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	52	610.20	747.50
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	53	637.70	781.18
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	54	667.40	817.57
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	55	697.10	853.95
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	56	729.30	893.39
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	57	761.81	933.22
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	58	796.50	975.71
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	59	813.70	996.78
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	60	848.40	1039.29
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	61	878.41	1076.05
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	62	898.10	1100.17
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	63	922.80	1130.43
55957PA0350005	Rating Area 3	Tobacco User/Non-Tobacco User	64 and over	937.80	1148.81

TO: Ms. Rashmi Mathur, ASA, MAAA, Actuary
Bureau of Life, Accident & Health Insurance
Pennsylvania Insurance Department

FROM: [REDACTED]
Highmark Inc.

DATE: June 27, 2017

SUBJECT: First Priority Life Insurance Company 2018 Individual Market Rates
Response to June 16, 2017 Objection Letter
Filing Number: 1A-DP-17-FPLIC
SERFF Tracking Number: HGHM-131020586

Below are FPLIC's responses to your objection letter dated June 16, 2017. We have included the questions along with the responses for your convenience.

1. The underlying annual trend supporting the filing is 11.0%, which is further increased by an induced utilization adjustment of 0.18% per year, to develop the overall trend assumption of 11.2% per year.

- a) Please provide quantitative support for the 11.0% trend assumption (e.g. demonstrate that it is reasonably consistent with recent historical changes in claim costs).**
- b) Please provide quantitative support for the annual induced utilization adjustment of 0.18%.**

Response:

- a) Due to the significant change in the make-up of the ACA population over the past few years, alternative approaches were necessary to develop the trend. A separate regression study was developed that analyzed the ACA trend levels of cohorts of PA ACA members that were continuously enrolled in 2015 and thru 2016 in the same metal level. The analysis took into consideration seasonality in order to determine the regression trend. Resulting r-squared levels were compared to determine confidence levels of the resulting regression trends to develop a reasonable range of trend assumptions. The assumed pricing trend of 11% fell within the range of the regression study. This assumed trend was further compared to the group business and any industry available ACA data for reasonability. The graphs from the regression study are included in the attachment (see worksheet name "PID Response – Q1a").
- b) Please see worksheet name "PID Response – Q1b" for the development.

2. The actuarial memorandum states that "the (\$12.01) PMPM projected risk adjustment assumption is comprised of an expected risk transfer payable fo \$11.87 PMPM, less the \$0.14 PMPM risk adjustment user fee."

- a) Please provide the sources for all risk adjustment input values provided in Attachment B.**
- b) In calculating the \$11.87 PMPM expected payable please demonstrate quantitatively how the prescribed 0.86 factor, which is to be applied to statewide average premium for 2018, was incorporated into the risk adjustment calculation.**

Response:

- a) The projection of the 2018 risk adjustment transfer component of the rate development utilizes separate projections of the Pennsylvania Individual Market statewide factors and internal Highmark

company factors. We are expecting the Individual ACA market to experience volatility between the experience period and the projection period. This volatility is caused by a changing competitive landscape, overall market contraction, membership churn between carriers, and changes in plan/service area offerings. As such, we have used historical market data, with adjustments where appropriate, and our internal company data to develop the risk adjustment transfer components used in the rate development.

The data sources for the market components include the PA Insurance Department's calculation of 2016 risk adjustment transfer amounts using the 5/1/2017 RATEE files and the PA Insurance Department's Q1 2017 Enrollment by Metal Level survey. These sources provided data on the size of the marketplace, the average actuarial value, the average induced demand, and the overall risk of the 2016 market. Given the aforementioned volatility, this data was supplemented with additional insights into the expected 2018 market size, risk transfer component profile, and average premium levels for the total PA market.

For the Company's risk transfer component profile, the Company used 2016 experience data for the Individual ACA risk pool and adjusted the experience results for anticipated lapses and new business.

- b) The Company calculated a statewide average premium assumption of [REDACTED] PMPM for the 2018 Pennsylvania Individual Non-Catastrophic market. The [REDACTED] PMPM was multiplied by the 0.86 factor to arrive at the [REDACTED] PMPM value shown in Attachment B.

3. The tobacco rates are between 2.5% (for a 21 year old) to 22.5% (for a 64 year old) higher than non-tobacco rates. Please provide quantitative justification for the proposed tobacco rating factors?

Response:

The tobacco load factors for the age range in question are consistent with what the PID has approved for the Individual ACA market in the previous rate filings. For administrative efficiency and consistency, the tobacco rates for FPLIC are set to use the same tobacco loads as the other PA Individual ACA companies.

4. With respect to the demographic adjustment equal to 1.030, please provide the distribution of membership by age and gender for the following:

- **Projected for 2018**
- **Currently inforce in 2017**
- **Underlying the 2016 base experience**

Response:

The projected 2018 demographic factor is assumed to be similar to the 2017 ACA members in aggregate. Thus, the 2017 demographic factor is used as the best estimate or proxy for the 2018 ACA projected enrollment.

Please see worksheet name "PID Response – Q4" for the development of the 2017 and 2016 factors.

5. In developing the morbidity adjustment equal to 1.040, per Attachment A, a mix of membership from the FPLIC ACA, FPLIC Medically Underwritten, and the Uninsured & Employer Markets segments is assumed to make up the projected 2018 FPLIC ACA membership. However, the 2018 Normalized Allowed PMPM shown in Attachment A appears to be the same for each of these member segments. Please describe and demonstrate quantitatively how the 2018 Normalized Allowed PMPM was calculated for each member segment.

Response:

The FPLIC 2018 projection assumes that the allowed PMPMs from the FPLIC MU and the Uninsured & Employer Markets to be the same as the ACA retained segment itself since it is the majority (almost 90%) of the enrollment.

See worksheet name “PID Response – Q5” for the PMPMs development.

The 2016 Normalized Allowed PMPM is calculated using the 2016 ACA BEP claims for the population used to develop the manual rate as described in the Actuarial Memorandum and adjusting the demographic factor and trend for the 2018 rating period.

The 2018 Normalized Allowed PMPM is calculated using the 2017 February snapshot ACA members as the proxy for the 2018 retained ACA members. Underlying 2016 allowed claims of these members are then adjusted for demographic, trend, and projected risks for the 2018 rating period.

6. Please demonstrate how the proposed demographic and morbidity adjustments were taken into account in calculating the projected 2018 FPLIC risk score of [REDACTED] used in the development of the projected 2018 risk adjustment transfer.

Response:

FPLIC used the same projected population that was used to develop the morbidity and demographic factors to develop the risk score of [REDACTED]. Since this risk score already reflects the expected population, no explicit adjustments for morbidity or demographics are required.

7. Please demonstrate quantitatively how the CY2018 Network Factor in Attachment A equal to 0.962 was developed and describe what specific network contracting changes are expected to result in a 4.2% decrease in projected costs relative to the base experience.

Response:

The base experience includes a blend of three different networks. The projection period includes only the myBlue Access product. Removal of all plans in the other networks results in the projected 4.2% decrease.

8. Please provide the worksheet with support data and calculations of the projected paid claims of \$2,803,254 in Attachment C.

Response:

Please see worksheet named “PID Response – Q8” for the development.

9. Please provide the workbook with support data and calculations for the following

- Age calibration factor of 1.796
- Tobacco factor of 0.988

Response:

Please see worksheet named “PID Response – Q4” for the development.

10. For the expanded Bronze plans, please demonstrate that the copay is less than or equal to 50% coinsurance for that category.

Response:

The Prescription Drug Benefit Plan provides three major services, as defined on page 94142 of the Federal Register, of coverage that are less than or equal to 50% coinsurance and available prior to any deductible. These services include: generic drugs, specialty drugs, and preferred branded drugs. The coinsurance percentages corresponding to these categories can be found in the AV screenshots provided as part of the Actuarial Memorandum. A certification of the coinsurance values used can also be found in the Actuarial Memorandum.

11. The average age in Table 1 should be the true age based on single year bands distribution. If not, please revise Table 1.

Response:

Please see worksheet named "PID Response – Q4" for the development.

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

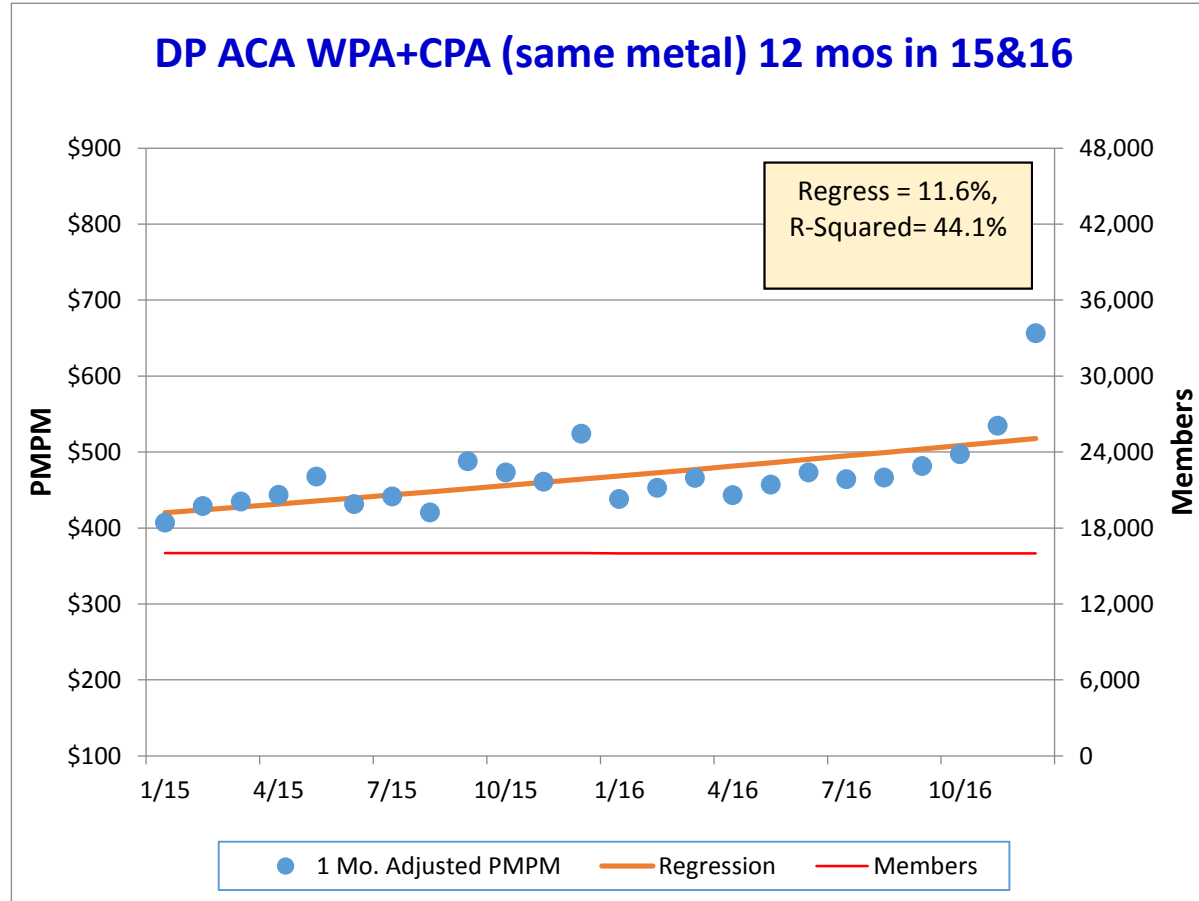
Response:

FPLIC confirms that testing has been done to ensure that all presented rates are consistent.

Regression Analysis

DP ACA

Valuation Date: January 31, 2017



Incur Month	1 Mo. Adj. Memb	PMPM	Regress.
1/15	16,017	\$406.95	\$419.94
2/15	16,014	\$428.84	\$423.79
3/15	16,010	\$434.79	\$427.67
4/15	16,013	\$443.24	\$431.59
5/15	16,011	\$467.40	\$435.54
6/15	16,011	\$431.33	\$439.53
7/15	16,011	\$441.38	\$443.56
8/15	16,011	\$420.21	\$447.62
9/15	16,011	\$487.73	\$451.72
10/15	16,013	\$472.86	\$455.86
11/15	16,009	\$460.83	\$460.04
12/15	16,009	\$523.77	\$464.25
1/16	16,000	\$437.85	\$468.50
2/16	16,002	\$452.52	\$472.80
3/16	16,000	\$465.73	\$477.13
4/16	16,001	\$442.95	\$481.50
5/16	15,999	\$456.95	\$485.91
6/16	15,999	\$472.88	\$490.36
7/16	16,001	\$464.04	\$494.85
8/16	16,000	\$466.02	\$499.39
9/16	16,000	\$481.29	\$503.96
10/16	16,001	\$496.88	\$508.58
11/16	16,002	\$534.42	\$513.24
12/16	16,002	\$655.98	\$517.94

Notes:

PMPM scale (on left) is allowed charges. Enrollment scale (on right) is monthly membership.

Regression uses data from CY15 and CY16.

Cohorts, by segment, are all members with exactly 12 months in each of 2015 and 2016 and no metal level changes.

REGRESSION	
Slope:	1.009
Regress:	11.6%
R-Square	44.1%
Intercept:	\$372.99

Response to Objection 1 - Question 1b

CY2016 Benefit Richness	0.9964
CY2018 Benefit Richness	1.0000
Projected Change in Benefit Richness	1.0036
Induced Demand Factor Adjustment for URRT	0.18%

HHS Age Curve and Tobacco Load Factors

Age Band	Age Factor 2018	Age Factor Pre2018	Tobacco Factor 2018	Tobacco Factor 2016
0	0.765	0.635	1.000	1.000
1	0.765	0.635	1.000	1.000
2	0.765	0.635	1.000	1.000
3	0.765	0.635	1.000	1.000
4	0.765	0.635	1.000	1.000
5	0.765	0.635	1.000	1.000
6	0.765	0.635	1.000	1.000
7	0.765	0.635	1.000	1.000
8	0.765	0.635	1.000	1.000
9	0.765	0.635	1.000	1.000
10	0.765	0.635	1.000	1.000
11	0.765	0.635	1.000	1.000
12	0.765	0.635	1.000	1.000
13	0.765	0.635	1.000	1.000
14	0.765	0.635	1.000	1.000
15	0.833	0.635	1.000	1.000
16	0.859	0.635	1.000	1.000
17	0.885	0.635	1.000	1.000
18	0.913	0.635	1.000	1.000
19	0.941	0.635	1.000	1.000
20	0.970	0.635	1.000	1.000
21	1.000	1.000	1.025	1.050
22	1.000	1.000	1.025	1.050
23	1.000	1.000	1.025	1.050
24	1.000	1.000	1.025	1.050
25	1.004	1.004	1.025	1.050
26	1.024	1.024	1.025	1.050
27	1.048	1.048	1.025	1.050
28	1.087	1.087	1.025	1.050
29	1.119	1.119	1.025	1.050
30	1.135	1.135	1.025	1.050
31	1.159	1.159	1.025	1.050
32	1.183	1.183	1.025	1.050
33	1.198	1.198	1.025	1.050
34	1.214	1.214	1.025	1.050
35	1.222	1.222	1.025	1.050
36	1.230	1.230	1.025	1.050
37	1.238	1.238	1.025	1.050
38	1.246	1.246	1.025	1.050
39	1.262	1.262	1.025	1.050
40	1.278	1.278	1.100	1.100
41	1.302	1.302	1.105	1.103
42	1.325	1.325	1.112	1.106
43	1.357	1.357	1.121	1.110
44	1.397	1.397	1.132	1.115
45	1.444	1.444	1.145	1.120
46	1.500	1.500	1.160	1.127
47	1.563	1.563	1.177	1.135
48	1.635	1.635	1.196	1.144
49	1.706	1.706	1.217	1.153
50	1.786	1.786	1.225	1.163
51	1.865	1.865	1.225	1.172
52	1.952	1.952	1.225	1.183
53	2.040	2.040	1.225	1.194
54	2.135	2.135	1.225	1.206
55	2.230	2.230	1.225	1.217
56	2.333	2.333	1.225	1.230
57	2.437	2.437	1.225	1.230
58	2.548	2.548	1.225	1.185
59	2.603	2.603	1.225	1.168
60	2.714	2.714	1.225	1.129
61	2.810	2.810	1.225	1.098
62	2.873	2.873	1.225	1.081
63	2.952	2.952	1.225	1.060
64	3.000	3.000	1.225	1.050

Non-Tobacco Member	Tobacco Member	All Members 2017	Billable Members 2017
1.12%	0.00%	1.12%	0.97%
0.32%	0.00%	0.32%	0.16%
0.48%	0.00%	0.48%	0.48%
0.48%	0.00%	0.48%	0.48%
0.64%	0.00%	0.64%	0.64%
1.44%	0.00%	1.44%	1.29%
0.64%	0.00%	0.64%	0.64%
0.64%	0.00%	0.64%	0.64%
0.16%	0.00%	0.16%	0.16%
0.32%	0.00%	0.32%	0.32%
0.48%	0.00%	0.48%	0.48%
0.16%	0.00%	0.16%	0.16%
0.32%	0.00%	0.32%	0.32%
0.96%	0.00%	0.96%	0.97%
0.64%	0.00%	0.64%	0.64%
1.28%	0.00%	1.28%	1.29%
0.96%	0.00%	0.96%	0.97%
0.48%	0.00%	0.48%	0.48%
0.48%	0.00%	0.48%	0.48%
1.12%	0.00%	1.12%	1.13%
0.80%	0.16%	0.96%	0.97%
1.44%	0.00%	1.44%	1.45%
1.12%	0.00%	1.12%	1.13%
1.28%	0.16%	1.44%	1.45%
0.96%	0.00%	0.96%	0.97%
1.12%	0.00%	1.12%	1.13%
0.96%	0.00%	0.96%	0.97%
2.24%	0.00%	2.24%	2.25%
0.96%	0.16%	1.12%	1.13%
0.96%	0.32%	1.28%	1.29%
0.48%	0.16%	0.64%	0.64%
0.48%	0.00%	0.48%	0.48%
0.96%	0.00%	0.96%	0.97%
0.64%	0.00%	0.64%	0.64%
2.24%	0.00%	2.24%	2.25%
1.12%	0.64%	1.76%	1.77%
1.76%	0.16%	1.92%	1.93%
1.44%	0.00%	1.44%	1.45%
1.76%	0.32%	2.08%	2.09%
1.76%	0.80%	2.56%	2.58%
2.24%	0.16%	2.40%	2.42%
2.72%	0.16%	2.88%	2.90%
0.96%	0.00%	0.96%	0.97%
2.72%	0.16%	2.88%	2.90%
2.88%	0.16%	3.04%	3.06%
1.92%	0.16%	2.08%	2.09%
3.69%	0.00%	3.69%	3.70%
1.60%	0.32%	1.92%	1.93%
4.01%	0.16%	4.17%	4.19%
4.01%	0.16%	4.17%	4.19%
3.21%	0.00%	3.21%	3.22%
3.04%	0.00%	3.04%	3.06%
2.72%	0.32%	3.04%	3.06%
3.37%	0.48%	3.85%	3.86%
5.45%	1.12%	6.57%	6.60%
92.15%	7.85%	100.00%	100.00%
575	49	624	621

Non-Tobacco Member	Tobacco Member	All Members 2016
0.56%	0.00%	0.56%
0.50%	0.00%	0.50%
0.47%	0.00%	0.47%
0.43%	0.00%	0.43%
0.44%	0.00%	0.44%
0.44%	0.00%	0.44%
0.46%	0.00%	0.46%
0.47%	0.00%	0.47%
0.50%	0.00%	0.50%
0.46%	0.00%	0.46%
0.51%	0.00%	0.51%
0.63%	0.00%	0.63%
0.56%	0.00%	0.56%
0.55%	0.00%	0.55%
0.63%	0.00%	0.63%
0.67%	0.00%	0.67%
0.65%	0.00%	0.65%
0.71%	0.00%	0.71%
0.80%	0.00%	0.80%
1.01%	0.00%	1.01%
1.08%	0.00%	1.08%
1.13%	0.02%	1.15%
1.09%	0.02%	1.11%
0.87%	0.07%	0.95%
0.96%	0.04%	1.00%
1.00%	0.08%	1.08%
1.86%	0.16%	2.02%
1.59%	0.15%	1.74%
1.51%	0.16%	1.67%
1.29%	0.13%	1.42%
1.29%	0.15%	1.44%
1.13%	0.14%	1.27%
1.04%	0.13%	1.18%
1.14%	0.14%	1.27%
1.03%	0.19%	1.22%
1.11%	0.14%	1.25%
1.07%	0.11%	1.18%
1.09%	0.14%	1.23%
1.07%	0.17%	1.23%
1.00%	0.15%	1.15%
1.08%	0.16%	1.23%
1.20%	0.14%	1.34%
1.22%	0.16%	1.38%
1.24%	0.15%	1.39%
1.43%	0.16%	1.59%
1.51%	0.20%	1.71%
1.61%	0.18%	1.78%
1.71%	0.20%	1.90%
1.71%	0.19%	1.90%
1.81%	0.21%	2.02%
1.87%	0.19%	2.06%
2.11%	0.21%	2.32%
2.25%	0.23%	2.48%
2.31%	0.25%	2.56%
2.42%	0.20%	2.63%
2.66%	0.22%	2.88%
2.64%	0.24%	2.88%
2.82%	0.23%	3.05%
2.96%	0.28%	3.24%
3.10%	0.25%	3.35%
3.17%	0.28%	3.45%
3.53%	0.30%	3.83%
3.81%	0.41%	4.22%
4.40%	0.42%	4.83%
2.61%	0.28%	2.89%
91.99%	8.01%	100.00%
40,078	3,489	43,567

Response to Objection 1 - Question 9

Average Age Factor	1.804
Child Cap Adjustment	1.005
Average Age Factor - Adjusted	1.796
Average Tobacco Factor	1.013
	0.988

Response to Objection 1 - Question 11

Base Period Average Age	43
Snapshot Average Age	43
Projected Average Age	43

Response to Objection 1 - Question 4

Projected for 2018	
Average Age Factor	1.804
Average Area Factor	1.000
Average Tobacco Factor	1.013
Average Demographic Factor	1.827
Currently in force in 2017	
Average Age Factor	1.804
Average Area Factor	1.000
Average Tobacco Factor	1.013
Average Demographic Factor	1.827
2016 Base Experience	
Average Age Factor	1.759
Average Area Factor	1.000
Average Tobacco Factor	1.009
Average Demographic Factor	1.775
Projected vs Base Experience	1.030

Response to Objection 1 - Question 5

2016 PMPM Development	
BEP Member Months	423,210
Projected Normalized Allowed Claims	\$159,395,891
Projected Normalized Allowed PMPM	\$376.64
2018 PMPM Development	
Member Months (Feb 2017 Snapshot)	7,432
Projected Normalized Allowed Claims	\$2,912,179
Projected Normalized Allowed PMPM	\$391.84
2018 Morbidity Factor	1.040

Response to Objection 1 - Question 8

Projected Member Months (URRT Line 82)	6,000
Total Incurred claims, payable with issuer funds (URRT Line 94)	\$2,874,455
Net Amt of Risk Adj (URRT Line 97)	-\$72,041
Risk Adjustment User Fee (\$0.14 PMPM *Member Months)	\$840
Total Paid Claims in Attachment C	\$2,803,254

TO: Ms. Rashmi Mathur, ASA, MAAA, Actuary
Bureau of Life, Accident & Health Insurance
Pennsylvania Insurance Department

FROM: [REDACTED], Actuarial Manager
Highmark Inc.

DATE: July 14, 2017

SUBJECT: First Priority Life Insurance Company 2018 Individual Market Rates
Response to July 7, 2017 Objection Letter
Filing Number: 1A-DP-17-FPLIC
SERFF Tracking Number: HGHM-131020586

Below are FPLIC's responses to your objection letter dated July 7, 2017. We have included the questions along with the responses for your convenience.

1. Regarding the response to Question 1:

a) The December 2016 estimated adjusted PMPM provided in the response to Question 1a appears quite high relative to the other months provided and appears to show a seasonality impact far greater than was observed in December 2015. Please provide updated estimated adjusted PMPMs by incurral month and regression results using at least three months of run-out (e.g. a Valuation Date equal to March 31, 2017 or later).

b) With respect to the December 2016 adjusted PMPM, please provide the component of the \$655.98 value which is associated with paid claims (as of January 31, 2017) and that which is associated with IBNR.

c) Please provide the development of the CY2016 and CY2018 Benefit Richness factors provided in the response to Question 1b.

- a) We agree that December is the highest adjusted PMPM for both years and that a seasonality factor definitely occurs due to that. In general, the primary drivers include members reaching calendar year out-of-pockets, anticipated changes of coverage for the upcoming renewal year, anticipation changes in members switching markets, and the amount of retroactive cancellations that occur in the month of December.

Please see exhibit named "Response Q1a – Exhibit 1" for the revised regression with run-out thru March. Additionally, "Response Q1a – Exhibit 2" was included as an additional regression based on CY2016 only rather than a two-year period for reference

- b) The completion factor used in the original regression study for December was 0.835.
- c) The CY2018 benefit richness factor was calculated by applying the metal level distribution of the CY2018 to the following factors: Gold = 1.08, Silver = 1.03, Bronze = 1.00, and Catastrophic = 0.92. For the CY 2016 benefit richness factor, a similar approach was done but using the 2016 filed and approved the plan level factors instead.

2. Regarding the response to Question 4:

- a) In the calculation being used to develop the demographic adjustment equal to 1.030, please explain why the 2016 Base Experience factors are calculated using the 2016 age and tobacco factors instead of the 2018 age and tobacco factors.
- b) By using two different sets of rating factors for the calculation, the demographic adjustment appears to not only measure the anticipated impact to costs due to the change in projected demographic mix between the base period and 2018, but also the change in proposed rating factors. Please confirm and clarify why it is appropriate to incorporate the change in proposed rating factors (age and tobacco) in the development of the projected Index Rate.

Response:

- a) In order to capture the rate impact of all rating factors, the pre-2018 age curve was used in the base period and the 2018 age curve was used in the 2018 rating period.
- b) We agreed. The overall rate increase should reflected the impact of change in the age curve as well as the change in the demographic mixed.

3. Regarding the response to Question 5:

- a) Please provide numerical support for the \$159,395,891 2016 "Projected Normalized Allowed Claims" and the \$2,912,179 2018 "Projected Normalized Allowed Claims" from the tab "PID Response - Q5" from the provided file "1A-DP-17-FPLIC Objection 1 Response Exhibits.xlsx), including the following items for each of the two figures referenced in your response:
-  Starting non-normalized allowed claims and membership volumes
 -  Demographic normalization factor
 -  Trend normalization factor
 -  Projected risk normalization factor
 -  Any other normalization factors which were applied
- b) Please clarify how credibility was taken into consideration, if at all, in the development of the Projected Normalized Allowed PMPM of \$391.84. To the extent the Projected Normalized Allowed Claims based on 7,432 member months was assumed to be fully credible, please justify doing so.
- c) Please reconcile the 7,432 "Member Months (Feb 2017 Snapshot)" with the provided February 1, 2017 membership equal to 624.

Response:

- a) The development can be found in the "Response – Q3" tab of the attached worksheet.
- b) Although the credibility threshold for FPLIC is on the lower end of the range, we considered this as reasonable for the FPLIC bronze only plan.
- c) The February 1, 2017 membership of 624 represents the total number of members enrolled as of that point in time. The 7,432 member months was calculated by taking the snapshot membership by coverage effective date and deriving the total number of member months. Additionally, in instances where there were plan discontinuations and service area changes, only a subset of the total snapshot membership was used in the development of the morbidity factor.

4. If you wish to make adjustments to the projected RA amount included in this rate filing and the URRT, based on the June 30, 2017 Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers, please do so in this submission. Provide narrative and an Excel spreadsheet demonstrating the development and assumptions.

Response:

The Company does not wish to make adjustments to its projected RA amount for the 2018 rating year.

5. Please note that all revisions must be reflected in this resubmission. The Department shall not allow any changes to the rates after this submission.

Response:

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. Most notably, these assumptions include that CSR payments and advance payment of premium credits (APTCs) will continue until the end of 2018, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2018. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. One of these uncertainties includes the prospective enforcement of the ACA individual mandate. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, the Company reserves the right to submit a revised filing.

6. 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

Please remain cognizant of the limited redactions as outlined on pages 3 and 4 of the 2018 Guidance. Only those specific items may be redacted. Since AV screenshots and commission schedules are proprietary, they should not be included in this public PDF. Additionally, please ensure that documents and spreadsheets are internally consistent and that the Excel exhibit with formula corrections emailed to you on June 6, 2017 is used. The deadline for the revised PDF is COB July 18, 2017.

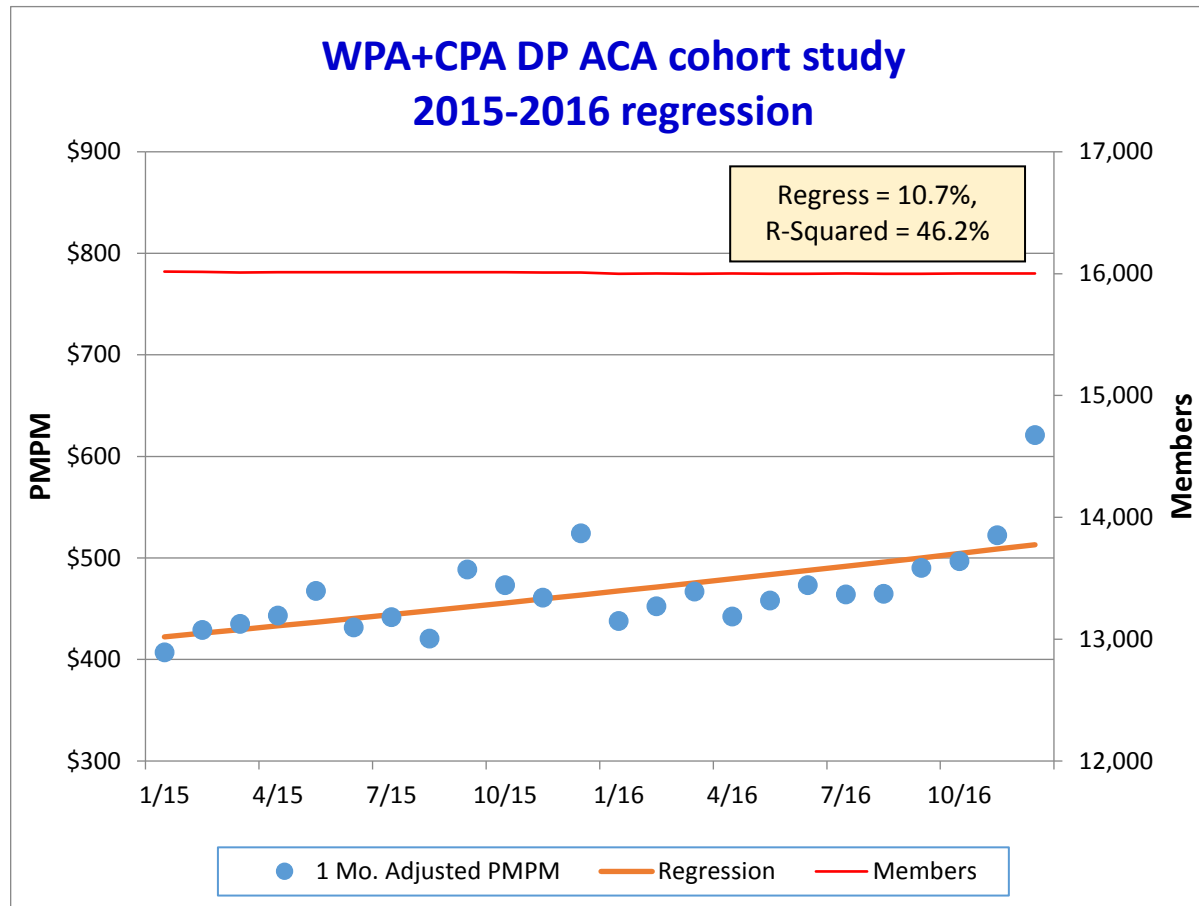
Response:

The Company will provide the requested PDF file for public review by July 18, 2017, through its SERFF rate submission. This document will contain all the supporting items referenced above, although due to SERFF file size limitations, the Public Rate Filing PDF may need to be split into two files. Please note that since Question #2 & #6 from the Department's Rate Filing Objection Letter dated 06/16/2017 pertained to relative risk levels (i.e. the risk adjustment development), the Company included a redacted response to the 06/16/2017 Rate Filing Objection Letter in its Public Rate Filing PDF.

Regression Analysis

DP ACA by region

Valuation Date: March 31, 2017



Incur Month	1 Mo. Adj. Memb	PMPM	Regress.
1/15	16,017	\$407.13	\$422.26
2/15	16,014	\$429.03	\$425.85
3/15	16,010	\$435.06	\$429.47
4/15	16,013	\$443.37	\$433.12
5/15	16,011	\$467.58	\$436.80
6/15	16,011	\$431.61	\$440.51
7/15	16,011	\$441.64	\$444.25
8/15	16,011	\$420.54	\$448.03
9/15	16,011	\$488.60	\$451.84
10/15	16,013	\$473.30	\$455.68
11/15	16,009	\$461.05	\$459.55
12/15	16,009	\$524.13	\$463.45
1/16	16,000	\$438.05	\$467.39
2/16	16,002	\$452.55	\$471.36
3/16	16,000	\$466.79	\$475.37
4/16	16,001	\$442.31	\$479.41
5/16	15,999	\$457.99	\$483.48
6/16	15,999	\$473.10	\$487.59
7/16	16,001	\$464.22	\$491.74
8/16	16,000	\$464.56	\$495.91
9/16	16,000	\$490.37	\$500.13
10/16	16,001	\$496.92	\$504.38
11/16	16,002	\$522.42	\$508.66
12/16	16,002	\$621.12	\$512.99

Notes:

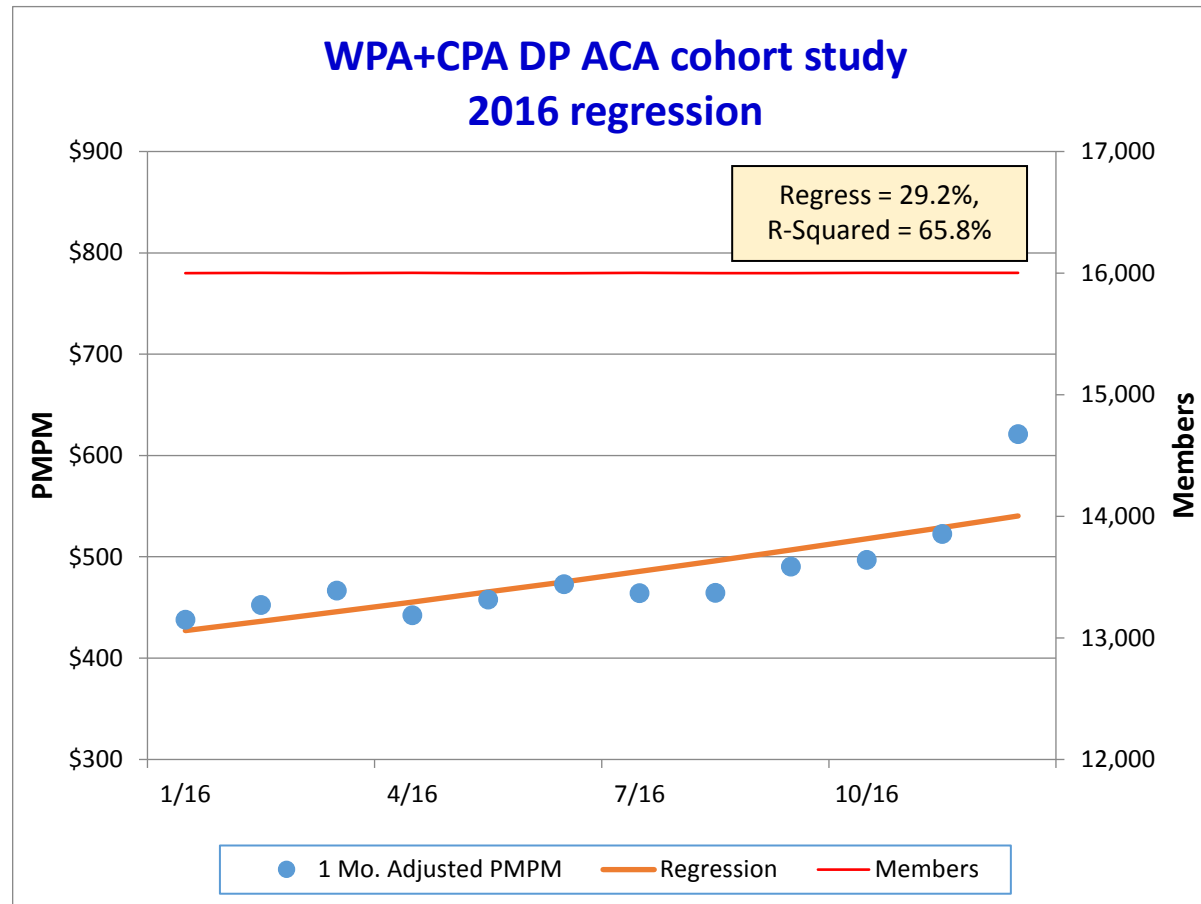
PMPM scale (on left) is allowed charges. Enrollment scale (on right) is monthly membership. Regression uses data from CY15 and CY16. Cohorts, by segment, are all members with exactly 12 months in each of 2015 and 2016. Monthly PMPMs restated from Jan-17 valuation using an adjustment factor to make comparable to Mar-17 valuation.

REGRESSION	
Slope:	1.008
Regress:	10.7%
R-Square	46.2%
Intercept:	\$378.28

Regression Analysis

DP ACA by region

Valuation Date: March 31, 2017



Incur Month	1 Mo. Adj. Memb	PMPM	Regress.
1/16	16,000	\$438.05	\$427.17
2/16	16,002	\$452.55	\$436.39
3/16	16,000	\$466.79	\$445.82
4/16	16,001	\$442.31	\$455.45
5/16	15,999	\$457.99	\$465.28
6/16	15,999	\$473.10	\$475.33
7/16	16,001	\$464.22	\$485.59
8/16	16,000	\$464.56	\$496.08
9/16	16,000	\$490.37	\$506.79
10/16	16,001	\$496.92	\$517.74
11/16	16,002	\$522.42	\$528.92
12/16	16,002	\$621.12	\$540.34

Notes:

PMPM scale (on left) is allowed charges. Enrollment scale (on right) is monthly membership. Regression uses data from CY16. Cohorts, by segment, are all members with exactly 12 months in each of 2015 and 2016. Monthly PMPMs restated from Jan-17 valuation using an adjustment factor to make comparable to Mar-17 valuation.

REGRESSION	
Slope:	1.022
Regress:	29.2%
R-Square	65.8%
Intercept:	\$250.39

Morbidity Factor Development	2016	2018
Member Months	423,210	7,432
Medical Allowed Claims	\$229,583,428	\$4,517,179
2018 Morbidity Adjustment		0.9561
2018 Non-EHB		1.0000
2018 Trend Factor @ 11% Trend	1.2321	1.2321
Demographic Factor	1.7746	1.8273
Projected Normalized Allowed Claims	\$159,395,891	\$2,912,179
Projected Normalized Allowed PMPM	\$376.64	\$391.84
2018 Morbidity Factor		1.040

TO: Ms. Rashmi Mathur, ASA, MAAA, Actuary
Bureau of Life, Accident & Health Insurance
Pennsylvania Insurance Department

FROM: [REDACTED], Actuarial Manager
Highmark Inc.

DATE: July 20, 2017

SUBJECT: First Priority Life Insurance Company 2018 Individual Market Rates
Response to July 19, 2017 Objection Letter
Filing Number: 1A-DP-17-FPLIC
SERFF Tracking Number: HGHM-131020586

Below are FPLIC's responses to your objection letter dated July 19, 2017. We have included the questions along with the responses for your convenience.

1. In the most recent set of responses provided for each of the Individual rate filings, the quantitative development of the 2018 Change in Morbidity factor was provided in Excel. Based on our review of the calculations, the "2018 Morbidity Adjustment" factor varies for each filing as shown in the table below:

File Name "2018 Morbidity Adjustment"
FPH PID Objection 2 - PID 1.0646
FPLIC PID Objection 2 - PID 0.9561
1A-DP-17-HI Response 2 1.0774
HCC PID Objection 2 - PID 1.1589
HHIC PID Objection 2 - PID 1.0471
HSR PID Objection 2 - PID 1.0020

- a) Please clarify what the "2018 Morbidity Adjustment" factors are accounting for in the calculations provided.**
- b) Additionally, describe how whatever is being accounted for by the "2018 Morbidity Adjustment" is different from what is already reflected in the comparison of the 2016 and 2018 PMPMs when using the values provided in cells C5:D7 of the Excel files.**
- c) Please address why it is reasonable and appropriate that the "2018 Morbidity Adjustment" factors vary so significantly for each of the Individual filings (e.g. 0.9561 for FPLIC and 1.1589 for HHC).**
- d) Please provide additional detail regarding the development of the "2018 Morbidity Adjustment" factors, including a specific description of their quantitative development.**

Response

- a) The morbidity adjustment factor accounts for the anticipated population difference between the base period and the anticipated membership for 2018. The required 2016 base data does not align with either the 2017 or 2018 product offerings or expected insured population for the company. Therefore, an adjustment is necessary to arrive at the anticipated population for 2018. This adjustment factor took into consideration the 2017 open enrollment membership along with anticipated changes in 2018 offerings for the corresponding counties.

- b) Similar to the response to question 1a, the morbidity adjustment reflects the adjustment to the average 2016 county experience in order to account for anticipated population shifts in the market.
- c) Each filing is setting rates for different populations with varying product designs across different geographic areas. There has been considerable changes in those variables between 2016 and 2018, as outlined in the Actuarial Memorandum. The result is that each filing has a different relationship between the required base period experience and the anticipated ultimate 2018 experience.
- d) Similar to the responses to questions 1a, 1b and 1c, the adjustment was necessary to bring the required 2016 base period to an anticipated adequate claim level for the market.