

<b>SERFF Tracking #:</b>	GSHP-131024096	<b>State Tracking #:</b>	BINDER # GSHP-PA18-125072360, GSHP-13102...	<b>Company Tracking #:</b>	INDPPO
<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Geisinger Quality Options		
<b>TOI/Sub-TOI:</b>	H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense				
<b>Product Name:</b>	PPO				
<b>Project Name/Number:</b>	Indiv PPO 2018 ACA Filing/IndPPO				

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Public Rate Filing-Indiv PPO
<b>Comments:</b>	
<b>Attachment(s):</b>	GQO Indiv public rate filing revised 20170811.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

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August 11, 2017

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

Dear Ms. Fabian-Marks,

The following is in response to the Department's guidance as of August 10, 2017:

1. Company Name & NAIC#: Geisinger Quality Options' – NAIC# 12743
2. Market: Individual
3. Off Exchange only
4. Effective date of coverage: January 1, 2018
5. Average rate change:
  - a. Including only changes made to the filing in response to Department review: -24.1%
  - b. Including all changes made to the filing, both in response to Department review and including adjustments related to CSR non-payment and the assumption related to uncertainty regarding the individual mandate: -20.1%
6. Range of rate change for item #5(b): -20.1%
7. Product: PPO
8. Rating areas: 2, 3, 5, and 6 (No change from 2017)
9. Metal Levels & Catastrophic Plans: Silver
10. Current number of covered lives and of policyholders as of 2/1/17: 361 covered lives and 212 policyholders
11. Number of plans offered in 2018: 1 silver plan; Number of plans offered in 2017: 1 silver plan
12. Contract form #: M-152-115-F Rev. 01/18; SERFF #: GSHP-131024096; Binder ID #: GSHP-PA18-125072360
13. HIOS issuer ID: 75729; HIOS submission tracking#: 75729-963513410203478024
14. Summary of changes in response to Department review:
  - a. revised morbidity load to 14%
  - b. reduced margin of 2%
15. Summary of changes to adjust for CSR non-payment and the assumption related to uncertainty regarding the individual mandate:
  - a. revised morbidity load by adding an additional 6% to get a 20% morbidity load

For a detailed explanation of our rate development, please refer to the “actuarial memorandum and attestation” uploaded in SERFF under the “supporting documentation” tab.

Thank you for your consideration. Please contact me if you have any additional questions.

Sincerely,

A handwritten signature in blue ink, reading "Kurt J. Wrobel". The signature is fluid and cursive, with the first name "Kurt" being the most prominent.

Kurt J. Wrobel, FSA, MAAA

Chief Financial Officer and Chief Actuary

cc. Sarah MacDerment, FSA, MAAA, Actuarial Director  
Everard Riley, ASA, MAAA, Associate Actuary  
Victoria Bardsley, Actuarial Manager

## Geisinger Quality Options – Individual Plans

Rate request filing ID # GSHP-131024096 - 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:	8.8%
Revised requested average rate change:	-20.1%
Range of requested rate change:	-20.1%
Effective date:	1/1/2018
People impacted:	361
Available in:	Rating areas 2, 3, 5, and 6

### Key information

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

Premiums	\$48,545,384
Claims	\$48,029,046
Administrative expenses	\$4,394,444
Taxes & fees	\$2,653,948
Company made (after taxes)	<b>\$(6,532,054)</b>

The company expects its annual medical costs to increase 8.7%.

#### How it plans to spend your premium

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

Claims:	87.81%
Administrative:	5.84%
Taxes & fees:	4.35%
Profit:	2.00%

### Explanation of requested rate change

Geisinger Quality Options has proposed an overall base rate decrease of -20.1% for Individual PPO members renewing in the Marketplace effective January 1, 2018 through December 1, 2018. The proposed overall rate decrease is uniform by plan due to only one plan being offered in 2018. The key drivers of this decrease are the change in morbidity of the ACA population, the potential changes to the cost-sharing reduction program and the enforcement of the individual mandate. The total projected 2018 administrative costs are approximately the same as those used for the current 2017 rates. As required by federal regulations and using the Federally prescribed MLR methodology, the projected loss ratio exceeds 80%. There were minimal benefit changes proposed for 2018.

## **Actuarial Memorandum – Individual PPO**

### **General Information**

#### **Company Identifying Information** (as included in Table 0)

Company Legal Name: Geisinger Quality Options

State: Pennsylvania

HIOS Issuer ID: 75729

NAIC Number: 12743

Market: Individual

Effective Date: 1/1/2018

#### **Company Contact Information**

Primary Contact Name: Sarah MacDerment

Primary Contact Phone: 570-214-2348

Primary Contact email address: [smmacderment@thehealthplan.com](mailto:smmacderment@thehealthplan.com)

#### **Filing Information**

HIOS Submission Tracking Number: 75729-963513410203478024

Contract Form Number: M-152-115-F Rev. 01/18

SERFF Number: GSHP-131024096

Binder ID Number: GSHP-PA18-125072360

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

#### **Rate History**

The recent historical rate increases are summarized in the table below.

	Year	Average Increase	SERFF ID#
	2015	13.7%	GSHP-129625425
	2016	20.0%	GSHP-130072442
	2017	0%	GSHP-130558343

For 2015, the increase was not uniform, but varied by plan. These increases varied from 7.8% to 19.4%. For 2016, the increases also varied by plan and ranged from 15.2% to 21.1% for an overall increase of 20.0%. The 0% increase for 2017 was uniform by plan (since there was only one plan).

#### **Proposed Rate Increase**

This filing applies to PPO products, sold off exchange in rating areas 2, 3, 5, and 6. There will be 1 silver plan offered in 2018. As of February 2017, 361 covered lives and 212 policyholders will be impacted by this filing. The proposed overall rate decrease is (20.1%) and is uniform by plan due to only 1 plan being offered in 2018.

#### **Average Rate Change**

The average rate change entered as the "percent rate change requested" in the SERFF Rate Review Detail Screen is the same as listed in Table 10, cell AC15. It is the change in the Calibrated Plan-adjusted Index rate (as instructed by the Department). In addition, the change in 21-year-old non-tobacco premium PMPM, as calculated in Table 11, cell AN13, is (17.9%). Finally, the URRT Worksheet 1 "percent increase over Experience Period" (in cell V45) is 75.56% and the "percent increase annualized" (in cell V46) is 32.50%.

Devised 5/18/17

Revised 8/11/17

### **Membership Count**

Table 1 shows the average age and the member months in the experience period of calendar year 2016, as well as the average age and the current members as of February 1, 2017 by age range. The projected member months for the rating period are also included.

### **Benefit Changes**

Benefits for adult eye exam were removed as a result of the change in the benchmark plan for Pennsylvania. These services are estimated to account for .08% of the claims cost.

### **Reason for Rate Increase**

The components of this rate increase are:

- Single Risk Pool experience (i.e. the “Base period allowed claims before normalization” on Table 8) which is more adverse than assumed in current rates;
- Medical Inflation;
- Utilization trend;
- Changes in administrative expenses;
- Changes in ACA fees;
- Changes in covered benefits;
- Changes in Risk Adjustment;
- Changes in Morbidity

Each of these components is discussed in detail under the “Adjustments Made to the Data” section of this document and are displayed in Table 8 of the exhibits.

### **Experience Period Premium and Claims**

#### **Paid Through Date**

The Experience Period data provided in the URRT Worksheet 1, Section I and in Table 2 is incurred in calendar year 2016 and paid through February 2017. As discussed below, the data in Table 2 of the exhibits is consistent with the data provided in the URRT in Worksheet 1, Section 1 (except for the incurred claims and the allowed claims).

#### **Premiums (net of MLR Rebate) in Experience Period**

Premiums include earned premiums for calendar year 2016 for the Single Risk Pool. Premiums are not reduced by taxes and/or assessments. MLR rebates are not expected to be paid for this block of business. Initial estimates of rebates have been completed utilizing the methodology required for the CY 2016 rebate filing. Estimates suggest that the individual market MLR will be above the minimum MLR target of 80%.

### **Allowed and Incurred Claims Incurred During the Experience Period**

The Experience Period Claims are based on individual non-grandfathered business incurred and paid claims with IBNR added for the tail of claims incurred but not paid. Allowed claims are directly from claim records. However, per the 2018 URRT Instructions, we have added all private reinsurance recoveries back into both our paid and allowed claims (since our claims records were net of these recoveries). For both paid and allowed claims the same IBNR factors were used. The IBNR factors were based on legal-entity level claims completion tables which include individual and group commercial experience. This method is appropriate in order to assure proper credibility and because timing of claims payment to providers does not vary by market or product.

There were no non-EHB benefits in the experience period.

Geisinger outsources several benefits and therefore has capitation expenses. The capitated expenses cover chiropractic services, nurse line, and mental health services including autism. The capitation amount for the experience period is displayed on Table 2 and is included in both the Incurred Claims and Allowed Claims on Worksheet 1 of the URRT. The capitation charges are uniform and do not vary by age. NOTE: The capitation amount paid for our private reinsurance program (net of actual recoveries) has been removed from the capitation amount in Table 2 and moved to the "Change in Other" category in Table 5.

Pharmacy rebates are listed on Table 2. These rebate dollars would be removed from the Ultimate Incurred Claim liability to the insurer and are removed from the Incurred Claims and the Allowed Claims on Worksheet 1 of the URRT.

The estimated risk adjustment for the experience period are based on an external analysis performed by the Department. They estimated the Risk Adjustment transfer payment based on the population risk scores relative to an assumed market average risk score and market average premium.

The Experience Period Reinsurance amount was estimated using the 2016 attachment point of \$90k after which reinsurance payments begin, with a cap of \$250k where after payments stop for high cost enrollees. Reimbursement is set at 50% of a member's claims in that range. These threshold amounts are applied to each member in the Experience Period and a total reinsurance receivable amount is calculated. The estimated Reinsurance recovery is displayed on Table 2.

### **Benefit Categories**

<b><u>Benefit Category</u></b>	<b><u>Description</u></b>
Inpatient Hospital	Determined by place of service (Hospital—IP)
Outpatient Hospital	Determined by place of service (Hospital—OP)
Professional	Determined by place of service (Physician's office)
Other Medical	N/A
Capitation	Claims per Financial Department
Prescription Drug	Claims per contracted PBM

## Credibility of Data

The existing non-grandfathered business shown in the Experience Period data in Table 2 does not reflect the anticipated risk and composition of the Projection Period. The Credibility Manual Rate is developed using population segments that are in the Experience Period blended with population segments (Grandfathered business) that are not in the Experience Period. The Credibility Manual Rate is a combination of our HMO and PPO experience, giving us an even more credible manual rate. Combining the HMO and PPO Single Risk Pools also aids in consistency between the products. In order to avoid double counting the Experience Period and avoid complicated adjustments to reflect the expected distribution of enrollment in each segment, the credibility of the Experience Period is set to 0.0%. This approach is consistent with the Actuarial Standard of Practice #25.

The Credibility Manual Rate is developed based on the expected enrollment in each of these segments, as summarized in the table below. Each segment is described in more detail in the "Adjustments Made to Data" section below.

Segment	% of population Assumed in Projection Period
ACA Compliant - PPO	100%
ACA Compliant – HMO/POS	100%
Non-ACA Non-GF – PPO	0%
Non-ACA Non-GF -- HMO	75%
Non-ACA GF – HMO	75%

The credibility manual data is shown in Table 2b. Since the credibility manual data is given a weight of 100%, the "blended" data would be the same as the data in Table 2b.

As requested by the Department, the experience period data for our transitional (non-ACA non-GF) Individual PPO block is:

Premium = \$8,793,708

Incurred Claims = \$6,844,941

Member Months = 30,765.

### **Adjustments Made to the Data**

The following segments are included in the development of the Credibility Manual Rate and adjusted when appropriate.

*ACA Compliant Experience HMO/POS and PPO* – This population is represented in the Experience Period and is expected to continue into the Projection Period. The Projected Allowed Experience Claims are adjusted for benefits changes as described in the section below.

*Non-ACA Individual Non-Grandfathered Experience HMO and PPO* – This population is represented in the Experience Period and a portion is expected to continue into the Projection Period. The Projected Allowed Experience Claims are adjusted to represent the essential health benefits.



*Non-ACA Individual Grandfathered Experience HMO* – This product was withdrawn and a portion of this population transitioned to the ACA Single Risk Pool on April 1, 2016. This segment is not represented in the Experience Period for the Single Risk Pool. Claims for this segment need to be adjusted to represent the essential health benefits, as described below.

### **Morbidity Adjustments**

We worked with the Department to estimate the change in morbidity and are using an adjustment factor of 1.20. This factor is intended to reflect the change in morbidity as well as the impact for the uncertainty of the individual mandate.

### **Changes in Benefits**

Additional benefits due to Essential Health Benefits requirements are included in both of the non-ACA Compliant Experience segments listed above:

- + Pediatric Eye Exam: \$2.98 PMPM
- + Pediatric Eyewear: \$2.19 PMPM
- + 100% coverage of adult physicals: 0.75% of claims
- + Chiropractic Coverage: \$1.85 PMPM
- + Extraction of Wisdom Teeth: \$0.84 PMPM
- + Pediatric Dental: \$1.17 PMPM
- + Pharmacy (optional in non-ACA block): \$0.13 PMPM (\$15.58 @ 0.8% weight)

### **Changes in Demographics**

Each segment of the Projection Period is expected to have a similar demographic distribution as represented in the 2016 Base Period. There is no adjustment for demographic changes to any population segments.

### **Change in Other**

As noted above, the capitation amount paid for our private reinsurance program (net of actual recoveries) has been removed from the capitation amount in Table 2 and moved to the “Change in Other” category in Table 5.

### **Trend Factors**

Experience data was trended using an annual trend of 8.7%. Table 3 shows the breakdown between service category and cost vs. utilization. Table 3 uses the PMPM by service category to weight to develop the total composite trend. Trend factors are projected for unit cost and utilization components:

- Unit cost trend factors are based on recorded anticipated increases in facility and professional fees from the Experience to Projection Period. These increases are composited across all facilities and provider groups.
- Utilization trend projections are based on least-square regression modeling, taking into account historical claims patterns, anticipated economic activity and changes in care patterns.
- Seasonality adjustments are made to the claims to account for changes in work days.
- Further adjustments have been made to the trends to reflect expected changes due to new medical management initiatives that are expected to yield savings in the projection period.

Our trends are analyzed at a higher level than these individual segments and are the same for the experience data and the credibility manual data. Due to the lack of stability in the ACA experience, we based our trends on data from our commercial large group experience. Table 4b is provided for this large group experience.

### **Inclusion of Capitation Payments**

If a capitated benefit is not in the experience period, an adjustment was added to account for those services (e.g. Pediatric dental).

### **Historical Experience**

Table 4 includes the most recent 36 months of data with run out through February 2017. Allowed claims are directly from claim records. As mentioned above, Table 4b displays the large group data that was used to determine the trends used.

As requested by the Department, the most recent 36 months of data for our transitional (non-ACA non-GF) Individual PPO block is:

<b>Non-ACA non-GF PPO</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Premium	\$21,657,688	\$13,372,156	\$8,793,708
Incurred Claims	\$16,761,634	\$9,373,339	\$6,844,941
Member Months	84,053	47,727	30,765

### **Paid to Allowed Ratio**

The Projected Paid to Allowed Average Ratio is displayed on Table 5. There are variations between the AV Pricing Values and the AV Calculator values because of different cost structures and management approaches than what is reflected in the national average data used in the AV Calculator.

### **Risk Adjustment and Reinsurance**

#### **Experience Period Risk Adjustment and Reinsurance Adjustments MPPM**

As stated above, the estimated risk adjustment transfer payment for the experience period (in Table 2) was based on an external analysis performed by the Department. The Experience Period Reinsurance amount was estimated using the 2016 benefits, applied to member level claims as discussed above.

#### **Projected Risk Adjustments MPPM**

Our Individual PPO Exchange population is expected to have had a less healthy risk profile than the state average in 2016 resulting in potential payment transfers from the Risk Adjustment program. Premium levels for 2018 need to incorporate the expected payment from the Risk Adjustment program. The Department provided an estimate for 2016. Due to the significant drop in enrollment (average of ~8,600 in CY2016 versus 361 as of February 2017), we have used the Department's estimated 2016 Risk Adjustment for Individual HMO for both Individual 2018 filings. The adjustment is shown on Table 5.

#### **Projected ACA Reinsurance Recoveries Net of Reinsurance Premium (on URRT)**

This is a holdover from prior years. The reinsurance program ended in 2016 so the expected recoveries is 0 for 2017.

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

### **Administration Expense Load**

Administration expenses are based on activity-based allocation by product for calendar year 2018. This methodology applies for all variable costs and all fixed costs. Table 6 provides a breakdown of the administrative expenses, as well as the taxes and fees. The administrative expenses are a consistent percentage of premium and do not vary by plan. The proposed percentage of premium for 2018 is shown in both Tables 6 and 10.

### **Profit & Risk Margin**

The risk margin is set at 2% of premium.

### **Taxes, Fees, and Subsidies**

Table 6 displays these items. For 2018, the federal government will collect the Health Insurer Provider Fee so it is included in this development.

### **Projected Loss Ratio**

The anticipated loss ratio is **93.2%** in aggregate as shown below using the Federally-prescribed MLR methodology:

MLR Numerator = Projected Claims + Quality Initiatives =  $620.56 + .0120 \times 696.15 = 628.92$

MLR Denominator = Projected Premiums – Taxes and Fees + Risk Adjustment =  $696.15 - 30.28 + 9.27 = 675.14$

Federal MLR =  $628.92 / 675.14 = 93.2\%$

The Quality Initiatives amount is based on the latest estimate for this product.

## **Development of Projected Index Rate, Market-Adjusted Index Rate & Total Allowed Claims**

### **Single Risk Pool**

The Single Risk Pool has been established in accordance with the requirements in 45 CFR 156.80(d) as was discussed previously in the Experience Period Premium and Claims section. The Experience Period includes transitional policies and the Projection Period includes transitional policies only to the extent that we anticipate members will transition into the ACA Compliant products.

### **Index Rate**

The Experience Period Index Rate is based on the manual Allowed Claims PMPM and is the starting value on Table 5. The Credibility Manual Rate is a combination of our HMO and PPO experience, giving us an even more credible manual rate. No benefits were covered in addition to Essential Health benefits in the policies being offered.

The Projected Index Rate for this Single Risk Pool is the Adjusted Projected Allowed EHB Claims PMPM and is the manual rate. The projected claims reflect the trend and benefits described earlier in this memorandum. There are no benefits covered in addition to Essential Health benefits in the policies being offered.

### **Market Adjusted Index Rate**

The Market Adjusted Index Rate and Market Adjusted Total Allowed Claims are calculated in Table 5. The Projected Index Rate is converted to paid basis by multiplying by the Projected Paid to Allowed ratio (described above). The allowable market-wide modifiers (risk adjustment and Exchange User Fees) are added to this paid basis PMPM. This PMPM is then converted back to an allowed basis, again using the projected paid to allowed ratio. Any non-EHB claims would then be added to this value. We have none, so this PMPM is the Market-Adjusted Projected Total Allowed Claims PMPM.

### **Normalized Market-Adjusted Projected Allowed Total Claims**

The Market-Adjusted Projected Allowed Total Claims is normalized using the projected average factors for age, geography, tobacco, benefit richness (induced demand) and network. These average factors for 2017 and 2018 are displayed on Table 7.

### **Projected Membership**

Only members in the plan that will be offered in 2018 are expected to remain in that plan. February 2017 membership in that plan, is expected to best represent calendar year 2018.

### **Plan Factors**

#### **Age Factor**

The federal age curve, as shown in Table 12, is used to determine a normalization factor to account for the age mix of business used in generating the Index Rate. The average age factor includes a factor of 0 for non-billable members. The average factors for 2017 and 2018 are shown on Table 7.

#### **Geographic Factor**

The geographic rating area factors used to determine premium rates are shown on Table 13. The normalization factor is determined using these factors weighted using projected membership by area.

#### **Tobacco Factor**

A standard 10% load is applied for applicants who indicate tobacco usage by affirmatively answering the question—"Have you used tobacco at least four times a week for the past six months?" This load assumption was validated using the study "*Impact of height, weight, and smoking on medical claims costs*", a research report done by Milliman to update their Medical Underwriting Guidelines in April 2009. We utilized the 2016 ACA compliant population to determine the percentage of members that admit to the use of tobacco and pay the increased premium for their entire contract in 2016. The average tobacco factor is shown on Table 7. Table 12 shows the age bands, age factors and tobacco factors where it demonstrates that the tobacco factors are uniform across all age bands (for 18+).

#### **Benefit Richness (Induced Demand)**

Since we are only offering one plan, induced demand is 1.000 (as shown on Table 10).

#### **Network Factor**

Only one network rating factor per market is used for each network.

#### **Service Area Composition**

All the counties and services areas are defined in the QHP Service Area Template.

### Components of Rate Change

Table 8 shows the components of the Rate Change developed in this filing. The key drivers of this increase are the increase in morbidity of the ACA population, as well as annual claims trend and changes in the federal risk adjustment program. Table 9 supports the calculations in Table 8.

### Plan Rate Development

The projected market-adjusted index rate is used to develop the calibrated plan adjusted index rates in columns Z and AA of Table 10. Each plan's rate is developed as the product of the market-adjusted index rate, the allowable factor and calibration for age and geography.

The single plan to be offered in 2018 is identified as modified. Column G lists the metallic tier. This is the value we calculated using the HHS Actuarial Value Calculator. Screen shots of this calculation are provided in the file "GQO Indiv Screen Shots 20170803.pdf." The Actuarial Certification, at the end of this document, includes attestation that the Federal AV calculator was used to determine the metallic value. Please also refer to the "Unique AV Plan Justification" document for further details. As directed by the Department, columns L, N and P were normalized using projected (CY2018) membership. The supporting exhibit for column L ["Benefit Richness (induced demand)"] is shown below:

Induced Utilization Exhibit								
Plan ID	Metal Level	Projected Membership	Projected Allowed Claims	Projected Paid Claims	Paid to Allowed Factor	Average Tobacco Factor	AV & Cost Sharing Factor	(8)/(6*7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
75729PA0012630	Silver	361	\$3,421,809	\$2,708,020	0.7914	0.990	0.7808	0.9965
<b>Total</b>		<b>361</b>	<b>\$3,421,809</b>	<b>\$2,708,020</b>	<b>0.7914</b>	<b>0.990</b>	<b>0.7808</b>	<b>0.99652</b>

### Plan Premium Development for 21-Year-Old Non-Tobacco User

The projected calibrated plan-adjusted index rate is used to develop the 21-year-old non-tobacco premium in the individual market. These rates are displayed on Table 10, column AA. Table 11 uses the 21-year-old non-tobacco premiums from Table 10, adjusted by the current approved geographic factors (from Table 13), to develop the 21-year-old non-tobacco premiums by rating area.

### Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rates are developed by applying the following allowable rating factors to the *calibrated* Plan Adjusted Index Rates:

1. Age – reflecting the HHS defined age curve
2. Geographic – as discussed previously
3. Tobacco status – as discussed above.

The final Premium rates for *all* filed benefit plans are displayed in the QHP Rating Template.

### Composite Rating

Composite rating is not used.

### Terminated Plans and Products

No products or plans are being terminated.

### Plan Type

All plan offerings meet the plan type definitions available in the URRT Worksheet 2, Section I.

### Changes to URRT

We acknowledge that the URRTs submitted with both the first and the final filings in SERFF, will also be updated in HIOS.

### Reliance

We relied on the Department's 2016 projected risk adjustment payment to develop the estimate for 2018.

### Warning Alerts

The following Warning Alerts are noted in Worksheet 2 as described below.

- **Total Incurred Claims row 68**: The total incurred claims in row 68 of Worksheet 2 are net of the estimated risk adjustment payment transfer (per the 2018 URRT Instructions). Thus, they are lower than the experience period incurred claims on Worksheet 1 since the latter are gross of the estimated risk adjustment payment transfer.
- **Incurred Claims PMPM row 73**: Since row 73 is simply the PMPM for row 68, the same explanation applies.

### Additional Exhibits

The following required exhibits have been uploaded in SERFF under the tabs noted next to the exhibit:

- Department Plan Design Summary – submitted under the “Rate/Rule Schedule” tab;
- Service Area Map – submitted under the “Supporting Documentation” tab.

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### Actuarial Certification

I certify that:

1. I am a member of the American Academy of Actuaries, meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States promulgated by the American Academy of Actuaries, and have the education and experience necessary to perform this work.
2. The projected Index Rate is:
  - a. In compliance with all applicable state and Federal regulations including 45 CFR 156.80(d)(1)
  - b. Developed in compliance with the applicable Actuarial Standards of Practice,
  - c. Is reasonable in relation to the benefits provided and the population anticipated to be covered,
  - d. Is neither excessive nor deficient based on available information.
3. The Index Rate is used to develop the plan level rates using only the allowable modifiers in accordance with 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2).
4. The essential health benefits are determined in accordance with 45 CFR Part 156 and that the percentage of total premium (in Worksheet 2, Sections III and IV of the URRT) that represents the essential health benefits is calculated in accordance with actuarial standards of practice.

5. The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area.
6. The Federal AV Calculator was utilized, with an acceptable alternative methodology when appropriate, to determine the AV Metal Values shown above and in Worksheet 2, Section I of the URRT, following ASOP 50. Please refer to the "Unique AV Plan Justification" document for further details.
7. All factor, benefit and other changes from the prior (2017) approved filing have been disclosed in the actuarial memorandum.
8. New plans have not been considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
9. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2018 Rate Filing Justification.

I confirm that the rates submitted comply with the ACA rating requirements and with the Single Risk Pool per market requirement. The URRT does not demonstrate the process used 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 Marketplaces, and for certification that the Index Rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.



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**Sarah MacDerment**  
**FSA, MAAA**  
**Attesting Actuary**

8/11/2017  
**Date**

PA Rate Template Part I  
Data Relevant to the Rate Filing

Table 0. Identifivine Information

Carrier Name:	Geisinger Quality Options		
Product(s):	PPQ		
Market Segment:	Individual		
Rate Effective Date:	1/1/2018	to	12/31/2018
Base Period Start Date	1/1/2016	to	12/31/2016
Date of Most Recent Membership	2/1/2017		

Table 1. Number of Members

	Member-months	Members	Member-months
	Experience Period	Current Period (as of 02-01-2017)	Projected Rating Period
Average Age	41	37	37
Total	103,740	361	4,332
<18	12,486	66	792
18-24	7,171	40	480
25-29	8,107	24	288
30-34	9,595	24	288
35-39	8,071	21	252
40-44	8,288	29	348
45-49	10,069	32	384
50-54	10,931	36	432
55-59	12,986	51	612
60-63	12,212	26	312
64+	9,424	12	144

\* 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
\$ 41,135,950.21	\$ 49,236,582.16	\$ 50,135,402.36	103,740	\$ 10,838,908.09	\$ 60,974,310.45	\$ -	\$ (912,429.77)	\$ 1,010,614.41	\$ -	\$ 7,409,434.00	\$ 2,204,540.65
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											\$ 588.70
Loss Ratio											98.94%

\* Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite UBBT Trend **	Weight*
Inpatient Hospital	3.56%	0.00%	5.36%	9.11%	19.87%
Outpatient Hospital	3.64%	-0.35%	7.42%	10.94%	42.81%
Professional	3.64%	0.35%	0.44%	4.46%	22.14%
Other Medical	0.00%	0.00%	0.00%	0.00%	0.00%
Capitation			5.00%	1.63%	
Prescription Drugs	7.04%	2.32%	0.00%	9.52%	13.57%
Total Annual Trend				8.85%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.185	

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

\*\* Should = UBBT 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	\$ 32,536,691.78	\$ 1,479,449.77	1.0000	\$ 1,479,449.77	9,424	\$ 156.99	\$ 9,772,072.98	\$ (12,794.19)	\$ 2,313,001.58	\$ 245.44
Feb-14		\$ 1,763,985.77	1.0000	\$ 1,763,985.77	9,329	\$ 189.09		\$ (13,041.34)	\$ 2,516,670.86	\$ 269.77
Mar-14		\$ 2,123,069.82	1.0000	\$ 2,123,069.82	9,376	\$ 226.44		\$ (16,730.28)	\$ 2,940,470.86	\$ 313.62
Apr-14		\$ 2,199,081.76	1.0000	\$ 2,199,081.76	9,518	\$ 230.80		\$ (21,296.16)	\$ 3,073,873.92	\$ 322.61
May-14		\$ 2,651,590.59	1.0000	\$ 2,651,590.59	9,733	\$ 272.43		\$ (27,021.06)	\$ 3,540,318.91	\$ 363.74
Jun-14		\$ 2,936,309.46	1.0000	\$ 2,936,309.46	9,676	\$ 303.46		\$ (29,808.04)	\$ 3,760,671.81	\$ 388.66
Jul-14		\$ 2,680,191.53	1.0000	\$ 2,680,191.53	9,668	\$ 277.22		\$ (31,502.61)	\$ 3,539,499.84	\$ 366.10
Aug-14		\$ 2,581,123.57	1.0000	\$ 2,581,123.57	9,645	\$ 267.61		\$ (29,156.25)	\$ 3,375,022.40	\$ 349.92
Sep-14		\$ 2,802,339.40	1.0000	\$ 2,802,339.40	9,605	\$ 291.76		\$ (32,264.71)	\$ 3,612,524.40	\$ 376.11
Oct-14		\$ 3,761,273.46	1.0000	\$ 3,761,273.46	9,524	\$ 394.93		\$ (40,007.40)	\$ 4,572,561.03	\$ 480.11
Nov-14		\$ 2,648,057.63	1.0000	\$ 2,648,057.63	9,452	\$ 280.16		\$ (34,899.76)	\$ 3,393,756.22	\$ 359.05
Dec-14		\$ 2,434,480.73	1.0000	\$ 2,434,480.73	9,165	\$ 265.63		\$ (46,528.78)	\$ 3,194,654.64	\$ 348.57
Jan-15	\$ 26,239,785.82	\$ 2,130,652.46	1.0000	\$ 2,130,652.46	7,580	\$ 281.09	\$ 7,173,805.52	\$ (45,812.20)	\$ 2,927,633.13	\$ 386.23
Feb-15		\$ 1,719,246.00	1.0000	\$ 1,719,246.00	7,213	\$ 238.35		\$ (45,637.94)	\$ 2,396,406.47	\$ 332.23
Mar-15		\$ 2,206,729.57	1.0000	\$ 2,206,729.57	6,973	\$ 316.47		\$ (40,914.97)	\$ 2,920,196.03	\$ 418.79
Apr-15		\$ 2,082,831.03	1.0000	\$ 2,082,831.03	6,812	\$ 305.76		\$ (40,324.61)	\$ 2,767,619.03	\$ 406.29
May-15		\$ 1,915,474.29	1.0000	\$ 1,915,474.29	6,673	\$ 287.05		\$ (46,392.48)	\$ 2,553,888.49	\$ 382.72
Jun-15		\$ 1,712,378.43	1.0000	\$ 1,712,378.43	6,550	\$ 261.43		\$ (38,494.93)	\$ 2,308,328.58	\$ 352.42
Jul-15		\$ 1,924,811.43	1.0000	\$ 1,924,811.43	6,435	\$ 299.12		\$ (34,514.91)	\$ 2,483,506.72	\$ 385.94
Aug-15		\$ 1,964,085.74	1.0000	\$ 1,964,085.74	6,338	\$ 309.89		\$ (35,579.67)	\$ 2,513,759.33	\$ 396.62
Sep-15		\$ 1,861,275.60	1.0000	\$ 1,861,275.60	6,218	\$ 299.34		\$ (32,409.96)	\$ 2,375,206.89	\$ 381.99
Oct-15		\$ 1,933,464.10	1.0000	\$ 1,933,464.10	6,101	\$ 316.91		\$ (33,073.85)	\$ 2,459,007.75	\$ 403.05
Nov-15		\$ 1,684,498.35	1.0000	\$ 1,684,498.35	5,812	\$ 289.83		\$ (35,826.33)	\$ 2,150,464.46	\$ 370.00
Dec-15		\$ 1,634,959.06	1.0000	\$ 1,634,959.06	5,674	\$ 288.15		\$ (31,283.85)	\$ 2,088,194.65	\$ 368.03
Jan-16	\$ 41,135,950.21	\$ 3,154,092.33	1.0000	\$ 3,154,092.33	8,635	\$ 365.27	\$ 10,838,908.09	\$ (49,556.65)	\$ 4,134,848.37	\$ 478.85
Feb-16		\$ 4,247,914.51	0.9992	\$ 4,251,397.87	8,846	\$ 479.52		\$ (54,359.53)	\$ 5,307,212.14	\$ 598.61
Mar-16		\$ 4,333,421.45	0.9990	\$ 4,337,842.19	8,998	\$ 492.15		\$ (67,035.60)	\$ 5,271,053.38	\$ 597.48
Apr-16		\$ 3,811,440.28	0.9988	\$ 3,816,197.37	8,983	\$ 424.81		\$ (67,206.33)	\$ 4,759,481.43	\$ 529.81
May-16		\$ 4,061,464.88	0.9983	\$ 4,068,296.01	8,902	\$ 457.02		\$ (74,619.03)	\$ 5,022,355.03	\$ 564.19
Jun-16		\$ 4,164,029.02	0.9979	\$ 4,172,684.95	8,811	\$ 473.56		\$ (75,126.47)	\$ 5,111,767.26	\$ 580.14
Jul-16		\$ 4,418,675.73	0.9927	\$ 4,451,130.61	8,711	\$ 510.99		\$ (70,640.42)	\$ 5,292,751.59	\$ 607.61
Aug-16		\$ 3,900,307.69	0.9913	\$ 3,894,557.63	8,575	\$ 458.83		\$ (89,219.96)	\$ 4,774,343.83	\$ 556.76
Sep-16		\$ 4,579,138.50	0.9821	\$ 4,662,754.51	8,496	\$ 548.84		\$ (73,912.02)	\$ 5,516,702.43	\$ 649.35
Oct-16		\$ 3,903,288.81	0.9743	\$ 4,006,449.24	8,368	\$ 478.76		\$ (74,973.86)	\$ 4,810,768.83	\$ 574.88
Nov-16		\$ 4,737,165.14	0.9415	\$ 5,031,709.80	8,260	\$ 609.18		\$ (101,259.97)	\$ 5,839,062.75	\$ 706.92
Dec-16		\$ 4,172,743.18	0.9283	\$ 4,495,280.22	8,144	\$ 552.01		\$ (112,549.81)	\$ 5,280,938.68	\$ 648.48

\* Express Completion Factor as a percentage



Carrier Name: Geisinger Quality Options  
Product(s): PPO  
Market Segment: Individual  
Rate Effective Date: 1/1/2018

Table 2b. Manual Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$ 157,201,789.59	\$ 157,973,444.13	\$ 160,521,455.51	363,937	\$ 42,415,549.32	\$ 202,937,004.83	\$ -	\$ (3,738,017.74)	\$ 5,733,947.17		\$ 10,104,997.00	\$ 6,834,442.19
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											\$ 563.10
Loss Ratio											93.05%

\*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	3.56%	0.00%	5.36%	9.11%	18.95%
Outpatient Hospital	3.64%	0.35%	7.42%	10.94%	40.44%
Professional	3.64%	0.35%	0.44%	4.46%	23.16%
Other Medical	0.00%	0.00%	0.00%	0.00%	0.00%
Capitation				5.00%	2.75%
Prescription Drugs	7.04%	2.32%	0.00%	9.52%	14.70%
Total Annual Trend				8.72%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.182	

\* 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		\$ 22,252,980.75	1.0000	\$ 22,252,980.75	68,729	\$ 323.78		\$ (386,466.08)	\$ 26,773,941.81	\$ 382.28
Feb-14		\$ 21,587,394.78	1.0000	\$ 21,587,394.78	67,923	\$ 317.82		\$ (356,694.37)	\$ 25,039,082.52	\$ 368.64
Mar-14		\$ 22,338,907.37	1.0000	\$ 22,338,907.37	68,234	\$ 327.39		\$ (380,156.86)	\$ 26,035,011.19	\$ 381.55
Apr-14		\$ 22,244,107.17	1.0000	\$ 22,244,107.17	66,868	\$ 332.66		\$ (406,450.63)	\$ 25,859,690.21	\$ 386.71
May-14		\$ 23,543,265.00	1.0000	\$ 23,543,265.00	66,677	\$ 351.09		\$ (407,834.58)	\$ 26,920,657.02	\$ 403.74
Jun-14		\$ 21,343,136.61	1.0000	\$ 21,343,136.61	65,656	\$ 325.08		\$ (342,614.07)	\$ 24,552,843.83	\$ 373.96
Jul-14		\$ 21,404,161.11	1.0000	\$ 21,404,161.11	63,864	\$ 335.15		\$ (387,801.84)	\$ 24,646,775.31	\$ 385.93
Aug-14		\$ 21,879,939.43	1.0000	\$ 21,879,939.43	64,575	\$ 338.83		\$ (389,459.72)	\$ 25,010,687.04	\$ 387.31
Sep-14		\$ 21,739,937.54	1.0000	\$ 21,739,937.54	63,380	\$ 343.01		\$ (385,320.40)	\$ 24,875,277.07	\$ 392.48
Oct-14		\$ 22,777,723.16	1.0000	\$ 22,777,723.16	63,328	\$ 359.68		\$ (414,920.44)	\$ 26,250,929.22	\$ 414.52
Nov-14		\$ 20,375,218.67	1.0000	\$ 20,375,218.67	63,365	\$ 321.55		\$ (376,446.80)	\$ 23,195,846.17	\$ 365.07
Dec-14	\$ 304,349,052.89	\$ 20,982,036.51	1.0000	\$ 20,982,036.51	63,092	\$ 332.56	\$ 40,219,010.12	\$ (407,760.44)	\$ 24,027,076.83	\$ 380.83
Jan-15		\$ 22,243,937.46	1.0000	\$ 22,243,937.46	61,825	\$ 359.79		\$ (441,498.87)	\$ 25,916,266.09	\$ 419.19
Feb-15		\$ 19,868,615.28	1.0000	\$ 19,868,615.28	62,619	\$ 317.29		\$ (419,602.96)	\$ 23,299,463.95	\$ 372.08
Mar-15		\$ 23,330,491.02	1.0000	\$ 23,330,491.02	61,963	\$ 376.52		\$ (445,448.97)	\$ 26,962,486.70	\$ 435.14
Apr-15		\$ 22,246,333.83	1.0000	\$ 22,246,333.83	61,330	\$ 362.79		\$ (448,907.17)	\$ 25,644,667.96	\$ 418.21
May-15		\$ 21,829,356.62	1.0000	\$ 21,829,356.62	60,672	\$ 359.79		\$ (457,719.96)	\$ 24,975,969.33	\$ 411.66
Jun-15		\$ 20,828,465.69	1.0000	\$ 20,828,465.69	59,626	\$ 349.32		\$ (471,693.76)	\$ 23,994,914.07	\$ 402.42
Jul-15		\$ 21,897,804.51	1.0000	\$ 21,897,804.51	58,871	\$ 371.96		\$ (481,611.88)	\$ 25,019,798.27	\$ 424.99
Aug-15		\$ 19,290,072.74	1.0000	\$ 19,290,072.74	58,985	\$ 327.03		\$ (488,286.98)	\$ 22,266,970.74	\$ 377.50
Sep-15		\$ 20,939,133.48	1.0000	\$ 20,939,133.48	59,935	\$ 349.36		\$ (474,207.46)	\$ 24,025,436.54	\$ 400.86
Oct-15		\$ 22,959,100.31	1.0000	\$ 22,959,100.31	60,624	\$ 378.71		\$ (511,423.51)	\$ 26,236,563.17	\$ 432.78
Nov-15		\$ 20,739,293.84	1.0000	\$ 20,739,293.84	60,212	\$ 344.44		\$ (483,645.17)	\$ 23,742,612.21	\$ 394.32
Dec-15	\$ 297,328,197.89	\$ 22,027,964.65	1.0000	\$ 22,027,964.65	60,025	\$ 366.98	\$ 39,055,230.51	\$ (505,052.38)	\$ 25,170,754.26	\$ 419.34
Jan-16		\$ 20,939,024.15	1.0000	\$ 20,939,024.15	60,877	\$ 343.96		\$ (494,504.69)	\$ 24,698,322.50	\$ 405.71
Feb-16		\$ 22,285,274.67	0.9986	\$ 22,316,957.71	60,632	\$ 368.07		\$ (513,443.10)	\$ 26,142,471.12	\$ 431.17
Mar-16		\$ 25,703,927.69	0.9984	\$ 25,745,206.60	60,690	\$ 424.21		\$ (560,380.28)	\$ 29,880,077.53	\$ 492.01
Apr-16		\$ 23,652,506.62	0.9981	\$ 23,698,612.45	61,487	\$ 385.42		\$ (502,049.23)	\$ 27,345,325.36	\$ 444.73
May-16		\$ 23,025,112.65	0.9978	\$ 23,076,251.11	61,461	\$ 375.46		\$ (515,282.98)	\$ 26,679,888.30	\$ 434.09
Jun-16		\$ 26,720,787.21	0.9972	\$ 26,795,436.98	61,925	\$ 432.71		\$ (520,508.52)	\$ 30,309,425.51	\$ 489.45
Jul-16		\$ 22,423,369.94	0.9965	\$ 22,502,042.35	62,305	\$ 361.16		\$ (520,535.09)	\$ 25,841,309.79	\$ 414.75
Aug-16		\$ 23,692,981.54	0.9797	\$ 24,183,752.31	62,966	\$ 384.08		\$ (606,076.13)	\$ 27,923,065.82	\$ 443.46
Sep-16		\$ 22,961,332.18	0.9486	\$ 24,206,290.77	62,901	\$ 384.83		\$ (572,584.91)	\$ 27,753,523.99	\$ 441.23
Oct-16		\$ 23,439,286.38	0.8980	\$ 26,101,232.62	64,270	\$ 408.12		\$ (633,079.88)	\$ 30,233,208.22	\$ 470.41
Nov-16		\$ 24,712,394.97	0.9654	\$ 25,597,993.26	64,254	\$ 398.39		\$ (661,165.84)	\$ 29,283,238.40	\$ 455.74
Dec-16	\$ 319,273,258.35	\$ 23,113,160.19	0.9398	\$ 24,593,761.04	63,337	\$ 388.30	\$ 44,642,698.06	\$ (682,017.03)	\$ 28,329,427.94	\$ 447.28

\* Express Completion Factor as a percentage

PA Rate Template Part II  
Rate Development and Change

Carrier Name:	Geisinger Quality Options
Product(s):	PPG
Market Segment:	Individual
Rate Effective Date:	1/1/2018

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

Development of the Projected Index Rate	Actual Experience Data	Manual Data	
Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates) PMPM	\$ 588.70	\$ 563.10	<- Actual Experience PMPM should be consistent with the Index Rate for Experience Period on URRT
Two year trend projection Factor	1.185	1.182	
Unadjusted Projected Allowed EHB Claims PMPM	\$ 697.56	\$ 665.60	
Single Risk Pool Adjustment Factors			
Change in Morbidity	1.000	1.200	<- See URRT Instructions
Change in Other	1.000	1.007	
Change in Demographics	1.000	1.000	<- See URRT Instructions
Change in Network	1.000	1.000	<- See URRT Instructions
Change in Benefits	1.000	1.003	<- See URRT Instructions
Change in Other	1.000	1.004	<- See URRT Instructions
Total Adjusted Projected Allowed EHB Claims PMPM	\$ 697.56	\$ 804.67	
Credibility Factors	0%	100%	<- See Instructions
Blended Projected EHB Claims PMPM		\$ 804.67	<- Projected Index Rate
Development of the Market-Adjusted Index Rate and Total Allowed Claims			
Adjusted Projected Allowed EHB Claims PMPM	\$ 804.67		<- 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	0.771		<- Paid to Allowed Average Factor in Projection Period on URRT
Projected Paid EHB Claims PMPM	\$ 620.56		
Market-wide Adjustments			
Projected Risk Adjustment PMPM	\$ 9.27		
Projected Paid Exchange User Fees PMPM	\$ -		
Market-Adjusted Projected Paid EHB Claims PMPM	\$ 611.29		
Market-Adjusted Projected Allowed EHB Claims PMPM	\$ 792.65		<- Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM	\$ -		
Market-Adjusted Projected Paid Total Claims PMPM	\$ 611.29		
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 792.65		

Table 6. Retention

Retention Items - Express in percentages	
Administrative Expenses	5.84%
General and Claims	4.51%
Agent/Broker Fees and Commissions	0.13%
Quality Improvement Initiatives	1.20%
Taxes and Fees	4.35%
PCORI Fees (Enter \$ amount here: \$0.20 PMPM)	0.03%
Pa Premium Tax (if applicable)	0.00%
Federal Income Tax	1.31%
Health Insurance Providers Fee	2.99%
Profit/Contingency (after tax)	2.00%
Total Retention	12.19%
Projected Required Revenue PMPM	\$ 696.15

Table 8. Components of Rate Change

Rate Components	2017	2018	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	434.204207	346.9916121	-\$87.21	-20.1%
B. Base period allowed claims before normalization	\$ 546.62	\$ 563.10	\$16.48	4%
C. Normalization factor component of change	\$ (166.22)	-\$209.8293641	-\$43.61	-\$0.10
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 380.40	\$ 353.27	\$ (27.13)	-6%
D2. URRT Trend	\$ 59.31	\$ 64.30	\$ 4.99	1%
D3. URRT Morbidity	\$ 219.86	\$ 83.51	\$ (136.34)	-31%
D4. URRT Other	\$ 6.62	\$ 3.73	\$ (2.88)	-1%
D5. Normalized URRT RA/Ri on an allowed basis	0.11688452	-7.541100664	\$ (7.66)	-2%
D6. Normalized Exchange User Fee on an allowed basis	\$ -	\$ -	\$ -	0%
D7. Subtotal - Sum(D1:D6)	\$ 666.30	\$ 497.28	\$ (169.02)	-39%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ -	\$ 0	\$ -	0%
E2. Pricing AV	\$ (150.70)	\$ (103.73)	\$ 46.97	11%
E3. Benefit Richness	\$ (116.53)	\$ (88.83)	\$ 27.70	6%
E4. Catastrophic Eligibility	\$ -	\$ -	\$ -	0%
E5. Subtotal - Sum(E1:E4)	\$ (267.23)	\$ (192.56)	\$ 74.67	17%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 20.58	\$ 20.26	\$ (0.32)	0%
F2. Taxes and Fees	\$ 5.91	\$ 15.09	\$ 9.19	2%
F3. Profit and/or Contingency	\$ 8.68	\$ 6.94	\$ (1.74)	0%
F4. Subtotal - Sum(F1:F3)	\$ 35.17	\$ 42.30	\$ 7.13	2%
G. Change in Miscellaneous Items	\$ -	\$ -	\$ -	0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 434.24	\$ 347.02	\$ (87.22)	-20%

For informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 563.10	<- Index Rate of Experience Period on URRT
Blended Earned Premium	\$ 157,201,789.59	
Blended Loss Ratio	93.05%	

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

Effective Date	1/1/2018	4/1/2018	7/1/2018	10/1/2018	Total Single Risk Pool
# of Member Months Renewing in Quarter					-
Adjusted Projected Allowed EHB Claims PMPM Q1	\$ 804.67	\$ 804.67	\$ 804.67	\$ 804.67	\$ 804.67
Months of Trend	-	3	6	9	
Annual Trend	8.72%	8.72%	8.72%	8.72%	
Single Risk Pool Projected Allowed Claims	\$ 804.67	\$ 821.67	\$ 839.02	\$ 856.75	\$ -
Quarterly Trend Factor	100.0%	102.1%	104.3%	106.5%	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	1.776	1.860
Average Geographic Factor	1.035	1.093
Average Tobacco Factor	1.010	1.010
Average Benefit Richness (induced demand)	0.774	0.777
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 957.45	\$ 792.65
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 666.30	\$ 497.28

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

	2017	2018
Paid-to-Allowed	0.774	0.771
URRT Trend (Total Applied Trend Factor)	1.156	1.182
URRT Morbidity	1.500	1.200
URRT "Other"	1.010	1.007
Risk Adjustment	\$ 0.13	\$ (9.27)
Exchange User Fee	\$ -	\$ -
Capitation	\$ 12.26	\$ 9.74
Network	1.000	1.000
Pricing AV	0.774	0.791
Benefit Richness	0.774	0.774
Catastrophic Eligibility	1.000	1.000
Administrative Expenses	4.74%	5.84%
Taxes and Fees	1.36%	4.35%
Profit and/or Contingency	2.00%	2.00%

PA Rate Template Part III

Table 10. Plan Rates

Carrier Name:	Geisinger Quality Options	
Product(s):	PPO	
Market Segment:	Individual	
Rate Effective Date:	1/1/2018	
Base Period Start Date	1/1/2016	
Date of Most Recent Membership	2/1/2017	
Market Adjusted Index Rate	\$	792.65

											45 CFR Part 156.8 (d) (2) Allowable Factors					
Plan Number	HIOS Plan ID (Standard Component)	Plan Type (HMO, POS, PPO, EPO, Indemnity, Other)	Plan Marketing Name	Existing, Modified, New, Discontinued & Mapped, Discontinued & Not Mapped (E,M,N,DM, DNM) for 2018	1/1/18 Plan HIOS Plan ID (If 1/1/17 Plan Discontinued & Mapped)	Metallic Tier	Metallic Tier Actuarial Value	Standard AV, Approach (1), Approach (2)	Exchange On/Off or Off	Pricing AV (company-determined AV)	Benefit Richness (induced demand)	Benefits in addition to EHB	Provider Network	Catastrophic Eligibility	Tobacco Surcharge Adjustment	Pure Premium
Totals							0.686			0.791	0.997	1.000	1.000	1.000	0.990	\$ 618.87
Plan 1	75729PA0012630	PPO	Geisinger Marketplace PPO 30/50/5000 w/PD	M	75729PA0012630	Silver	0.6861	Approach (1)	Off	0.791	0.997	1.000	1.000	1.000	0.990	\$618.87

Calibration	
Age Calibration Factor	1.860
Geographic Calibration Factor	1.092
Aggregate Calibration Factor	2.031

Total Covered Lives @ 02-01-2017
361

Admin Costs	Taxes & Fees (not including Exchange fees)	Profit or Contingency
5.8%	4.4%	2.0%
5.8%	4.4%	2.0%

Total Covered Lives Mapped into 2018 Plans @ 02-01-2017	Total Policyholders @ 02-01-2017
361	212
361	212

2017 Calibrated Plan Adjusted Index Rate PMPM	2018 Calibrated Plan Adjusted Index Rate PMPM
\$ 434.20	\$ 346.99
\$ 434.20	\$ 346.99

Proposed Rate Change Compared to Prior 12 months
-20.09%
-20.1%

% of Total Covered Lives
100.0%

02-01-2017 Number of Covered Lives by Rating Area										2018 Continued/Discontinued Plans Indicator
1	2	3	4	5	6	7	8	9	Total	
-	-	242	-	17	102	-	-	-	361	
-	-	242	-	17	102	-	-	-	361	1

PA Rate Template Part IV A - Individual
Table 11. Plan Premium Development for 21-Year-Old Non-Tobacco User

Carrier Name: Geisinger Quality Options
Product(s): PPO
Market Segment: Individual
Rate Effective Date: 1/1/2018

Plan Number	HIOS Plan ID (Standard Component)	1/1/17 Plan Marketing Name	Discontinued, New, Modified, Existing (D,N,M,E) for 2018	1/1/18 Plan HIOS PLAN ID (If 1/1/17 Plan Discontinued)	Metallic Tier	Exchange On/Off or Off
Totals	These cells auto-fill using the data entered in Table 10.					
Plan 1	75729PA0012630	Geisinger Marketplace Pl	M	75729PA0012630	Silver	Off

2017 21-year-old, Non-Tobacco Premium PMPM									
1	2	3	4	5	6	7	8	9	(weighted by enrollment by rating area)
\$ -	\$ -	\$ 402.51	\$ -	\$ 418.14	\$ 484.14	\$ -	\$ -	\$ -	\$ 426.31
\$ -	\$ 408.59	\$ 402.51	\$ -	\$ 418.14	\$ 484.14	\$ -	\$ -	\$ -	\$ 426.31

2018 21-year-old, Non-Tobacco Premium PMPM									
1	2	3	4	5	6	7	8	9	(weighted by enrollment by rating area)
\$ -	\$ -	\$ 321.66	\$ -	\$ 334.15	\$ 419.51	\$ -	\$ -	\$ -	\$ 349.90
\$ -	\$ 326.52	\$ 321.66	\$ -	\$ 334.15	\$ 419.51	\$ -	\$ -	\$ -	\$ 349.90

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%	-20.1%	0.0%	-20.1%	-13.3%	0.0%	0.0%	0.0%	-17.9%
	-20.1%	-20.1%		-20.1%	-13.3%				-17.9%

## PA Rate Quarterly Template Part V Consumer Factors

<b>Carrier Name:</b>	Geisinger Quality Options
<b>Product(s):</b>	PPO
<b>Market Segment:</b>	Individual
<b>Rate Effective Date:</b>	1/1/2018

### Table 12. Age and Tobacco Factors

Projection Period Age and Tobacco Factors						
Age Band	Age Factor	Tobacco Factor		Age Band	Age Factor	Tobacco Factor
0-14	0.765			40	1.278	1.100
15	0.833			41	1.302	1.100
16	0.859			42	1.325	1.100
17	0.885			43	1.357	1.100
18	0.913	1.100		44	1.397	1.100
19	0.941	1.100		45	1.444	1.100
20	0.970	1.100		46	1.500	1.100
21	1.000	1.100		47	1.563	1.100
22	1.000	1.100		48	1.635	1.100
23	1.000	1.100		49	1.706	1.100
24	1.000	1.100		50	1.786	1.100
25	1.004	1.100		51	1.865	1.100
26	1.024	1.100		52	1.952	1.100
27	1.048	1.100		53	2.040	1.100
28	1.087	1.100		54	2.135	1.100
29	1.119	1.100		55	2.230	1.100
30	1.135	1.100		56	2.333	1.100
31	1.159	1.100		57	2.437	1.100
32	1.183	1.100		58	2.548	1.100
33	1.198	1.100		59	2.603	1.100
34	1.214	1.100		60	2.714	1.100
35	1.222	1.100		61	2.810	1.100
36	1.230	1.100		62	2.873	1.100
37	1.238	1.100		63	2.952	1.100
38	1.246	1.100		64+	3.000	1.100
39	1.262	1.100				

\*PA follows the federal default age curve.

### Table 13. Geographic Factors

Geographic Area Factors			
Area	Counties	Current Factor	Proposed Factor
Rating Area 1		0.000	0.000
Rating Area 2	Cameron, Potter	0.941	0.941
Rating Area 3	Tioga, Clinton, Lycoming, Sullivan, Bradford, Susquehanna, Wyoming, Lackawanna, Wayne, Pike, Monroe, Carbon, Luzerne	0.927	0.927
Rating Area 4		0.000	0.000
Rating Area 5	Jefferson, Clearfield, Cambria, Somerset, Blair, Huntingdon	0.963	0.963
Rating Area 6	Centre, Mifflin, Union, Snyder, Montour, Northumberland, Columbia, Schuylkill, Lehigh, Northampton	1.115	1.209
Rating Area 7	Adams, York, Lancaster, Berks	0.000	0.000
Rating Area 8		0.000	0.000
Rating Area 9	Fulton, Cumberland, Perry, Juniata, Dauphin, Lebanon	0.000	0.000

### Table 14. Network Factors

[illegible]

**Geisinger Quality Options  
Individual  
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
75729PA0012630	Geisinger Marketplace PPO 30/50/5000	PPO	Silver	Off	Geisinger Marketplace PPO	Rating Area 2	Cameron, Potter  Bradford, Carbon, Clinton, Lackawanna, Luzerne, Lycoming, Monroe, Pike, Sullivan, Susquehanna, Tioga, Wayne, Wyoming
75729PA0012630	Geisinger Marketplace PPO 30/50/5000	PPO	Silver	Off	Geisinger Marketplace PPO	Rating Area 3	Blair, Cambria, Clearfield, Huntingdon, Jefferson, Somerset
75729PA0012630	Geisinger Marketplace PPO 30/50/5000	PPO	Silver	Off	Geisinger Marketplace PPO	Rating Area 5	Centre, Columbia, Mifflin, Montour, Northumberland, Schuylkill, Snyder, Union
75729PA0012630	Geisinger Marketplace PPO 30/50/5000	PPO	Silver	Off	Geisinger Marketplace PPO	Rating Area 6	



Company Name: Geisinger Quality Options  
 Market: Individual  
 Product: PPO

Effective Date of Rates:

January 1, 2018

Ending date of Rates:

31-Dec-18

HIOS Plan ID (On Exchange)=>	75729PA0012630		75729PA0012630		75729PA0012630		75729PA0012630	
HIOS Plan ID (Off Exchange)=>	75729PA0012630		75729PA0012630		75729PA0012630		75729PA0012630	
Plan Marketing Name =>	Geisinger Marketplace PPO 30/50/5000		Geisinger Marketplace PPO 30/50/5000		Geisinger Marketplace PPO 30/50/5000		Geisinger Marketplace PPO 30/50/5000	
Form # =>	M-152-115-F Rev. 01/18		M-152-115-F Rev. 01/18		M-152-115-F Rev. 01/18		M-152-115-F Rev. 01/18	
Rating Area =>	Rating Area 2		Rating Area 3		Rating Area 5		Rating Area 6	
Network =>	Geisinger Marketplace PPO		Geisinger Marketplace PPO		Geisinger Marketplace PPO		Geisinger Marketplace PPO	
Metal =>	Silver		Silver		Silver		Silver	
Deductible =>	\$5,000.00		\$5,000.00		\$5,000.00		\$5,000.00	
Coinsurance =>	30%		30%		30%		30%	
Copays =>	\$30.00	\$50.00	\$30.00	\$50.00	\$30.00	\$50.00	\$30.00	\$50.00
OOP Maximum =>	\$7,350.00		\$7,350.00		\$7,350.00		\$7,350.00	
Pediatric Dental (Yes/No) =>	Yes		Yes		Yes		Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$249.79	\$249.79	\$246.07	\$246.07	\$255.63	\$255.63	\$320.93	\$320.93
15	\$271.99	\$271.99	\$267.94	\$267.94	\$278.35	\$278.35	\$349.45	\$349.45
16	\$280.48	\$280.48	\$276.31	\$276.31	\$287.04	\$287.04	\$360.36	\$360.36
17	\$288.97	\$288.97	\$284.67	\$284.67	\$295.73	\$295.73	\$371.27	\$371.27
18	\$298.11	\$327.83	\$293.68	\$322.95	\$305.08	\$335.49	\$383.02	\$421.19
19	\$307.25	\$337.95	\$302.68	\$332.92	\$314.44	\$345.85	\$394.76	\$434.20
20	\$316.72	\$348.40	\$312.01	\$343.21	\$324.13	\$356.54	\$406.93	\$447.62
21	\$326.52	\$359.18	\$321.67	\$353.83	\$334.16	\$367.57	\$419.52	\$461.47
22	\$326.52	\$359.18	\$321.67	\$353.83	\$334.16	\$367.57	\$419.52	\$461.47
23	\$326.52	\$359.18	\$321.67	\$353.83	\$334.16	\$367.57	\$419.52	\$461.47
24	\$326.52	\$359.18	\$321.67	\$353.83	\$334.16	\$367.57	\$419.52	\$461.47
25	\$327.83	\$360.48	\$322.95	\$355.11	\$335.49	\$368.91	\$421.19	\$463.14
26	\$334.36	\$367.66	\$329.38	\$362.19	\$342.17	\$376.26	\$429.58	\$472.37
27	\$342.19	\$376.48	\$337.10	\$370.88	\$350.19	\$385.28	\$439.65	\$483.70
28	\$354.93	\$390.52	\$349.65	\$384.71	\$363.22	\$399.65	\$456.01	\$501.74
29	\$365.38	\$401.95	\$359.94	\$395.97	\$373.92	\$411.34	\$469.44	\$516.42
30	\$370.60	\$407.82	\$365.09	\$401.76	\$379.26	\$417.36	\$476.15	\$523.97
31	\$378.44	\$416.31	\$372.81	\$410.12	\$387.28	\$426.05	\$486.22	\$534.88
32	\$386.27	\$424.80	\$380.53	\$418.48	\$395.30	\$434.73	\$496.28	\$545.79
33	\$391.17	\$430.35	\$385.35	\$423.95	\$400.32	\$440.41	\$502.58	\$552.92
34	\$396.39	\$435.90	\$390.50	\$429.42	\$405.66	\$446.09	\$509.29	\$560.05
35	\$399.01	\$438.84	\$393.07	\$432.31	\$408.34	\$449.10	\$512.65	\$563.83
36	\$401.62	\$441.78	\$395.64	\$435.21	\$411.01	\$452.11	\$516.00	\$567.60
37	\$404.23	\$444.72	\$398.22	\$438.10	\$413.68	\$455.12	\$519.36	\$571.38
38	\$406.84	\$447.66	\$400.79	\$441.00	\$416.36	\$458.12	\$522.71	\$575.15
39	\$412.07	\$453.21	\$405.94	\$446.47	\$421.70	\$463.80	\$529.43	\$582.28
40	\$417.29	\$459.09	\$411.08	\$452.26	\$427.05	\$469.82	\$536.14	\$589.84
41	\$425.13	\$467.58	\$418.80	\$460.62	\$435.07	\$478.51	\$546.21	\$600.74
42	\$432.64	\$476.07	\$426.20	\$468.98	\$442.75	\$487.20	\$555.86	\$611.65
43	\$443.09	\$487.49	\$436.49	\$480.24	\$453.45	\$498.89	\$569.28	\$626.33
44	\$456.15	\$501.86	\$449.36	\$494.39	\$466.81	\$513.59	\$586.06	\$644.79
45	\$471.49	\$518.51	\$464.48	\$510.80	\$482.52	\$530.64	\$605.78	\$666.19
46	\$489.78	\$538.76	\$482.49	\$530.74	\$501.23	\$551.35	\$629.27	\$692.20
47	\$510.35	\$561.29	\$502.76	\$552.94	\$522.28	\$574.41	\$655.70	\$721.14
48	\$533.86	\$587.41	\$525.92	\$578.67	\$546.34	\$601.14	\$685.90	\$754.70
49	\$557.04	\$612.88	\$548.75	\$603.76	\$570.07	\$627.21	\$715.69	\$787.43
50	\$583.16	\$641.61	\$574.49	\$632.07	\$596.80	\$656.61	\$749.25	\$824.34
51	\$608.96	\$670.02	\$599.90	\$660.05	\$623.20	\$685.68	\$782.39	\$860.84
52	\$637.37	\$701.04	\$627.88	\$690.61	\$652.27	\$717.43	\$818.89	\$900.70
53	\$666.10	\$732.71	\$656.19	\$721.81	\$681.67	\$749.84	\$855.81	\$941.39
54	\$697.12	\$766.67	\$686.75	\$755.26	\$713.42	\$784.59	\$895.66	\$985.02
55	\$728.14	\$800.95	\$717.31	\$789.04	\$745.16	\$819.68	\$935.51	\$1,029.07
56	\$761.77	\$837.85	\$750.44	\$825.38	\$779.58	\$857.44	\$978.72	\$1,076.47
57	\$795.73	\$875.40	\$783.89	\$862.37	\$814.33	\$895.86	\$1,022.35	\$1,124.72
58	\$831.97	\$915.23	\$819.59	\$901.62	\$851.42	\$936.63	\$1,068.92	\$1,175.90
59	\$849.93	\$934.83	\$837.29	\$920.92	\$869.80	\$956.68	\$1,091.99	\$1,201.07
60	\$886.17	\$974.66	\$872.99	\$960.16	\$906.89	\$997.45	\$1,138.56	\$1,252.25
61	\$917.52	\$1,009.27	\$903.87	\$994.26	\$938.97	\$1,032.87	\$1,178.83	\$1,296.72
62	\$938.09	\$1,031.80	\$924.13	\$1,016.45	\$960.02	\$1,055.92	\$1,205.26	\$1,325.66
63	\$963.89	\$1,060.21	\$949.54	\$1,044.44	\$986.42	\$1,085.00	\$1,238.40	\$1,362.16
64+	\$979.56	\$1,077.51	\$964.98	\$1,061.48	\$1,002.46	\$1,102.71	\$1,258.54	\$1,384.39

Market	Individual
<p>1. <b>Market</b></p> <p>2. <b>Individual</b></p> <p>3. <b>Market</b></p> <p>4. <b>Individual</b></p> <p>5. <b>Market</b></p> <p>6. <b>Individual</b></p> <p>7. <b>Market</b></p> <p>8. <b>Individual</b></p> <p>9. <b>Market</b></p> <p>10. <b>Individual</b></p> <p>11. <b>Market</b></p> <p>12. <b>Individual</b></p> <p>13. <b>Market</b></p> <p>14. <b>Individual</b></p> <p>15. <b>Market</b></p> <p>16. <b>Individual</b></p> <p>17. <b>Market</b></p> <p>18. <b>Individual</b></p> <p>19. <b>Market</b></p> <p>20. <b>Individual</b></p> <p>21. <b>Market</b></p> <p>22. <b>Individual</b></p> <p>23. <b>Market</b></p> <p>24. <b>Individual</b></p> <p>25. <b>Market</b></p> <p>26. <b>Individual</b></p> <p>27. <b>Market</b></p> <p>28. <b>Individual</b></p> <p>29. <b>Market</b></p> <p>30. <b>Individual</b></p> <p>31. <b>Market</b></p> <p>32. <b>Individual</b></p> <p>33. <b>Market</b></p> <p>34. <b>Individual</b></p> <p>35. <b>Market</b></p> <p>36. <b>Individual</b></p> <p>37. <b>Market</b></p> <p>38. 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<b>Market</b></p> <p>76. <b>Individual</b></p> <p>77. <b>Market</b></p> <p>78. <b>Individual</b></p> <p>79. <b>Market</b></p> <p>80. <b>Individual</b></p> <p>81. <b>Market</b></p> <p>82. <b>Individual</b></p> <p>83. <b>Market</b></p> <p>84. <b>Individual</b></p> <p>85. <b>Market</b></p> <p>86. <b>Individual</b></p> <p>87. <b>Market</b></p> <p>88. <b>Individual</b></p> <p>89. <b>Market</b></p> <p>90. <b>Individual</b></p> <p>91. <b>Market</b></p> <p>92. <b>Individual</b></p> <p>93. <b>Market</b></p> <p>94. <b>Individual</b></p> <p>95. <b>Market</b></p> <p>96. <b>Individual</b></p> <p>97. <b>Market</b></p> <p>98. <b>Individual</b></p> <p>99. <b>Market</b></p> <p>100. <b>Individual</b></p>	<p>1. <b>Individual</b></p> <p>2. <b>Market</b></p> <p>3. <b>Individual</b></p> <p>4. <b>Market</b></p> <p>5. <b>Individual</b></p> <p>6. <b>Market</b></p> <p>7. <b>Individual</b></p> <p>8. <b>Market</b></p> <p>9. <b>Individual</b></p> <p>10. <b>Market</b></p> <p>11. <b>Individual</b></p> <p>12. <b>Market</b></p> <p>13. <b>Individual</b></p> <p>14. <b>Market</b></p> <p>15. <b>Individual</b></p> <p>16. <b>Market</b></p> <p>17. <b>Individual</b></p> <p>18. <b>Market</b></p> <p>19. <b>Individual</b></p> <p>20. <b>Market</b></p> <p>21. <b>Individual</b></p> <p>22. <b>Market</b></p> <p>23. <b>Individual</b></p> <p>24. <b>Market</b></p> <p>25. <b>Individual</b></p> <p>26. <b>Market</b></p> <p>27. <b>Individual</b></p> <p>28. <b>Market</b></p> <p>29. <b>Individual</b></p> <p>30. <b>Market</b></p> <p>31. <b>Individual</b></p> <p>32. <b>Market</b></p> <p>33. <b>Individual</b></p> <p>34. <b>Market</b></p> <p>35. <b>Individual</b></p> <p>36. <b>Market</b></p> <p>37. <b>Individual</b></p> <p>38. <b>Market</b></p> <p>39. <b>Individual</b></p> <p>40. <b>Market</b></p> <p>41. <b>Individual</b></p> <p>42. <b>Market</b></p> <p>43. <b>Individual</b></p> <p>44. <b>Market</b></p> <p>45. <b>Individual</b></p> <p>46. <b>Market</b></p> <p>47. <b>Individual</b></p> <p>48. <b>Market</b></p> <p>49. <b>Individual</b></p> <p>50. <b>Market</b></p> <p>51. <b>Individual</b></p> <p>52. <b>Market</b></p> <p>53. <b>Individual</b></p> <p>54. <b>Market</b></p> <p>55. <b>Individual</b></p> <p>56. <b>Market</b></p> <p>57. <b>Individual</b></p> <p>58. <b>Market</b></p> <p>59. <b>Individual</b></p> <p>60. <b>Market</b></p> <p>61. <b>Individual</b></p> <p>62. <b>Market</b></p> <p>63. <b>Individual</b></p> <p>64. <b>Market</b></p> <p>65. <b>Individual</b></p> <p>66. <b>Market</b></p> <p>67. <b>Individual</b></p> <p>68. <b>Market</b></p> <p>69. <b>Individual</b></p> <p>70. <b>Market</b></p> <p>71. <b>Individual</b></p> <p>72. <b>Market</b></p> <p>73. <b>Individual</b></p> <p>74. <b>Market</b></p> <p>75. <b>Individual</b></p> <p>76. <b>Market</b></p> <p>77. <b>Individual</b></p> <p>78. <b>Market</b></p> <p>79. <b>Individual</b></p> <p>80. <b>Market</b></p> <p>81. <b>Individual</b></p> <p>82. <b>Market</b></p> <p>83. <b>Individual</b></p> <p>84. <b>Market</b></p> <p>85. <b>Individual</b></p> <p>86. <b>Market</b></p> <p>87. <b>Individual</b></p> <p>88. <b>Market</b></p> <p>89. <b>Individual</b></p> <p>90. <b>Market</b></p> <p>91. <b>Individual</b></p> <p>92. <b>Market</b></p> <p>93. <b>Individual</b></p> <p>94. <b>Market</b></p> <p>95. <b>Individual</b></p> <p>96. <b>Market</b></p> <p>97. <b>Individual</b></p> <p>98. <b>Market</b></p> <p>99. <b>Individual</b></p> <p>100. <b>Market</b></p>

### 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
75729PA0012630	Geisinger Marketplace PPO 30/50/5000	PPO	Silver	Off

Crawford	Clarion	Erie	Forest	Mckean	Mercer	Venango	Warren	Elk	Cameron
									\$326.52

**RATING AREA 3**

Potter	Bradford	Carbon	Clinton	Lackawanna	Luzerne	Lycoming	Monroe	Pike	Sullivan	Susquehanna	Tioga	Wayne	Wyoming
\$326.52	\$321.67	\$321.67	\$321.67	\$321.67	\$321.67	\$321.67	\$321.67	\$321.67	\$321.67	\$321.67	\$321.67	\$321.67	\$321.67

**RATING AREA 4**

Allegheny	Armstrong	Beaver	Butler	Fayette	Greene
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**RATING AREA 5**

Indiana	Lawrence	Washington	Westmoreland
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Bedford	Blair	Clearfield	Cambria	Huntingdon	Jefferson	Somerset
	\$334.16	\$334.16	\$334.16	\$334.16	\$334.16	\$334.16

**RATING AREA 6**

Centre	Columbia	Lehigh	Mifflin	Montour	Northampton	Northumberland
\$419.52	\$419.52		\$419.52	\$419.52		\$419.52

**RATING AREA 7**

Schuylkill	Snyder	Union
\$419.52	\$419.52	\$419.52

**RATING AREA 8**

Adams	Berks	Lancaster	York
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Bucks	Chester	Delaware	Montgomery	Philadelphia
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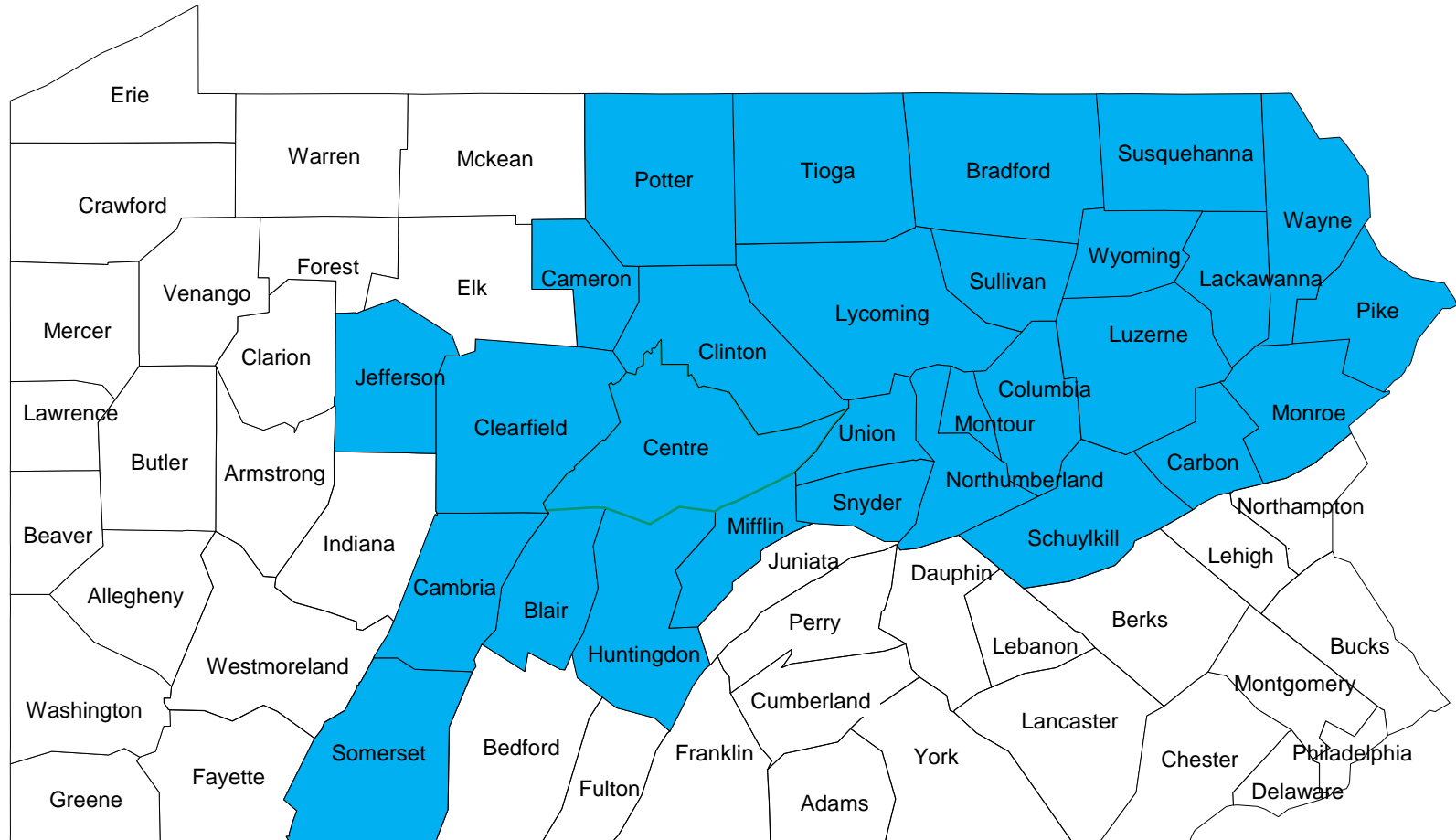
**RATING AREA 9**

Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry
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# **2017 and 2018 Service Area**

**Issuer: Geisinger Quality Options (75729)**

**Market: Individual**



**Key:**



2017 and 2018 Off-exchange service area

# Completeness and Redaction Justification Checklist

## Instructions for Completion and Redaction Justification Checklist

This checklist is required for all issuers submitting ACA-Compliant rates for 2017 comprehensive major medical rate filings and should be submitted, as supporting documentation, with each 2017 ACA-Compliant comprehensive major medical rate filing. The checklist is organized by heading, section and subsection as outlined in the Draft 2018 ACA-Compliant Health Insurance Rate Filing Guidance (Guidance) released on February 8, 2017.

### "Completed" Column

The first input column is labeled "Completed". In order for the filing to be considered complete and ready for department review, X must appear in each field in the column, except where data tables are marked "if applicable". The X indicates that the actuary has read the Guidance and has provided the requested information and data, as required in the PA Actuarial Memorandum and Rate Exhibits and further, that the data templates are completely and appropriately populated.

### "Redaction Justification" Columns

The "Redaction Justification" section contains three columns. If the issuer's filing contains redacted information or data in the named section, "Y" must be populated in the "Redacted" column.

New this year, each issuer should submit a "Public Rate Filing PDF." The PDF document must contain all required documents, tables and exhibits. If the issuers chooses to make the limited redactions anticipated by the Department, those redactions should be made only in this document. The "Page # in Public PDF" section should reference the page number of the Public Rate Filing PDF where the redacted information and/or data can be located.

If any informations is redacted, a justification must be submitted that specifically justifies why that information should be redacted. Correspondingly, the "Justification" column should be populated with a "Y" in any rows where it is indicated that information is redacted, and with an "NA" if information is not redacted. To reiterate the redaction criteria contained in the Guidance, only information that is trade secret or confidential commercial or financial information as defined in HHS's Freedom of Information Act (FOIA) regulations at 45 CFR§ 5.65 may be redacted.

Consistent with guidance provided during the 2017 annual rate review cycle, the Department does not anticipate redactions other than the following items:

1. AV screenshots
2. Statements specifying a company's anticipated risk level in relation to the state average risk level (e.g., the underlined portion could be redacted in the following statement: "we expect the risk level of membership to be X% higher/lower than the state average risk level")
3. Opining actuary's name
4. Specific provider contracting information (note: such information was not submitted in plan year 2017 rate filings and the department does not anticipate receiving such information in plan year 2018 rate filings)
5. Commission schedules

Please remain cognizant that non-redacted information and data must be submitted for review.

You may contact Johanna Fabian-Marks at [jfabianmar@pa.gov](mailto:jfabianmar@pa.gov) if you have any questions regarding this checklist.

Issuer Name: Geisinger Quality Option

Market: Individual

SERFF ID: GSHP-131024096

TOC #	Description	Completed (Mark with "X")	Redaction Justification		
			Redacted (Y/N)	Page # in Public PDF	Justification submitted (Y/NA)
Federal Documents Required to Be Filed with PID					
A.2.	RFJ Part I - Unified Rate Review Template	X			
	RFJ Part II – Consumer Friendly Justification	X			
	RFJ Part III – Actuarial Memorandum	X	N		NA
	Federal Rates Template	X			
Summary Documents/Confirmation of HIOS & SERFF Submissions					
A.2.B.	HIOS Submission	X			
A.2.C.	SERFF Submission	X			
A.2.D.	SERFF Rate/Rule Schedule Tab	X			
B.	Cover Letter & PA Bulletin Information	X			
C.	Rate Change Request Summary	X			
PA Actuarial Memorandum and Rate Exhibits					
D.1.A.	Company Information	X	N		NA
D.1.B.	Rate History & Proposed Variation in Rate Changes	X	N		NA
D.1.C.	Average Rate Change	X	N		NA
D.1.D.	Membership Count	X	N		NA
	PA Act. Exhibits Table 1	X	N		NA
D.1.E.	Benefit Changes	X	N		NA
D.1.F.	Experience Period Claims & Premium	X	N		NA
	PA Act. Exhibits Table 2	X	N		NA
D.1.G.	Credibility of Data	X	N		NA
	PA Act. Exhibits Tables 2b, 3b, 4b (if applicable)	X	N		NA
D.1.H.	Trend Identification	X	N		NA
	PA Act. Exhibits Table 3	X	N		NA
D.1.I.	Historical Experience	X	N		NA
	PA Act. Exhibits Table 4	X	N		NA
D.2.A.	Development of PAIR, MAIR and Total Allowed Claims	X	N		NA
	PA Act. Exhibits Table 5	X	N		NA
D.2.B.	Retention Items	X	N		NA
	PA Act. Exhibits Table 6	X	N		NA
D.2.C.	Normalized Market-Adjusted Projected Allowed Total Claims	X	N		NA
	PA Act. Exhibits Table 7	X	N		NA
D.2.D.	Components of Rate Change	X	N		NA
	PA Act. Exhibits Table 8	X	N		NA
	PA Act. Exhibits Table 9	X	N		NA
D.3.	Plan Rate Development	X	N		NA
	PA Act. Exhibits Table 10	X	N		NA
D.4.	Plan Premium Development for 21-Year-Old Non-Tobacco User	X	N		NA
	PA Act. Exhibits Table 11	X	N		NA
D.5.A.	Age and Tobacco Factors	X	N		NA
	PA Act. Exhibits Table 12	X	N		NA
D.5.B.	Geographic Factors	X	N		NA
	PA Act. Exhibits Table 13	X	N		NA
D.5.C.	Network Factors	X	N		NA
	PA Act. Exhibits Table 14	X	N		NA
D.5.D.	Service Area Composition	X	N		NA
D.5.E.	Composite Rating	X	N		NA
D.6.	Actuarial Certifications	X	N		NA
Additional Exhibits					
E.	Department Plan Design Summary & Rate Tables	X	N		NA
	Service Area Map	X	N		NA
Redaction Justification (must be submitted if any information is redacted)		X			





Product-Plan Data Collection

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

Geisinger Quality Options  
75729  
1/1/2018

State: PA  
Market: Individual

Product/Plan Level Calculations

Section I: General Product and Plan Information

Product	Terminated Product	PPO Individual Products									
Product ID:	75729PA003	75729PA001									
Metal:	Not Applicable	Gold		Gold		Silver		Gold		Silver	
AV Metal Value	0.000	0.796	0.796	0.710	0.796	0.710	0.796	0.710	0.796	0.710	0.686
AV Pricing Value	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.889
Plan Category	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Renewal
Plan Type:	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO	PPO
Plan Name	2016 Experience	Geisinger Choice Marketplace PPO	Geisinger Choice Marketplace PPO	Geisinger Choice Marketplace PPO	Geisinger Choice Marketplace PPO	Geisinger Choice Marketplace PPO	Geisinger Choice Marketplace PPO	Geisinger Choice Marketplace PPO	Geisinger Choice Marketplace PPO	Geisinger Choice Marketplace PPO	Geisinger Marketplace PPO
Plan ID (Standard Component ID):	75729PA0030001	75729PA0012596	75729PA0012611	75729PA0012612	75729PA0012613	75729PA0012614	75729PA0012615	75729PA0012616	75729PA0012616	75729PA0012630	
Exchange Plan?	No	No	No	No	No	No	No	No	No	No	No
Historical Rate Increase - Calendar Year - 2	0.00%	13.70%									
Historical Rate Increase - Calendar Year - 1	0.00%	20.00%									
Historical Rate Increase - Calendar Year 0	0.00%	65.10%									
Effective Date of Proposed Rates	1/1/2018	1/1/2018	1/1/2018	1/1/2018	1/1/2018	1/1/2018	1/1/2018	1/1/2018	1/1/2018	1/1/2018	1/1/2018
Rate Change % (over prior filing)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-17.92%
Cum'lative Rate Change % (over 12 mos prior)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-17.92%
Proj'd Per Rate Change % (over Expir. Period)	#DIV/0!	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	176.81%
Product Rate Increase %	0.00%	-17.93%									

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

Plan ID (Standard Component ID):	Total	75729PA0030001	75729PA0012596	75729PA0012611	75729PA0012612	75729PA0012613	75729PA0012614	75729PA0012615	75729PA0012616	75729PA0012630
Inpatient	\$-57.38	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$-23.32
Outpatient	\$-18.66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$-58.83
Professional	\$-16.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$-51.97
Prescription Drug	\$-11.57	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$-36.56
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capitation	\$-3.91	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$-12.35
Administration	\$0.92	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.92
Taxes & Fees	\$7.34	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$23.18
Risk & Profit Charge	\$-0.84	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$-2.65
Total Rate Increase	\$-50.55	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$-159.67
Member Cost Share Increase	\$-0.85	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$-2.68

Average Current Rate PMPM	\$890.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$890.83
Projected Member Months	4,332	0	0	0	0	0	0	0	0	4,332

Section III: Experience Period Information

Plan ID (Standard Component ID):	Total	75729PA0030001	75729PA0012596	75729PA0012611	75729PA0012612	75729PA0012613	75729PA0012614	75729PA0012615	75729PA0012616	75729PA0012630
Plan Adjusted Index Rate	\$184.72	\$0.00	\$314.42	\$255.62	\$207.84	\$314.42	\$254.61	\$314.42	\$254.61	\$254.61
Member Months	103,740	30,763	12,488	1,982	9,347	3,028	9,974	1,498	1,815	32,845
Total Premium (TP)	\$41,135,950	\$8,793,708	\$6,626,846	\$855,071	\$3,278,726	\$1,606,830	\$4,285,905	\$794,924	\$779,930	\$14,113,949
EHB Percent of TP, [see instructions]	100.00%	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%	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%	0.00%
Total Allowed Claims (TAC)	\$61,072,495	\$8,206,601	\$9,703,159	\$1,067,464	\$4,362,487	\$2,200,637	\$9,043,591	\$1,541,792	\$1,166,057	\$23,780,707
EHB Percent of TAC, [see instructions]	100.00%	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%	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%	0.00%
Allowed Claims which are not the issuer's obligation:	\$20,452,883	\$1,391,696	\$3,012,178	\$360,755	\$1,924,756	\$738,618	\$3,087,650	\$457,525	\$516,524	\$8,963,180
Portion of above payable by NHS's funds on behalf of insured person, in dollars	\$0									
Portion of above payable by NHS on behalf of insured person, as %	0.00%									
Total Incurred claims, payable with issuer funds	\$40,619,612	\$6,814,904	\$6,690,981	\$706,709	\$2,437,731	\$1,462,018	\$5,955,942	\$1,084,267	\$649,533	\$14,817,527
Net Amt of Reim	\$2,040,342.40	\$0.00	\$374,490.35	\$41,198.43	\$168,368.82	\$84,932.87	\$349,034.54	\$59,504.96	\$45,003.59	\$917,808.84
Net Amt of Risk Adj	\$7,398,487.45	\$0.00	\$1,357,939.78	\$149,389.67	\$610,522.32	\$307,975.15	\$1,265,634.47	\$215,771.01	\$163,187.57	\$3,328,067.47
Incurred Claims PMPM	\$391.55	\$221.53	\$535.76	\$196.56	\$260.80	\$482.83	\$597.15	\$773.81	\$357.87	\$453.11
Allowed Claims PMPM	\$588.71	\$266.77	\$777.00	\$538.58	\$466.73	\$726.76	\$906.72	\$1,029.23	\$642.46	\$724.03
EHB portion of Allowed Claims, PMPM	\$588.71	\$266.77	\$777.00	\$538.58	\$466.73	\$726.76	\$906.72	\$1,029.23	\$642.46	\$724.03

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

[illegible]

## **HIOS Part 2 Consumer Justification Narrative**

### **Individual PPO**

Geisinger Quality Options has proposed an overall base rate decrease of -20.1% for Individual PPO members renewing in the Marketplace effective January 1, 2018 through December 1, 2018. The proposed overall rate decrease is uniform by plan due to only one plan being offered in 2018. The key drivers of this decrease are the change in morbidity of the ACA population, the potential changes to the cost-sharing reduction program and the enforcement of the individual mandate. The total projected 2018 administrative costs are approximately the same as those used for the current 2017 rates. As required by federal regulations and using the Federally prescribed MLR methodology, the projected loss ratio exceeds 80%. There were minimal benefit changes proposed for 2018.

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*	75729				
Federal TIN*	20-4275139				
Rate Effective Date*	1/1/2018				
Rate Expiration Date*	12/31/2018				
Rating Method*	Age-Based Rates				
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*	Individual Tobacco Rate*
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Required: Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	Required: Select the age of a subscriber eligible for the rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan	Required: Enter the rate of an Individual tobacco enrollee on a plan
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	0-14	249.79	249.79
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	15	271.99	271.99
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	16	280.48	280.48
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	17	288.97	288.97
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	18	298.11	327.83
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	19	307.25	337.95
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	20	316.72	348.40
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	21	326.52	359.18
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	22	326.52	359.18
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	23	326.52	359.18
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	24	326.52	359.18
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	25	327.83	360.48
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	26	334.36	367.66
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	27	342.19	376.48
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	28	354.93	390.52
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	29	365.38	401.95
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	30	370.60	407.82
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	31	378.44	416.31
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	32	386.27	424.80
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	33	391.17	430.35
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	34	396.39	435.90
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	35	399.01	438.84
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	36	401.62	441.78
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	37	404.23	444.72
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	38	406.84	447.66
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	39	412.07	453.21
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	40	417.29	459.09
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	41	425.13	467.58
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	42	432.64	476.07
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	43	443.09	487.49
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	44	456.15	501.86
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	45	471.49	518.51
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	46	489.78	538.76
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	47	510.35	561.29
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	48	533.86	587.41
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	49	557.04	612.88
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	50	583.16	641.61
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	51	608.96	670.02
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	52	637.37	701.04
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	53	666.10	732.71
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	54	697.12	766.67
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	55	728.14	800.95
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	56	761.77	837.85
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	57	795.73	875.40
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	58	831.97	915.23
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	59	849.93	934.83
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	60	886.17	974.66
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	61	917.52	1009.27
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	62	938.09	1031.80
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	63	963.89	1060.21
75729PA0012630	Rating Area 2	Tobacco User/Non-Tobacco User	64 and over	979.56	1077.51
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	0-14	246.07	246.07
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	15	267.94	267.94
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	16	276.31	276.31
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	17	284.67	284.67
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	18	293.68	322.95
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	19	302.68	332.92
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	20	312.01	343.21
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	21	321.67	353.83
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	22	321.67	353.83
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	23	321.67	353.83
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	24	321.67	353.83
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	25	322.95	355.11
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	26	329.38	362.19
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	27	337.10	370.88
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	28	349.65	384.71
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	29	359.94	395.97
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	30	365.09	401.76
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	31	372.81	410.12
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	32	380.53	418.48
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	33	385.35	423.95
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	34	390.50	429.42
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	35	393.07	432.31
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	36	395.64	435.21
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	37	398.22	438.10
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	38	400.79	441.00
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	39	405.94	446.47
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	40	411.08	452.26
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	41	418.80	460.62
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	42	426.20	468.98
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	43	436.49	480.24
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	44	449.36	494.39
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	45	464.48	510.80
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	46	482.49	530.74
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	47	502.76	552.94
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	48	525.92	578.67
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	49	548.75	603.76
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	50	574.49	632.07
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	51	599.90	660.00

75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	52	627.88	690.61
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	53	666.19	721.81
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	54	686.75	755.26
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	55	717.31	789.04
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	56	750.44	825.38
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	57	783.89	862.37
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	58	819.59	901.62
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	59	837.29	920.92
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	60	872.99	960.16
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	61	903.87	994.26
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	62	924.13	1016.45
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	63	949.54	1044.44
75729PA0012630	Rating Area 3	Tobacco User/Non-Tobacco User	64 and over	964.98	1061.48
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	0-14	255.63	255.63
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	15	278.35	278.35
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	16	287.04	287.04
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	17	295.73	295.73
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	18	305.08	335.49
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	19	314.44	345.85
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75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	21	334.16	367.57
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	22	334.16	367.57
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	23	334.16	367.57
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	24	334.16	367.57
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	25	335.49	368.91
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	26	342.17	376.26
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	27	350.19	385.28
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	28	363.22	399.65
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	29	373.92	411.34
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	30	379.26	417.36
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	31	387.28	426.05
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	32	395.30	434.73
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	33	400.32	440.41
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	34	405.66	446.09
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	35	408.34	449.10
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	36	411.01	452.11
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	37	413.68	455.12
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	38	416.36	458.12
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	39	421.70	463.80
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	40	427.05	469.82
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	41	435.07	478.51
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	42	442.75	487.20
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	43	453.45	498.89
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	44	466.81	513.59
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	45	482.52	530.64
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	46	501.23	551.35
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	47	522.28	574.41
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	48	546.34	601.14
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	49	570.07	627.21
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	50	596.80	656.61
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	51	623.20	685.68
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	52	652.27	717.43
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	53	681.67	749.84
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	54	713.42	784.59
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	55	745.16	819.68
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	56	779.58	857.44
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	57	814.33	895.86
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	58	851.42	936.63
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	59	869.80	956.68
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	60	906.89	997.45
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	61	938.97	1032.87
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	62	960.02	1055.92
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	63	986.42	1085.00
75729PA0012630	Rating Area 5	Tobacco User/Non-Tobacco User	64 and over	1002.46	1102.71
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	0-14	320.93	320.93
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	15	349.45	349.45
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	16	360.36	360.36
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	17	371.27	371.27
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	18	383.02	421.19
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	19	394.76	434.20
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	20	406.93	447.62
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	21	419.52	461.47
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	22	419.52	461.47
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	23	419.52	461.47
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	24	419.52	461.47
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	25	421.19	463.14
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	26	429.58	472.37
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	27	439.65	483.70
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	28	456.01	501.74
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	29	469.44	516.42
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	30	476.15	523.97
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	31	486.22	534.88
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	32	496.28	545.79
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	33	502.58	552.92
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	34	509.29	560.05
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	35	512.65	563.83
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	36	516.00	567.60
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	37	519.36	571.38
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	38	522.71	575.15
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	39	529.43	582.28
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	40	536.14	589.84
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	41	546.21	600.74
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	42	555.86	611.65
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	43	569.28	626.33
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	44	586.06	644.79
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	45	605.78	666.19
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	46	629.27	692.20
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	47	655.70	721.14
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	48	685.90	754.70
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	49	715.69	787.43
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	50	749.25	824.34
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	51	782.39	860.84
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	52	818.89	900.70
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	53	855.81	941.39
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	54	895.66	985.02
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	55	935.51	1029.07
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	56	978.72	1076.47
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	57	1022.35	1124.72
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	58	1068.92	1175.90

75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	59	1091.99	1201.07
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	60	1138.56	1252.25
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	61	1178.83	1296.72
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	62	1205.26	1325.66
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	63	1238.40	1362.16
75729PA0012630	Rating Area 6	Tobacco User/Non-Tobacco User	64 and over	1258.54	1384.39

1. Confirm HIOS submission and update the cover letter to include the HIOS submission tracking number.

The RRJ Parts I, II & III have been submitted in HIOS. The HIOS submission tracing # is 75729-963513410203478024.

2. Please confirm that you have tested to ensure that the PID rate exhibits and the Federal rates template included in this filing and the binder are all the same.

Confirmed.

3. The Rate Rule Schedule tab show 212 policy holders while cell V15 of Table 10 shows 361 covered lives as of February 1, 2017. Be advised that the 2018 Guidance, consistent with the 2017 guidance, states that the policy holders in the Rate/Rule Schedule tab should show data for the number of covered lives. Please review and revise.

The Rate Rule Schedule tab will be revised to reflect the 361 covered lives.

4. Please provide the experience period data for the manual claims data in the same format as Worksheet I, sections I and II in the URRT.

This data is contained in the file "Manual Claims CY2016 Data" and has been uploaded in SERFF.

5. The following questions are related to the morbidity adjustment equal to 1.200 which is being utilized in the Index Rate development:

- a. It is shown that the estimated risk score for members who were active in 2016 and retained in 2017 deteriorated significantly. Please provide the estimated CY 2017 risk score for any newly enrolled members, demonstrating that the risk scores for those members are also at the high level being observed for the retained members.

We do not have an estimate for CY2017 yet.

- b. Please provide the CY 2016 average risk score for those members who were active in 2016 and were retained in 2017, split by subsidized and unsubsidized members.

The CY2016 average risk scores, split by subsidized and unsubsidized members, appear on page 5 of the Actuarial Memo. The last column "CY 2017 estimated risk score (Renewing members only) is the CY2016 average risk score for those members that were retained in 2017.

- c. It is noted that Geisinger expects the entire state wide risk pool to deteriorate even more than that being observed internally. Please provide any quantitative and/or qualitative justification which is available to support this assumption.

We look forward to working with the Department to refine our morbidity assumption. Given that Geisinger holds less than 10% market share in the state, we hope the Department can help us assist us with this estimate.

- d. Please demonstrate quantitatively how the projected risk adjustment transfer PMPM for 2018 was adjusted to reflect the assumed increase in morbidity of the Individual book of business.



Given the interdependent nature of morbidity and the risk adjustment, for simplicity, we've only adjusted our morbidity assumption. The impact of morbidity has not been explicitly reflected in our 2018 risk adjustment transfer estimate. We are simply using the 2016 actual risk adjustment transfers as our best estimate for 2018.

6. Please provide a detailed quantitative exhibit displaying the development of the Changes in Benefit adjustment being utilized in the Index Rate Development.

This exhibit is contained in the file "Changes in Benefit Adjustment" and has been uploaded in SERFF.

7. A demographic adjustment equal to 1.000 is being applied in the development of the Index Rate. Please provide the distribution of membership by age for those members underlying the 2016 manual rate as well as for those currently in force in 2017, demonstrating that it is reasonable to assume the demographic mix should not be expected to change substantially between 2016 and 2018.

A file showing these membership distributions has been uploaded to SERFF (see "Manual CY16 Membership" and "Current Manual Membership"). The average age factors changed only slightly (i.e. within 1%). Given the uncertainty of the membership distribution for 2018, we decided to not adjust for this.

8. Please provide a quantitative exhibit demonstrating the development of the risk adjustment transfer PMPM, as shown in Table 5 of the PA Actuarial Memorandum Rate Exhibits excel file. Please explicitly show that the statewide average premium is adjusted downward by a factor of 0.860 to account for the change to the risk transfer formula as outlined in the 2018 Benefit and Payment Parameters Notice.

We do not know what to expect for 2018 so our best estimate, at this time, is to use the full 2016 risk adjustment transfer. While it's acknowledged that the risk adjustment formula will be adjusted to remove admin expenses, the overall impact of the risk adjustment transfer is still unknown.

9. Please justify quantitatively how the paid-to-allowed ratio shown in Worksheet I of the URRT was developed.

This ratio is also used in Table 5 of the PA Actuarial Memorandum Rate Exhibits excel file. The derivation of this ratio can be seen in Table 10, cell K15 (i.e. since there is only one plan being offered, the paid-to-allowed ratio is equal to that plan's pricing).

10. The following questions pertain to Market Adjusted Index Rate calibration factors, as shown in Table 7 of the PA Actuarial Memorandum Rate Exhibits excel file.

a. Please quantitatively demonstrate the calculation of the age curve calibration factor, additionally providing the projected distribution of members by age. Please clarify whether an age rating factor of 0.000 was assumed for members expected to pay no premium (i.e., for cases where there are more than three dependent children under the age of 21 within a given family).

A file showing the development of the age calibration factor has been uploaded to SERFF (see "Age Calibration"). As referenced on page 8 of the Actuarial Memorandum, we did account for this regulation in the development of our average age factor, i.e. a factor of "0" was used for all

“non-billable” members (e.g. all dependent children beyond the third child on a family contract). This calculation is illustrated in the file noted above.

b. Please explain why the Individual Geisinger Quality Options age calibration factor decreased significantly from 2017 to 2018 (i.e., 1.582 in 2018 relative to 1.776 in 2017).

Geisinger Quality Options plan offerings were significantly reduced in 2017. The retained population has a lower average age than the historical experience period.

c. Please quantitatively demonstrate the calculation of the geographic calibration factor, including the assumed distribution of members by rating region.

A file showing the development of the geographic calibration factor has been uploaded to SERFF (see “Area Calibration”).

d. Please explain why the Individual Geisinger Quality Options geographic calibration factor decreased significantly from 2017 to 2018 (i.e., 0.982 factor in 2018 relative to 1.035 in 2017).

Geisinger Quality Options plan offerings were significantly reduced in 2017. The retained population has a lower average geographic factor than the historical experience period.

e. For Individual, there is a significant difference in the age calibration factors being used between Geisinger Health Plan (1.862) and Geisinger Quality Options (1.582), implying that the demographic mix of the membership for the two entities is projected to be significantly different in 2018. Similarly, there is a fairly sizable difference between the geographic calibration factors (i.e. 1.047 for GHP and 0.982 for GQO).

i. It does not appear that these demographic and geographic differences are being accounted for in the development of the Index rate for each entity, given that both have the same projected Index Rate (i.e. \$804.39). Please explain why this is appropriate.

That is correct, the Index Rate is developed using all available experience. This includes combining our HMO, POS and PPO products from both entities. We believe this approach is appropriate for these reasons:

- due to the small size of our single risk pool in each entity,
- we experience over 50% turnover year of year,
- many members transition between our products/entities year over year, and
- we have withdrawn our PPO products from the federal marketplace in 2017.

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

ii. If the projected demographic and geographic differences are being accounted for elsewhere in the rate development (prior to applying the calibration factors), please explain where in the process this is occurring.

Demographic and geographic differences by entity are captured in the calibration factors. The Index Rate for each entity is the same based on our approach explained above.

f. Please quantitatively demonstrate the calculation of the tobacco calibration factor, including the assumed distribution of tobacco/non-tobacco users by age.

A file showing the development of the tobacco calibration factor has been uploaded to SERFF (see "Tobacco Calibration").

g. Please quantitatively demonstrate the calculation of the induced calibration factor. Please quantitatively show and provide a detailed description as to how the induced demand factor shown in Table 7 relates to the induced utilization factors calculated in the Induced Utilization Exhibit shown in the Actuarial Memorandum.

The Induced Utilization Exhibit shown in the Actuarial Memorandum shows the factors after normalization has been applied. Therefore, the result is a 1.0 at the bottom of column (9). The file provided in Excel named "Induced Utilization Exhibit 2018\_GQO\_Indiv.xlsx" shows this development with the pre-normalization factors calculated.

11. The following questions relate to the retention items populated in Table 6 of the PA Actuarial Memorandum Rate Exhibits excel file.

a. Please describe the differences in expense structures between the Geisinger Health Plan and Geisinger Quality Options entities.

There are basically no differences in expense structure which is why the same admin expense PMPM (for the "General and Claims" category) was used for both Individual HMO & Individual PPO.

b. Please provide a quantitative exhibit demonstrating the development of the assumed Health Insurer Fee and the federal income tax as a percent of premium.

A file showing the development of these fees/taxes has been uploaded to SERFF (see "Taxes & ACA Fees").

12. Table 6, cell B54, indicates the PCORI fee is \$0.18. The 2018 PCORI pmpm amount should be \$0.20. Please revise. Also review the percent of premium in cell C54 to ensure the yielding amount is consistent with \$0.20.

The PCORI fee for the projection period is an estimate based on the annual fee for plans that end on or before October 1, 2017 plus inflation. If the PID requests that we change our estimate to \$0.20 PMPM we will update the rate filing documents to reflect this amount. If we update this PMPM amount, the percent of premium will change as well.

13. Please show the development of the 1.003 Other adjustment in cell D19 of Table 5.

This exhibit is contained in the file "Changes in Benefit Adjustment" and has been uploaded in SERFF.

14. Regarding the credibility of data on page 14 of the PA AM, for each identified segment with the exception of the non-ACA Non-GF HMO, please provide the number of member months, the associated

total incurred claims and premium. Also, please discuss why only a percentage of the population is assumed in the projection period.

This data is contained in the file "Manual CY2016 Data-by segment" and has been uploaded in SERFF.

15. Page 3 of the PA AM discusses capitated expenses and includes reinsurance expenses for private reinsurance.

a. Please show the experience period pmpm and the projected rating period pmpms associated with each named expense category (chiropractic, nurse line, mental service including autism and reinsurance). What is the basis for the projected pmpms?

A file showing these adjustments has been uploaded to SERFF (see "Capitated Expenses"). The projected PMPMs are based on experience and trend as shown.

b. Remove the reinsurance expense. As an Effective Rate Review State, Pennsylvania has determined that neither reinsurance expenses nor recoveries should be included in allowed/incurred claims. These items should be included elsewhere.

We can move the reinsurance expenses out of the Allowed Claims Index rate and slot them to the "Other" category (as directed in the 2018 URRT Instructions). There will be no net impact on the 2018 rates themselves.

c. What is the basis for the assumed 5% capitation trend in Table 3 and the URRT?

This trend is based on an average of expected capitation increases.

16. Same question/response as #13.

17. Page 6 of the PA AM, Inclusion of Capitation Payments, states if a capitated benefit is not in the experience period an adjustment was added to account for those services (pediatric dental). Is this the case with Geisinger? If so, please show all adjustments and discuss where they are included in the filing. Additionally, why is pediatric dental specifically called out when this benefit was included in the benefit changes identified on the top of page 6?

Please see Item #18. It was our understanding that the instructions wanted us to refer to this (i.e. pediatric dental) in both the discussion of capitated benefits and in the discussion of benefit changes since it applies to both categories.

18. Page 5 of the PA AM - Changes in Benefits- lists additional benefits due to EHBs requirements included in the experience of both non-ACA. Are these capitated services? Under which URRT benefit category are these services included? Please provide the projected period pmpm for these services.

Only two of these "additional benefits" are capitated (i.e. pediatric dental and chiropractic). The rest of the services are not covered under our non-ACA Individual product and were thus included to bring them up to the EHB-required level. The URRT does not show the development of the Credibility Manual PMPM and therefore additional EHB benefits included in the Credibility Manual PMPM are not shown on the URRT. Table 5 shows the Single Risk Pool Adjustment Factors applied to our Unadjusted Projected Allowed EHB Claims PMPM, which is the Credibility Manual PMPM before allowable adjustments. The additional EHB described on

page 5 of the Actuarial Memorandum is included in the "Change in Benefits" category on Table 5. The Adjusted Projected Allowed EHB Claims PMPM on Table 5 equals the Credibility Manual Total PMPM on the URRT.

The projected period PMPMs are shown on page 5 of the Actuarial Memo.

19. The projected administrative expense pmpm is \$43.16 which represents a 12.93% increase over the approved 2017 amount of \$38.22. Please show the development of and provide support for this and all expenses that do not reflect payments made to providers under the contract for covered medical services. Describe the methodology used for developing the estimate of these non-benefit expenses expected during the projection period for the applicable market, including any allocation of corporate overhead.

The increase in the Individual PPO Exchange admin expense PMPM is due to membership decreasing from over 8,600 members (during 2016) to 361 members (as of 2/1/17). This occurred as a result of our discontinuing the sale of Individual PPO through the public exchange. The current small number of members does not provide a credible base for projecting admin expense due to diseconomies of scale. Therefore, for the 2018 Individual Exchange filings, we utilized the Individual HMO projected admin PMPM for both Individual HMO & Individual PPO.

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

The commission fee (paid to brokers for Individual ACA) does not vary by any of the items mentioned above. It only varies depending on whether the ACA member is "new" or "renewing". The broker agreements are considered **proprietary** documents.

1. The response to question 5c did not meet the requested level of detail. Please provide any quantitative justification available to demonstrate the development of the assumption that the entire state wide risk pool will deteriorate an additional 7.6% (i.e.  $[1.20 / (1.905/.1.770)]$ ) beyond that which has been observed internally (i.e. from CY 2016 to CY 2017).

We are deeply concerned with the direction of the overall risk pool for the ACA market. Since we cover only a small fraction of the statewide ACA members, we do not have visibility of the entire market. As we learned from Cherri Sanders-Jones on 7/11/2017, we understand that the Department is evaluating our request for assistance in refining our estimate of the morbidity estimate for the entire risk pool.

2. The following questions pertain to the response to question 5d.

a. The CMS 2016 benefit year risk adjustment transfers were released on 6/30/2017. As stated in the response to question 5d, Geisinger expects to assume the same risk adjustment transfer in 2018 as in 2016. Please update the rate development to reflect the updated risk adjustment transfers from the 6/30/2017 CMS risk adjustment transfer report for the 2016 benefit year. Provide narrative and an Excel spreadsheet demonstrating the development and assumptions.

The June 30th Risk Adjustment Program payment notices from CMS match the transfer payment estimates provided to Geisinger from the PID on May 12th. Geisinger utilized the transfer payment estimates provided by the PID.

b. Please confirm whether any anticipated changes in the statewide average premium (relative to calendar year 2016) were taken into account in the projected 2018 risk adjustment transfer amount, including whether the 0.860 state wide average premium adjustment as outlined in the 2018 Benefit and Payment Parameters Notice, was accounted for.

We do not know what to expect for 2018 so our best estimate, at this time, is to use the full 2016 risk adjustment transfer. While it's acknowledged that the risk adjustment formula will be adjusted to remove admin expenses, the overall impact of the risk adjustment transfer is still unknown. Also, the substantial increase in premiums in 2017, and expected increases in 2018, will increase any risk adjustment transfers and negate this reduction of 0.860.

3. The following questions relate to the responses provided to question 10.

a. Please explain the purpose of and quantitatively demonstrate the development of the 0.774 "pre-normalization" adjustment shown in cell K3 of the "Induced Utilization Exhibit 2018\_GQO\_Indiv" file.

The 0.774 factor is the projected weighted average factor to normalize the induced utilization factors. This is demonstrated in the "Induced Utilization Exhibit 2018\_GQO\_Indiv" file and is necessary to keep the average allowed PMPM a true weighted average. That is, the induced utilization factors must not change the total allowed PMPM. This normalization ensures that is true by making the weighted average a 1.000, as demonstrated in the "Induced Utilization Exhibit 2018\_GQO\_Indiv" file.

b. Please reconcile the membership counts provided in the “Tobacco Calibration” (352) and “Area Calibration” (361) excel files.

The total members shown in “Area Calibration” of 361 also matches Table 1 of the “PA Actuarial Memorandum Rate Exhibits 2018\_GQO\_Indiv.xlsx” file. This is the current member count as of 2/1/2017. The “Tobacco Calibration” showing 352 is from an alternative data source that captures tobacco status. Unfortunately, a small about of members are unavailable from this alternative data source. Since the factor is applied as a relativity, we’ve assumed that the rate of tobacco use is the same for members that are not captured in this alternative data source.

c. As confirmed in your response to question 10(e)(ii), the experience of the HMO, POS, and PPO products has been combined for the purpose of developing rates for 2018. Further, the projected 2018 Index Rate which has been developed is the same between the GHP and GQO Individual rate filings. Because the projected Index Rate is the same (i.e. \$804.39 PMPM) between the two filings, this implies that the projected mix of membership by age and gender, geographic rating area, tobacco use, and morbidity is also being projected to be the same.

i. Please confirm that this is correct. If so, it is our expectation that the projected risk adjustment receipt PMPM, age calibration factor, geographic calibration factor, and tobacco use calibration factor would also each be the same between the two filings. In that case, please revise the proposed rates and corresponding rate development exhibits to reflect these four items being the same between the two filings.

This is correct, we believe the combined GHP and GQO experience projected to 2018 is our best estimate of the projected total allowed costs, or Index Rate. We do not believe that (ii) below is a better approach, so we have revised the filings to reflect your expectations on calibration. For risk adjustment, we have updated our analysis and exhibits to use the Individual HMO PMPM from 2016 as our best estimate for 2018 for both products. Given our drastic drop in PPO enrollment, from over 6,000 members to less than 400, and that only a minority of the members moved to our own HMO product, we feel using the extremely high risk adjustment transfer for PPO of over \$100 PMPM would be significantly risky. We believe that, in addition to the calibration factors and risk adjustment, we must also normalize the induced utilization factors to reflect the combined experience of GHP and GQO.

ii. If the projected mix of membership is not expected to be the same, please revise the Index Rate for each filing such that it reflects the projected mix of membership by age and gender, geographic rating area, tobacco use, and morbidity specific to each product (i.e. HMO/POS and PPO)

We believe the combined GHP and GQO experience projected to 2018 is our best estimate of the projected total allowed costs, or Index Rate. We do not believe that the product differences between GHP and GQO warrant a different Index Rate. The differences in the products offered can be captured in the factors allowed to develop premium after the Index Rate, i.e. taxes, AV, etc.

4. Given that the manual rate reflects the claims experience of the HMO, POS, and PPO products combined, it is not clear why the GQO Index Rate was not adjusted to reflect the cost level associated with a different product mix (i.e. PPO only).

a. Please provide the estimated difference in costs (on a normalized basis) which would be associated with a PPO only product as compared to HMO, POS, and PPO combined.

There is no difference in contracted costs for these products at Geisinger.

b. Please either (1) revise the GQO Index Rate and resulting rates to reflect the difference in costs that would be expected for a product mix of PPO only relative to the product mix underlying the manual rate or (2) provide justification as to why it is reasonable to assume there is no cost differential between the two product mixes (i.e. PPO only vs. HMO & POS & PPO).

There is no difference in contracted costs for these products at Geisinger.

5. It appears that no adjustment is being applied in the development of the Index Rate to reflect a different mix of membership by geographic area in the projection period (2018) relative to the base period (2016). Please provide the distribution of membership by geographic rating area for those members underlying the 2016 manual rate as well as for those currently in force in 2017, demonstrating that it is reasonable to assume the mix of membership by geographic area should not be expected to change substantially between 2016 and 2018.

We have experienced large growth coupled with low retention in this market. It is not any more reasonable to assume the mix in 2017 than 2016. The attached file, "Mix of membership by geography.xlsx", demonstrates this volatility. The growth in Rating Area 7 is due to our competitive rates in that area and we do not know that this competitive position will carry forward to 2018.

6. Regarding the Change in Benefits exhibit, it shows an additional pharmacy coverage amount of \$15.58. Please discuss the additional coverage and why it was not identified in the actuarial memorandum.

Not identifying this item in our actuarial memorandum was simply an oversight. This adjustment was necessary since Pharmacy is optional in our non-ACA Individual block. Therefore, we needed to adjust pharmacy expenses in the experience period to account for any non-ACA members who did not have Pharmacy. Thus, our projected experience will reflect pharmacy benefits for all plans. Please note that the pharmacy item has been added to the revised Actuarial Memorandum and is only \$0.13 PMPM when allocated over the entire Individual Single Risk Pool.

7. Discuss the basis underlying the 2.99% HIF and the 3.33% FIT and the development as well as assumptions.

The FIT amount is determined by dividing the Profit/Contingency (after tax) by the estimated effective tax rate, as demonstrated in the file: "Tax Exhibit Indiv 20170713.xlsx". The HIF is determined by estimating the data year (CY 2017) total national and GQO premiums to determine an estimated applicable fee as a % of premium. This is then converted to a % of estimated fee year (CY 2018) total GQO premiums. This calculation is also demonstrated in the exhibit.



8. In response to question 14, it is my understanding that the PCORI fee for 2018 is \$2.47 pmpy/12 = \$0.20 pmpm. If you have conflicting information, please share your source and show the development of the \$0.18.

PCORI has been adjusted with the updated rate filing.

9. In response to question 15, you provided an Excel worksheet that included an item labeled "Quality Fund PQS" and the associated capitated expense of \$15.52 pmpm for the rating period. This item was not mentioned in the actuarial memorandum nor was it included in the response discussion. Section D.1.f on page 9 of the PA guidance specifically addresses the issue of "quality incentive payments" and directs issuers to include such payments in the administrative expenses in Table 6. Additionally, Table 6 also includes a load for quality improvement expenses of 1.46%. This appears to be double counted. Please review and revise.

The items shown in our 6/23/17 response to question 15 are capitated medical expenses, including "Quality Fund PQS". This item is not an administrative expense and therefore does not meet the federal definition of a quality incentive payment. The term "Quality Fund" is internal Geisinger nomenclature and should not be confused with the quality incentive category referenced in the federal guidelines.

a. In your response to question 10 a. you indicated that the reinsurance expense item would be moved to "Other" but did not do so. Please revise.

Reinsurance expense has been moved out of claims and into the "Other" category with the updated rate filing.

b. In response to question 10. C., you indicate that the capitation trend is based on average of expected capitation increases. What is the bases for the assumed 5% capitation trend in Table 3 and the URRT? What informs your expectation? Please provide a detailed response.

The historical cap increases for the two significant items are included in an amended copy of our 6/23/17 "Capitated Expenses" file. While each of these items have increased by more than 5% historically, Geisinger continues to strive to limit increases with our capitated vendors. We feel 5% is a reasonable estimate.

10. In response to question 20, you did not show the development of the average commission nor did you provide the broker agreements as requested. Please show the development of the average commission. Additionally, the current and 2018 broker agreements should be included and used to develop the percent shown in Table 6 as well as the associated pmpm.

For Individual ACA products, we no longer pay broker commissions except on members that joined prior to 2016. Details on our broker commissions are confidential and proprietary. Please see the file "Broker Fees-Indiv PPO-20170713.xls."

11. In your June 14th response you indicated that corrections would be when the final files are uploaded in SERFF. Be advised, all revisions must be reflected in this resubmission.

We will be submitting all revised Exchange filing files, along with our responses to the Department, by the requested deadline.

12. 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

[We will be submitting the revised Public Rate Filing PDF by the requested deadline of COB July 18<sup>th</sup>.](#)