SERFF Tracking #: CABC-131921812 State Tracking #: CABC-131921812 Company Tracking #: 19-46

State: Pennsylvania Filing Company: Capital Advantage Insurance Company

TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only

Product Name: Rates - CAIC Small Group PPO

Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	ACA Public Rate Filing PDF
Comments:	
Attachment(s):	SG_19-46_Revised_CAIC_PPO_PublicFiling01_Supporting_20190801.pdf SG_19-46_Revised_CAIC_PPO_PublicFiling02_Supporting_20190801.pdf
Item Status:	
Status Date:	



May 21, 2019

, Director

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

Re: Capital Advantage Insurance Company

Small Group Rates Filing No 19-46

TOI Code: H15G Group Health - Hospital/Surgical/Medical Expense

Sub-TOI Code: H15G.003 Small Group Only

Filing Type: Rate

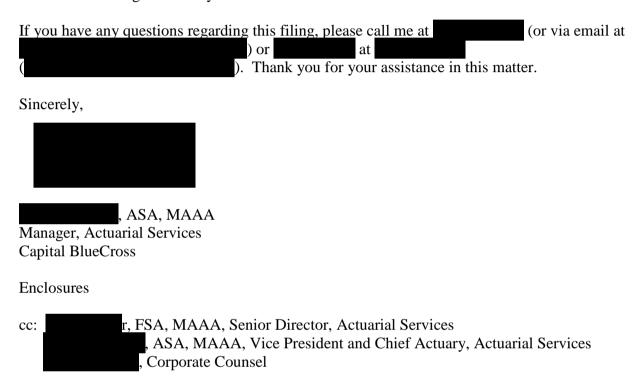
Dear :

By this filing Capital BlueCross, on behalf of its wholly owned subsidiary Capital Advantage Insurance Company, submits to the Department Small Group Rates effective January 1, 2020.

The following is a summary of the rate filing:

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2020
- Average Rate Change: 14.5%
- Range of Requested Rate Change: 14.5% to 14.5%
- Total additional annual revenue generated from the proposed rate change: \$67,384
- Product: PPO
- Rating Areas: 6,7,9
- Metal Levels: Gold
- Current Covered Lives and Policyholders: 63/34
- 2020 Number of Plans: 1
- 2019 Number of Plans and Change: 1/No Plan Changes
- Contract Form #: C20-CAIC-SPG
- Form Filing SERFF #: CABC-131908566
- Binder SERFF #: CABC-PA20-125092123
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-1473457323875505154

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



Attachment I

Rate Change Summary

Capital Advantage Insurance Company (CAIC) - Small Group Plans

Rate request filing ID #CABC-131921812 - 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: 13.2% Revised requested average rate change: 13.2%

Range of requested rate change: 13.2% to 13.2% Effective date: 1/1/2020

People impacted: 63

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

Key information

Jan. 2018-Dec. 2018 financial experience

Company made (after taxes)	\$189,139
Taxes & fees	\$ 4,345
Administrative expenses	\$ 73,149
Claims	\$ 178,073
Premiums	\$ 444,706

How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2020:

 Claims:
 83.58%

 Administrative:
 9.20%

 Taxes & fees:
 5.22%

 Profit:
 2%

The company expects its annual medical costs to increase 7.77%.

Explanation of requested rate change

Reimplementation of the Health Insurer Fee in 2020 Worsening risk pool due to non-ACA group coverage options Anticipated increase in facility and physician unit costs Anticipated changes in prescription drug unit costs Continuing change in utilization



July 19, 2019

, Director

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

Re: Capital Advantage Insurance Company

Small Group Rates Filing No 19-46

TOI Code: H15G Group Health – Hospital/Surgical/Medical Expense

Sub-TOI Code: H15G.003 Small Group Only

Filing Type: Rate

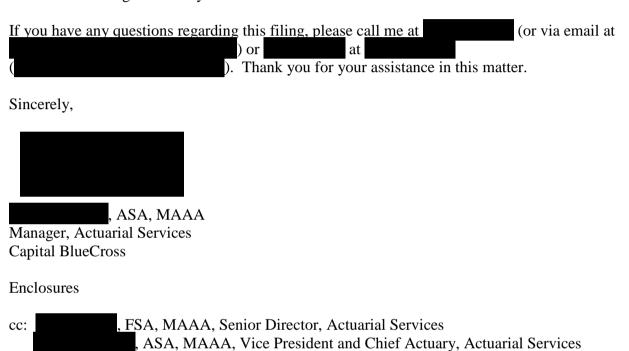
Dear :

By this filing Capital BlueCross, on behalf of its wholly owned subsidiary Capital Advantage Insurance Company, submits to the Department Small Group Rates effective January 1, 2020.

The following is a summary of the rate filing:

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2020
- Average Rate Change: 13.2%
- Range of Requested Rate Change: 13.2% to 13.2%
- Total additional annual revenue generated from the proposed rate change: \$60,931
- Product: PPO
- Rating Areas: 6,7,9
- Metal Levels: Gold
- Current Covered Lives and Policyholders: 63/34
- 2020 Number of Plans: 1
- 2019 Number of Plans and Change: 1/No Plan Changes
- Contract Form #: C20-CAIC-SPG
- Form Filing SERFF #: CABC-131908566
- Binder SERFF #: CABC-PA20-125092123
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-1473457323875505154

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



, Corporate Counsel

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

ACTUARIAL MEMORANDUM Small Group Rates Effective January 1, 2020

General Information

Company Information

• Company Legal Name: Capital Advantage Insurance Company – CAIC

• State: PA

HIOS Issuer ID: 82795
Market: Small Group
Effective Date: 1/1/2020

PID Company Information

• Company Name: Capital Advantage Insurance Company (CAIC)

• NAIC: 41203

• Market: Small Group

• On/Off Exchange: Off Exchange

• Effective Date: 1/1/2020

• Average Rate Change: 13.2%

• Range of Requested Rate Change: 13.2% to 13.2%

• Total additional annual revenue generated from the proposed rate change: \$60,931

• Product: PPO

• Rating Areas: 6,7,9

• Metal Levels: Gold

• Current Covered Lives and Policyholders: 63/34

• 2020 Number of Plans: 1

• 2019 Number of Plans and Change: 1/No Plan Changes

• Contract Form #: C20-CAIC-SPG

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• Binder SERFF #: CABC-PA20-125092123

• HIOS Issuer ID: 82795

• HIOS Submission Tracking Number: 82795-1473457323875505154

Company Contact Information

• Primary Contact Name:

• Primary Contact Telephone Number:

• Primary Contact Email Address:

Scope and Purpose

By this filing, Capital Advantage Insurance Company (CAIC), a subsidiary of Capital BlueCross (CBC), submits rates for products to be made available to all small groups effective January 1, 2020. CAIC will only offer small group products off the federally-facilitated exchange.

Rate History and Proposed Variations in Rate Changes

Market	Company	Effective Date	SERFF#	Annual Increase
Small Group	CAIC	1/1/2016	CABC-130079821	-2.00%
Small Group	CAIC	1/1/2017	CABC-130539615	2.30%
Small Group	CAIC	7/1/2017	CABC-130954665	6.10%
Small Group	CAIC	1/1/2018	CABC-131022120	4.70%
Small Group	CAIC	1/1/2019	CABC-131455106	16.20%

Average Rate Change

CAIC is proposing an aggregate annual 13.2% rate change. The rate change is calculated in PA Rate Exhibits Part III, Table 10, cell AC15.

Worsening risk pool due to non-ACA group coverage options: 7%

Reimplementation of the Health Insurer Fee: 2.5%

Provider Contract Increases and Utilization Changes: 3.5%

Membership

Membership is shown in PA Rate Exhibits Part I, Table 1. The average age is 39.

Benefit Changes 2019-2020

A summary of proposed 2020 benefits is included in Exhibit A.

No changes are being applied to CAIC's single offering.

Experience Period Premium and Claims

Single Risk Pool: The data used to develop rates and shown in URRT and PA Rate Exhibits abides by 45 CFR part 156.80(d) single risk pool requirements. The single risk pool reflects all

covered lives for every non-grandfathered, non-transitional product/plan combination for CAIC in the small group market.

Base Experience Period: The base experience period (BEP) includes completed fee-for-service paid and incurred claims for dates of service between January 1, 2018 and December 31, 2018.

Transitional membership is not included in PA Rate Exhibits Table 2 or URRT.

Paid Through Date: Claims in the BEP are paid through March 31, 2019

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

Allowed and Incurred Claims in BEP:

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

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

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

- 5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
- 6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

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

BEP Allowed Claims

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

Risk Adjustment in BEP: Risk adjustment amounts in the BEP are equal to final risk adjustment transfer amounts released on June 28, 2019.

Loss Ratio in BEP: Loss ratio is 40.04%

Credibility of Data

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

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

The credibility manual is the combination of CAIC, Capital Advantage Assurance Company (CAAC), and Keystone Health Plan Central (KHPC) HMO data. The credibility manual BEP includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2018 and December 31, 2018. All data is trended and benefit-adjusted in the same manner as the experience data (same projection factors and trend).

Trend Identification

Trend: 7.77%

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

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

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

underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

Historical Experience: Historical experience was not used to the develop trend.

Benefit Categories: Claims in the benefit categories displayed in URRT come directly from CBC's data warehouse. These same categories are used to develop category-level trend. See Exhibit C for a description of benefits by benefit category.

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

Rate Development & Change

Projection Factors

Changes in Morbidity: Found in URRT Worksheet 1, "Morbidity Adjustment", and PA Rate Exhibits, Table 5. CAIC projects 7% change in morbidity due to the presumed statewide movement of small group PPACA business to ASO. The morbidity factor is based on the following analysis:

- 1. Gather BEP medical and Rx claims and membership for all PPACA groups active during the period
- 2. Gather BEP medical and Rx claims and membership for only PPACA groups still active in a PPACA product as of 2/28/2019
- 3. PMPM (2) / PMPM (1) 1 = 7.7%
- 4. 7% is applied in rating

Because CBC is competing against statewide carriers in the SG ASO market, we assume this transition is occurring statewide and will continue 2019-2020. Further, the statewide transition translates to a worsening PPACA risk pool, not unique to CBC. Therefore, we project no explicit change to CBC risk adjustment transfer amounts from this migration.

In addition to the 7% morbidity change, CAIC is also applying a factor of 0.635 to reflect the difference is projected Plan Liability Risk Score (PLRS) between CAIC and its subsidiary, CAAC, which underwrites the vast majority of the BEP experience.

Changes in Benefits: Benefit changes are not applied to allowed claims as allowed should stay consistent from 2018 to 2020. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from CBC's internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

Changes in Demographics: CAIC does not expect changes in demographics in its small group population.

Changes in Network: No Network change is applied.

Other Adjustments: No other adjustment is applied.

Benefits, Demographics, Network and Other adjustments are found in URRT, Worksheet 1, and PA Rate Exhibits, Table 5.

Index Rate

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

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

To calculate the projected index rate:

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

See Exhibit J for the Index Rate.

Paid to Allowed Ratio

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

Projected Paid and Incurred Claims are calculated as follows:

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

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

The development of completion factors is described in <u>Experience Period Premium and Claims</u> above.

3. Develop the BEP Paid and Incurred Claim PMPM:

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

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

Trended Claim PMPM

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

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

```
Projected\ Paid\ and\ Incurred\ Claims\ PMPM \\ = [Trended\ Claim\ PMPM] \times [Benefit\ Adjustment] \\ \times [Morbidity\ Adjustment] \times [Other\ Adjustment]
```

The *Benefit Adjustment*, *Morbidity Adjustment*, and *Other Adjustment* are discussed in the <u>Projections Factors</u> section above.

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

average Manual Cost of the experience is compared to the Manual Cost of the base plan. The projected experience period data is then adjusted to the base plan:

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

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

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

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

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

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

- b. And to arrive at the *Total Projected Claims PMPM*, CAIC assumes a distribution of members across the benefit plans being offered in 2020. The *Total Projected Claims PMPM*:
- = Projected Claims PMPM Benefit $A \times Expected$ Member Dist of Benefit A + Projected Claims PMPM Benefit $B \times Expected$ Member Dis of Benefit $B + \cdots$
- 7. The Paid-To-Allowed Ratio is then:

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

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

Risk Adjustment

Projected Risk Adjustments PMPM:

Relevant to 2020 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2020. The following items are those that we deem important in generating a CRA payment transfer adjustment:

- 1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
- 2. Statewide average premiums
- 3. Current market penetration of this company and competitors in the market and in the state
- 4. 2016-2017 risk adjustment results
- 5. Market improvement in coding risk: CBC's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that CBC is disadvantaged in the market. This will drive CBC's relative risk to the market down over time.

Market Adjusted Index Rate

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

[Market Adjusted Index Rate]

- $= ([Index\ Rate]\ x\ [Paid\ to\ Allowed\ Ratio]$
- [Net Projected ACA Reinsurace Recoveries]
- [Net Projected Risk Adjustments PMPM] + [Exchange Fees PMPM])
- ÷ [Paid to Allowed Ratio]

See Exhibit K, Table 5, and URRT WS1 for the development of the Market Adjusted Index Rate.

Please note that Exhibit K and Table 5 produce the average annual rating period MAIR, accounting for quarterly trend. URRT WS1 produces Q1 MAIR as per instructions. Checks have been implemented to ensure URRT Q1 MAIR and Q1 MAIR that would be produced in Table 5 given 0% quarterly trend are the same (except for differences in rounding).

Retention Items

Administrative Expense Load:

- 1. Risk Adjustment User Fee: To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.18 PMPM. The Risk Adjustment Fee PMPM is included in URRT Worksheet 1, URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.
- 2. Administrative Expense: Calculated using an allocation method from CBC's Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to CBC small group products. Administrative expenses are included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.
- 3. Broker Expense: Calculated based on CBC's explicit per contract broker fee. Broker Expense is included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6. Brokers are paid on new business and renewals the same commission rate for all geographic locations, enrollment dates, and metal levels. The 2020 broker commission schedule is yet to be finalized. Attached please find the 1/1/2019 copy of the broker agreement redacted version. Files are as follows:
 - a. Redacted Standard Producer Master Agreement: "SG_19-46_Initial_CAIC_PPO_SPMABrokerGroupRedacted_Supporting_20190521.pdf"
 - b. Redacted Preferred Producer Master Agreement: "SG_19-46_Initial_CAIC_PPO_PPMABrokerGroupRedacted_Supporting_20190521.pdf"
- 4. Value-Based Benefits (VBB): Standard with each plan, Capital BlueCross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
 - a. Complete biometric screening and receive a gift card.
 - b. Meeting biometric measure or finish online coaching program and receive a gift card reward.
 - c. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
 - d. Included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.
- 5. Identity Theft Coverage: Identity protection offering will include the following components:
 - a. Credit monitoring Monitors activity that may affect credit

- b. Fraud detection Identifies potentially fraudulent use of identity or credit
- c. Fraud resolution support Assists members in addressing issues that arise in relation to credit monitoring and fraud detection
- d. Included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.
- 6. Additional Quality Improvement: The Final Notice of Benefit and Payment Parameters (NBPP) for 2020 finalized the rule to allow issuers to apply a standard 0.8% of premium for quality improvement (QI) measures in the MLR calculation. Additional QI amounts applied in rating equal 0.4%. Included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.

Profit (or Contribution to Surplus) & Risk Margin:

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

Taxes and Fees:

- 1. Health Insurer Fee (HIF) Section 9010 of PPACA and Section 1406 of the Reconciliation Act (which modified PPACA) refer to HIF. The fee is a fixed-dollar amount distributed across health insurance providers: \$8 billion in 2014, \$11.3 billion in 2015 and 2016, \$13.9 billion in 2017, \$14.3 billion in 2018, and the HIF increases by the rate of premium growth for 2019 and subsequent years. There was a moratorium on the fee for 2017 and there is a suspension on the fee for 2019. The fee applied is the average fee across all renewals in 2020. This is calculated in Exhibit H. HIF is included in URRT Worksheet 2, "Taxes and Fees", and PA Rate Exhibits, Table 6.
- 2. Exchange Fee All issuers participating in a federally-facilitated exchange will remit 3% of premium to HHS. CAIC Small Group plans are offered off-exchange only, therefore no exchange fee is applied.
- 3. Federal Income Tax: Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in URRT Worksheet 2, "Taxes and Fees", and PA Rate Exhibits, Table 6.
- 4. Premium Tax: CAIC is charged premium tax of 2%. Premium tax is included in URRT, Worksheet2, "Taxes and Fees" and PA Rate Exhibits, Table 6.

See Exhibit H for all retention values.

Plan Rate Development

The Plan Adjusted Index Rates are included in Worksheet 2, Section IV of URRT.

The following adjustments were used to derive the Plan Adjusted Index Rate:

1. Actuarial Value and Cost Sharing adjustment: The Actuarial Value and Cost Sharing Adjustment is determined using CAIC's actuarial cost model. CAIC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by

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

- 2. Induced Demand: Please see Table 8
- 3. Provider Network: The Provider network is the same across all PPO plans.
- 4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
- 5. Adjustment for distribution and administrative costs: Described in <u>Retention Items</u> section above.
- 6. Tobacco Adjustment: Not applied to Small Group plans.

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

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

Age Curve Calibration: The average age factor is calculated by taking the member-weighted average of current small group enrollment by age in CBC. Age factors are applied in accordance with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file SG_19-46_Initial_CAIC_PPO_List-Billed_Supporting_20190521.xlsb for the calculation.

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

Geographic Factors: CBC performed regional analysis to quantify the cost difference between the three regions in our service area. The analysis gathered incurred claims net Rx rebates, projected risk adjustment, and premium for a 12-month period by region. The loss ratio of each region is then compared to the average loss ratio for the book of business. In theory, the change in regional rating factor is:

[Change in Regional Rating Factor Region A] = [Region A LR] \div [BOB LR]

But our preferred approach is to gradually change factors, so not to shock the market, while moving rates in the appropriate direction. In order to do this, the following approach is being proposed:

[Change in Regional Rating Factor Region A] = [Region A LR] \div [Target LR]

Where Target LR is in between Region A LR and BOB LR. With this gradual approach, annual rate change by region is shown on Exhibit Q, column G.

Tobacco Factor Calibration: Tobacco factor not applied.

The calibration is:

```
[Calibrated Plan Adjusted Index Rate] = [Plan Adjusted Index Rate] \div ([Age Curve Calibration] \times [Geographic Factor Calibration] \times [Tobacco Factor])
```

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

Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

```
[Member - Level Consumer Adjusted Premium Rate]
= [Calibrated Plan Adjusted Index Rate] × [Age Factor]
× [Geographic Factor] × [Tobacco Factor]
```

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

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

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

AV Metal Values

The AV Metal Values included in URRT Worksheet 2 and PA Rate Exhibits, Table 10 were based on the federally issued AV Calculator.

See AV Screenshots included with the submission.

AV Pricing Values

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

Projected Loss Ratio

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

Membership Projection

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

Attachments and Examples

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

PA Rate Exhibits Part I through Part V

Table 8

Exhibit A – Benefit Summary

Exhibit B – Benefit Change Summary

Exhibit C – Benefit Categories

Exhibit D – Benefit Mix

Exhibit E – Trend

Exhibit F – URRT

Exhibit G – Paid-to-Allowed Development

Exhibit H – Retention

Exhibit I – Projected Loss Ratio

Exhibit J – Index Rate

Exhibit K – Market Adjusted Index Rate

Exhibit L – Rate Development by Plan

Exhibit M – Plan Adjusted Index Rates

Exhibit N – Calibration

Exhibit O – Rating Factors

Exhibit P – Quarterly Base Rates

Exhibit Q – Regional Analysis

Broker Contracts Actuarial Value Screenshots List-Billed Data

Actuarial Statement

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

I, ASA, MAAA, do hereby certify that:

- 1. This filing has been prepared in accordance with the following:
 - a. Actuarial Standard of Practice No. 5, "Health and Disability Claims"
 - b. Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans"
 - c. Actuarial Standard of Practice No. 12, "Risk Classification"
 - d. Actuarial Standard of Practice No. 23, "Data Quality"
 - e. Actuarial Standard of Practice No. 25, "Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverage"
 - f. Actuarial Standard of Practice No. 26, "Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans"
 - g. Actuarial Standard of Practice No. 41, "Actuarial Communications".

2. The index rate is:

- a. Projected in compliance with all applicable state and federal statutes and regulations (45 CFR 156.80(d) (1)).
- b. Developed in compliance with the applicable Actuarial Standards of Practice.
- c. Reasonable in relation to the benefits provided and the population anticipated to be covered.
- d. Neither excessive nor deficient.
- e. Adjusted by only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) to generate plan level rates.
- 3. The percent of total premium that represents essential health benefits were calculated in accordance with actuarial standards of practice.
- 4. The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans, and in accordance with CFR 156.135(b)(2) as necessary. For any plan requiring an alternative method, the development of the actuarial value is based on one of the acceptable alternative methods outlined in 156.135(b)(2) or 156.135(b)(3) for benefits that deviate substantially from the parameters of the AVC and have a material impact on the actuarial value.
 - a. The analysis was
 - i. conducted by a member of the American Academy of Actuaries, and
 - ii. performed in accordance with generally accepted actuarial principles and methods.
- 5. Geographic area rating factors reflect only differences in the costs of delivery and not differences due to population morbidity.
- 6. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.

- 7. New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
- 8. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2020 Rate Filing Justification.



, ASA, MAAA

Actuarial Associate Capital BlueCross

PA Rate Template Part I Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	Capital Advantage Insurance Company
Product(s):	PPO
Market Segment:	Small Group
Rate Effective Date:	1/1/2020
Base Period Start Date	1/1/2018
Date of Most Recent Membership	2/1/2019

Table 1. Number of Members

	Member-months	Members	Member-months
	Experience Period	Current Period (as of 02-01-2019)	Projected Rating Period
Average Age	39.2	38.1	38.1
Total	1,268	63	780
<18	137	10	124
18-24	189	9	111
25-29	99	3	37
10-34	101	1	12
15-39	92	6	74
10-44	129	9	111
15-49	77	5	62
0-54	115	4	50
5-59	131	10	124
0-63	126	4	50
ida.	77	2	75

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
\$679,388.90	\$190,039.40	\$191,313.05	1,268	\$92,182.44	\$283,495.49	\$0.00	(\$13,239.95)	\$0.00	\$0.00	(\$234,682.42)
Experience Period Total Allowed EH	IB Claims + EHB Capitation PMPM (n	et of prescription drug rebates)								\$ 213.14
Loss Ratio										40.04%

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weight*
Inpatient Hospital	6.70%	1.50%	0.00%	8.30%	20.08%
Outpatient Hospital	6.35%	1.00%	0.00%	7.41%	36.28%
Professional	4.55%	1.00%	0.00%	5.60%	23.06%
Other Medical	6.35%	1.00%	0.00%	7.41%	2.93%
Capitation				0.00%	0.01%
Prescription Drugs	9.80%	0.85%	0.00%	10.73%	17.64%
Total Annual Trend				7.77%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.161	
* Express Cost, Utilization, Induced Utilization and Weight as percentages	-			•	•
** Should = URRT Trend					

Table 4. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-15		\$5,896.63	1.0000	\$ 5,896.63	23	\$ 256.38		(\$249.89)	\$6,864.90	298.4
Feb-15		\$8,127.79	1.0000	\$ 8,127.79	23	\$ 353.38		(\$29.61)	\$10,392.79	451.8
Mar-15		\$1.791.36	1.0000			\$ 99.52		(\$19.53)	\$3.632.41	201.8
Apr-15		\$7,767.00	1.0000		18			(\$182.78)	\$9,861.03	547.2
May-15		\$2,196.56	0.9845		18			(\$51.10)	\$2,962.62	164.
Jun-15		\$5,513.67	1.0000		15			(\$51.48)	\$6,710.23	447.
Jul-15		\$41,083.59	1.0000		15			(\$17.25)	\$42,494.54	2,832.
Aug-15	L.	\$3,633.81	1.0000	\$ 3,633.81	7			(\$57.11)	\$4,041.49	577.
Sep-15		\$1,244.74	1.0000	\$ 1,244.74	6	\$ 207.46		(\$57.36)	\$1,582.12	263.
Oct-15		\$589.23	1.0000		6	\$ 98.21		(\$53.33)	\$885.32	147.
Nov-15	L	\$688.60	1.0000	\$ 688.60	6	\$ 114.77		(\$223.40)	\$637.00	106.
Dec-15	\$86,073.75	\$7,414.29	1.0000		12	\$ 617.86	\$14,367.30	(\$260.67)	\$9,031.16	752
Jan-16	L	\$5,483.65	0.9375	\$ 5,849.10	41			(\$423.52)	\$13,740.32	335.
Feb-16		\$14,821.27	1.0000	\$ 14,821.27	42			(\$1,093.26)	\$19,323.32	460.
Mar-16	L	\$3,152.62	1.0000	\$ 3,152.62	46			(\$398.66)	\$5,558.31	120
Apr-16		\$6,315.11	1.0000	\$ 6,315.11	47			(\$410.31)	\$8,183.15	174.
May-16	L	\$19,765.75	1.0000		48			(\$827.06)	\$21,933.95	456.
Jun-16	L	\$10,320.15	1.0000	\$ 10,320.15	50	\$ 206.40		(\$934.06)	\$12,727.70	254.
Jul-16		\$14,429.44	1.0000	\$ 14,429.43		\$ 294.48		(\$286.53)	\$17,755.80	362.
Aug-16		\$22,094.24	1.0000	\$ 22,094.33	48	\$ 460.30		(\$82.66)	\$27,111.87	564.
Sep-16		\$24.717.33	1.0000		49			(\$160.28)	\$27.484.51	560.
Oct-16		\$8,922.91	0.9574		49			(\$267.18)	\$11,391.14	232
Nov-16		\$15,615.82	0.9998	\$ 15,618.67	49			(\$176.75)	\$17,359.85	354.
Dec-16	\$289.942.74	\$18,376.25	0.9998		53		\$49,035,31	(\$344.52)	\$25,844.25	487
Jan-17		\$14,035.05	0.9999		117			(\$496.59)	\$20,241.76	173
Feb-17		\$11,460.91	0.9999		83			(\$1,499.95)	\$20,846.05	251.
Mar-17		\$24,769.03	0.9999	\$ 24,772.35	83			(\$3,213.52)	\$30,459.26	366
Apr-17		\$9,145.01	0.9999	\$ 9,145.81	83	\$ 110.19		(\$1,845.29)	\$11,709.99	141
May-17		\$31,577.12	0.9998	\$ 31,582.56		\$ 343.29		(\$3,395.86)	\$35,532.91	386
Jun-17		\$26,529.01	0.9997	\$ 26,537.23	111	\$ 239.07		(\$2,469.51)	\$33,409.77	300.
Jul-17		\$34.855.90	0.9976		113	\$ 309.19		(\$2.014.84)	\$38.366.78	339.
Aug-17		\$41,633.32	0.9996		113			(\$2,243.50)	\$59,060.66	522.
Sep-17		\$28,897.98	0.9995		112			(\$487.20)	\$34,269.69	305.
Oct-17		\$32,117.93	0.9996			\$ 289.48		(\$3,208.64)	\$38,596.00	347.
Nov-17		\$24,436.09	0.9995	\$ 24,447.65	110	\$ 222.25		(\$1,322.76)	\$30,211.45	274.
Dec-17	\$646.836.49	\$32,507.20	1.0020	\$ 32,442.91	141	\$ 230.09	\$101,419,03	(\$1,646.18)	\$36,932.85	261.
Jan-18		\$23,072.37	0.9989	\$ 23,098.22	117			(\$1,991.80)	\$31,287.53	267.
Feb-18		\$17,298.55	0.9984	\$ 17,327.07	117	\$ 148.09		(\$429.68)	\$26,364.80	225.
Mar-18		\$12,371.48	0.9988	\$ 12,386.96		\$ 105.87		(\$592.63)	\$20,636.29	176
Apr-18		\$11,236.11	0.9987	\$ 11,251.08	120			(\$407.67)	\$20,588.79	171.
May-18		\$19.104.52	0.9985	\$ 19.133.81	122	S 156.83		(\$3.328.89)	\$28.115.38	230.
Jun-18		\$30,352.28	0.9968		106			(\$785.35)	\$38,584.15	364.
Jul-18		\$9.563.97	0.9970			\$ 93.13		(\$397.97)	\$15.313.77	148.
Aug-18		\$14,458.39	0.9952	\$ 14,527.67		\$ 139.69		(\$616.73)	\$22,218.64	213.
Sep-18		\$16,521.98	0.9955	\$ 16,596.92	103	\$ 161.14		(\$1,090.52)	\$19,989.14	194.
Oct-18		\$14,261.77	0.9895	\$ 14,413.28	103	\$ 139.93		(\$1,484.66)	\$20,435.87	198.4
Nov-18		\$13,290.46	0.9857	\$ 13,483.76	102	\$ 132.19		(\$1,199.79)	\$16,217.69	159.0
Dec-18	\$679 388 90	\$8,507,52	0.9399	\$ 9.051.21	54	\$ 167.62	592 182 44	(\$914.26)	\$10,503,49	194.5

Dec-18
* Express Completion Factor as a percentage
**Express Prescription Drug Rebates as a negative number

Carrier Name: Capital Advantage Insurance Company
Product(s): PPO
Markot Segment: small Group
Rate Effective Date: 11/1/2020

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
\$440,864,801.85	\$372,795,320.93	\$376,393,003.21	782,036	\$68,523,547.37	\$444,916,550.58		(\$16,607,742.51)	\$60,947.26	\$0.00	\$4,549,138.01
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)							\$ 547.76			
I nos Ratin							80 79%			

*Express Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Induced Utilization*	Composite Trend	Weight*
Inpatient Hospital	6.70%	1.50%	0.00%	8.30%	20.08%
Outpatient Hospital	6.35%	1.00%	0.00%	7.41%	36.28%
Professional	4.55%	1.00%	0.00%	5.60%	23.06%
Other Medical	6.35%	1.00%	0.00%	7.41%	2.93%
Capitation				0.00%	0.01%
Prescription Drugs	9.80%	0.85%	0.00%	10.73%	17.64%
Total Annual Trend				7.77%	100.00%
Months of Trend				24	
Total Applied Trend Brainstian Easter		<i>x</i> ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		4.464	

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

Table 4b. Historical Manual Experience

March Marc	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
March Marc					\$ 6,673,979.18	15,308	\$ 435.98		(\$427,229.53)		
March Marc	Feb-15										\$ 443.37
March Marc											S 509.97
March Marc											\$ 505.86
Mail											S 475.57
April Apri											\$ 482.74
Section Sect											\$ 522.12
Oct Oct Oc											
Month Mont											
Dec.											
Part		\$106,236,843.10						\$15,772,703.66			
Mode											
March											S 481.52 S 580.15
March											
March											S 486.01 S 493.40
March											
April Apri											
Sec. 10											
Octobal											
No.56 Spain Spai											
Decid Company Decid Company Decid Company Decid Company Decid Deci											
Page		\$290.377.031.01						548,478,187,90			
March											
April											S 531.83
Mo.17											S 470.36
March											S 530.96
Mail											
March											
Section Sect											S 544.15
Col.											
No.11											
Dec											S 544.80
		\$471,659,845,69						578 439 881 16			S 501.41
Fab.		5112/2007				72.072		910) 100)			
Ma-18 536,642.725 0.998 5 M-313,383.98 74.88 444.0 0.543,903.477 531,555,904.5 556 An-18 536,453,504.6 0.998 5 M-32,203.641 0.648 5 440.0 0.553,903.477 531,555,904.5 556 Mn-18 536,467,504 0.997 5 33,779,644 0.453.9 5 440.0 0.553,903.98 5 332,203.641 0.553,903.0 0.553,903.98 5 332,203.641 0.553.9 5 440.0 0.543,903.0 0.553,903.0 0	Enh.19										S 512.80
Acrill \$53.64.50.00											\$ 556.22
May 14											\$ 536.24
			\$33,496,997,54			68.539				\$38,219,261,31	
Mail			\$31,398,367.03	0.9969		67.468	\$ 466.84		(\$1,452,971,95)	\$35,448,705.86	
Aug.10 \$32,825,642 \$990.95 \$32,023,641.11 \$44.71 \$10.00 \$14.463,058.80 \$55,990,1338.5 \$37.55 50-13 \$22,05,066.65 \$990.90 \$12,325,346.6 \$10.00 \$40.71 \$12,126,056.00 \$12,726,755.5 \$50.90 00-13 \$52,062,700.91 \$988.95 \$23,263,724.14 \$680.91 \$34.95 \$51,267,902.70 \$555,126,964.01 \$50.90,743.75 \$60.90 \$50.90,941.75 \$50.90 \$50.90,941.75 \$50.90 \$50.90,941.75 \$50.90 \$50.90,941.75 \$50.90 \$50.90,941.75 \$			\$31,616,427,31			65,750				\$35,550,106,22	
Sec. 21	Aug-18		\$32,838,536,62	0.9943	S 33.028.164.11	64.676	S 510.67		(\$1.445.385.86)	\$36,999,113,28	
Oct.11 (512,202,7001) 0.0866 \$ 21,543,242.15 (60,002 \$ 534,54 (51,562,002.2) 536,521,742.17 \$ 60,002 \$ 52,757,793.91 (0.000) \$ 29,850,241,75 (50,01.2) (50,01.2) (51,20,644.6) (51,21,64,002.2) \$ 53,521,740,002 \$ 53,521,740			\$28,106,066,56			63,190				\$31,720,975,55	
			\$32,102,270.01							\$36,581,764.37	\$ 600.86
	Nov-18		\$29,257,793,39	0.9802	S 29.850.241.75	59.401	\$ 502.52		(\$1,210,548,64)	\$33,211,910.87	S 559.11
	Dec-18	\$440.864.801.85	\$22,361,075,04	0.9269	S 24.124.305.51	48.414	\$ 498.29	\$68,523,547,37	(\$987.861.16)	\$27,754,456,67	

Dec-18 S
* Express Completion Factor as a percentage
**Express Prescription Drug Rebates as a negative number

PA Rate Template Part II
Rate Development and Change
Carrier Name:
Productly
Marint Segment
Rate Effective Date:
Table 5. Development of the Projected I

Development of the Projected Index Rate	Ad	ual Experience Data	Manual Data	
Total Allowed EHS Claims + EHS Capitation PMPM (net of prescription drue rebates) PMPM	2	213.14	\$ \$47.76	<- Actual Experience PMPM should be consistent with the Index Rat
Two war trend projection Factor		1.161	1.161	
Unadjusted Projected Allowed EHB Claims PMPM	2	247.54	\$ 636.19	
Sinele Risk Pool Adjustment Factors				
Change in Morbidity		0.679	0.679	<- See URRT Instructions
Chanse in Other		1.000	1.000	
Change in Demographics		1.000	1.000	<- See LIRRT Instructions
Change in Network		1.000	1.000	
Change in Senefits		1.000	1.000	<- See LIRRT Instructions
Change in Other		1.000	1.000	<- See URRT Instructions
Total Adjusted Projected Allowed EHS Claims PMPM	s	168.19	\$ 432.26	
Credibidility Factors	_	0%	100%	<- See Instructions
Blended Projected EHB Claims PMPM			\$ 432.26	<- Projected Index Rate
Development of the Market-Adjusted Index Rate and Total Allowed Claims			_	
Adjusted Projected Allowed EHB Claims PMPM	5	432.26	c- Index Rate for Projecti	on Period on URRT - Individual or First Quarter Small Group
Adjusted Projected Allowed EHE Claims PMPM [will only populate for small group filings]	5	445.32		
Projected Paid to Allowed Ratio		0.877		
Projected Paid EHS Claims PMPM Market-wide Adjustments	5	390.73		
Projected Risk Adjustment PMPM		(\$246.98)		
Projected Paid Exchange User Fees PMPM		\$0.00		
Market-Adjusted Projected Paid EHB Claims PMPM	s	637.71		
Market-Adjusted Projected Allowed EHS Claims PMPM	s	726.81	< Market-Adjusted Index	Rate
Projected Allowed Non-EHB Claims PMPM		\$0.00		
Market-Adjusted Projected Paid Total Claims PMPM	s	637.71		
Market-Adjusted Projected Allowed Total Claims PMPM	s	726.81		

Effective Date	1/1/2020	4/1/2020	7/1/2020	10/1/2020	Total Single Risk Pool
# of Member Months Renewing in Quarter	256	118	105	300	780
Adjusted Projected Allowed EHS Claims PMPM Q1	\$ 432.26	\$ 432.26	\$ 432.26	\$ 432.26	\$ 432.26
Months of Trend		3	6	9	
Annual Trend	7.77%		7.77%	7.77%	
Single Risk Pool Projected Allowed Claims	\$ 432.26		\$ 448.73		\$ 445.32
Quarterly Trend Factor	100.0%	101.9%	103.8%	105.8%	
2020 Trend Factors by Quarter	0.9707	0.9890	1.0077	1.0267	

Table 6. Retention

Retention Items - Express in percentages	Percentages	PMPM Amounts
Administrative Expenses	9.20%	\$70.16
General and Claims	5.43%	\$41.47
Agent/Broker Fees and Commissions	2.66%	\$20.32
Quality Improvement Initiatives	1.10%	\$8.37
Taxes and Fees	5.22%	\$39.82
RA User Fee	0.02%	\$0.18
PA Premium Tax (if applicable)	2.00%	\$15.26
Federal Income Tax	0.42%	\$3.20
Health Insurance Providers Fee (Prorated for Small Groups only)	2.78%	\$21.18
Profit/Contingency (after tax)	2.00%	\$15.26
Total Retention	16.41%	\$125.24
Projected Required Revenue PMPM	\$ 762.95	

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors		2019		2020
Average Age Factor		1.516		1.539
Average Geographic Factor		1.034		1.037
Average Tobacco Factor		1.000		1.000
Average Benefit Richness (induced demand)		0.892		1.000
Average Network Factor		1.000		1.000
Market-Adjusted Projected Allowed Total Claims PMPM		\$615.23	5	726.81
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	5	444.90	s	455.45

Rate Components		2019	ı	2020	Di	fference	Percent Change
L. Calibrated Plan Adjusted Index Rate (PMPM)	\$	422.27	\$	478.10		\$55.83	13.25
Base period allowed claims before normalization		\$514.94	5	547.76		\$32.82	7.85
. Normalization factor component of change	5	(142.56)	\$	(204.51)		-\$61.94	-14.75
Change in Normalized Allowed Claims Adjustment Components							
D1. Base period allowed claims after normalization	5	372.38	\$	343.26	\$	(29.12)	-6.95
D2. URRT Trend	5	49.83	5	55.41	5	5.58	1.35
D3. URRT Morbidity	5	2.11	5	(127.79)	\$	(129.90)	-30.85
D4. URRT Other	5		5		\$		0.05
DS. Normalized URRT RA/RI on an allowed basis	5	8.19	5	176.39	5	168.20	39.85
DS. Normalized Eschange User Fee on an allowed basis	5		5		5		0.01
D7. Subtotal - Sum(D1:06)	5	432.52	ŝ	447.27	ś	14.75	3.57
. Change in Allowable Plan Adjusted Level Components							
E1. Network	5		5		5		0.05
E2. Pricing AV		-88.25151618	s	(54.83)	ś	33.42	7.95
E3. Benefit Richness	5		s		ś		0.01
E4. Catastrophic Eligibility	s		5		5		0.05
ES. Subtotal - Sum(E1:E4)	s	(88.25)	s	(54.83)	ś	33.42	7.95
. Change in Retention Components							
F1. Administrative Expenses	5	45.03	5	43.96	5	(1.07)	-0.35
F2. Taxes and Fees	5	14.66	s	24.95	ś	10.29	2.45
F3. Profit and/or Contingency	5	8.45	s	9.56	5	1.12	0.35
F4. Subtotal - Sum(F1F3)	\$	68.14	5	78.48	5	10.34	2.45
5. Change in Miscellaneous Items	þ				\$	-	0.09
t. Sum of Components of Rate Change (should approximate the change shown in line A)	\$	412.41	5	470.92	5	58.51	13.99

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

	2019	2020	
Paid-to-Allowed	0.894	0.877	
URRT Trend (Total Applied Trend Factor)	1.134	1.161	 umtwi, Ω
URRT Morbidity	1.005	0.679	 unertwi, si
URRT "Other"	1.000	1.000	 unertwi, si
Risk Adjustment	\$10.13	\$ 246.98	 URRT W1, S1
Exchange User Fee	\$0.00		« URRT WI, SI
Capitation	\$0.30	\$0.30	< URRTW1, S2
Network	1.000	1.000	
Pricing AV	0.796	0.877	 For 2019 in cell IB1, please include a factor equal to the product of the average Pricing AV and the Non-Funding of CSR A
Denefit Richness	1.000	1.000	
Catastrophic Eligibility	1.000	1.000	
Administrative Expenses	10.66%	9.20%	
Taxes and Fees	3.47%	5.22%	
Profit and/or Contingency	2.00%	2.00%	

| Property | Property

PA Eate Template Part IV B - Small Group Annual Table 11. Plan President Development for 27 Pea CM Non-Tabless User Institute Committee Committee

	Sept.	mayor 	Mary mayor - San Talan	American State of Sta		Mary mayor The The The

PA Rate Quarterly Template Part V Consumer Factors

Table 12. Age and Tobacco Factors

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

*PA follows the federal default age curve.

Carrier Name: Capital Advantage Insurance Company

Product(s): PPO
Market Segment: Small Group
Rate Effective Date: 1/1/2020

Table 13. Geographic Factors

	Geographic Area Factors									
Area	Counties	Current Factor	Proposed Factor							
Rating Area 1										
Rating Area 2										
Rating Area 3										
Rating Area 4										
Rating Area 5										
Rating Area 6	Centre, Columbia, Lehigh, Mifflin, Montour, Northampton, Northumberland, Schutlkill, Snyder, Union	1.000	1.000							
Rating Area 7	Adams, Berks, Lancaster, York	1.030	1.080							
Rating Area 8										
Rating Area 9	Cumberland, Dauphin, Franklin, Fulton, Juniata, Lebanon, Perry	1.080	1.020							

Table 14. Network Factors

Projecion Period Network Factors											
Network Name	Rating Area	Current Factor	Proposed Factor	DOH Approval Date							
PPO	All	1.000	1								

Capital Advantage Insurance Company Small Group Rates Effective 1/1/2020 Table B

			Projected	Projected Allowed	Projected Paid	Paid to Allowed	Average Tobacco	AV and Cost	(8)/(6*7) Induced	Induced Demand
<u>Plan ID</u>	Plan Name	Metal Level	Membership	Claims	Claims	<u>Factor</u>	<u>Factor</u>	Sharing Factor	<u>Utilization</u>	Table 10
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
82795PA0130001	Gold PPO 0/0/25 Rx 500	Gold	780	\$566,910	497,413	0.88	1.000	0.88	1.00	1.00
Total			780	566,910	497,413	0.88	1.00	0.88	1.00	1.00
PMPM				726.81	637.71					
Rate Dev II				726.81	637.71					

Capital Advantage Insurance
Company Name:
Company
Market:
Small Group
Product:
PPO
Effective Date of Rates:
January 1, 2020

Ending date of Rates: Ma

March 31, 2020

Lifective Date of Rates.	January	1, 2020			chang date of	rates.
HIOS Plan ID (On Exchange)=>						
HIOS Plan ID (Off Exchange)=>	82795PA	0130001	82795PA	0130001	82795PA	0130001
Plan Marketing Name =>	Gold PPO 0/		Gold PPO 0/		Gold PPO 0/	
Form # =>	C20-CA		C20-CA		C20-CA	•
Rating Area =>	620-64		C20-CA		9	
Network =>	PP		PPO		PP	
Metal =>	Go		Go		Go	
Deductible =>	\$0 /\$500		\$0 /\$500 Med/Rx		\$0 /\$500	
Coinsurance =>	30 / 3300		30 / 3300		3073300	-
Copays =>	\$25/\$50/\$300		\$25/\$50/\$300		\$25/\$50/\$300	
OOP Maximum =>	\$6650 Med/F		\$6650 Med/I		\$6650 Med/F	
Pediatric Dental (Yes/No) =>	Ye		Ye		Ye	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$355.02	\$355.02	\$383.42	\$383.42	\$362.12	\$362.12
15	\$386.58	\$386.58	\$417.50	\$417.50	\$394.31	\$394.31
16	\$398.64	\$398.64	\$430.54	\$430.54	\$406.62	\$406.62
17	\$410.71	\$410.71	\$443.57	\$443.57	\$418.93	\$418.93
18	\$423.71	\$423.71	\$457.60	\$457.60	\$432.18	\$432.18
19	\$436.70	\$436.70	\$471.64	\$471.64	\$445.43	\$445.43
20	\$450.16	\$450.16	\$486.17	\$486.17	\$459.16	\$459.16
21	\$464.08	\$464.08	\$501.21	\$501.21	\$473.36	\$473.36
22	\$464.08	\$464.08	\$501.21	\$501.21	\$473.36	\$473.36
23	\$464.08	\$464.08	\$501.21	\$501.21	\$473.36	\$473.36
24	\$464.08	\$464.08	\$501.21	\$501.21	\$473.36	\$473.36
25	\$465.94	\$465.94	\$503.21	\$503.21	\$475.26	\$475.26
26	\$475.22	\$475.22	\$513.24	\$513.24	\$484.72	\$484.72
27	\$486.36	\$486.36	\$525.26	\$525.26	\$496.08	\$496.08
28	\$504.45	\$504.45	\$544.81	\$544.81	\$514.54	\$514.54
29	\$519.31	\$519.31	\$560.85	\$560.85	\$529.69	\$529.69
30	\$526.73	\$526.73	\$568.87	\$568.87	\$537.27	\$537.27
31	\$537.87	\$537.87	\$580.90	\$580.90	\$548.63	\$548.63
32	\$549.01	\$549.01	\$592.93	\$592.93	\$559.99	\$559.99
33	\$555.97	\$555.97	\$600.45	\$600.45	\$567.09	\$567.09
34	\$563.39	\$563.39	\$608.46	\$608.46	\$574.66	\$574.66
35	\$567.11	\$567.11	\$612.47	\$612.47	\$578.45	\$578.45
36	\$570.82	\$570.82	\$616.48	\$616.48	\$582.23	\$582.23
37	\$574.53	\$574.53	\$620.49	\$620.49	\$586.02	\$586.02
38	\$578.24	\$578.24	\$624.50	\$624.50	\$589.81	\$589.81
39	\$585.67	\$585.67	\$632.52	\$632.52	\$597.38	\$597.38
40	\$593.09	\$593.09	\$640.54	\$640.54	\$604.96	\$604.96
41	\$604.23	\$604.23	\$652.57	\$652.57	\$616.32	\$616.32
42	\$614.91	\$614.91	\$664.10	\$664.10	\$627.20	\$627.20
43	\$629.76	\$629.76	\$680.14	\$680.14	\$642.35	\$642.35
44	\$648.32	\$648.32	\$700.19	\$700.19	\$661.29	\$661.29
45	\$670.13	\$670.13	\$723.74	\$723.74	\$683.53	\$683.53
46	\$696.12	\$696.12	\$751.81	\$751.81	\$710.04	\$710.04
47	\$725.36	\$725.36	\$783.39 \$810.47	\$783.39	\$739.86 \$773.05	\$739.86 \$773.05
48	\$758.77 \$701.72	\$758.77 \$701.73	\$819.47	\$819.47	\$773.95	\$773.95
49 50	\$791.72	\$791.72	\$855.06	\$855.06	\$807.55	\$807.55
50 51	\$828.85	\$828.85	\$895.15	\$895.15	\$845.42	\$845.42
51 52	\$865.51 \$905.88	\$865.51 \$905.88	\$934.75 \$978.35	\$934.75 \$978.35	\$882.82 \$924.00	\$882.82 \$924.00
52	\$905.88 \$946.72	\$905.88 \$946.72	\$978.35	\$978.35	\$924.00 \$965.66	\$924.00
53	\$946.72 \$990.81	\$946.72	\$1,022.46	\$1,022.46	\$1,010.63	\$905.66
55	\$1,034.90	\$1,034.90	\$1,070.08	\$1,070.08	\$1,010.65	\$1,010.63
56	\$1,034.90	\$1,034.30	\$1,117.09	\$1,169.31	\$1,033.00	\$1,033.00
57	\$1,082.70	\$1,082.70	\$1,109.31	\$1,109.31	\$1,153.58	\$1,153.58
58	\$1,182.48	\$1,182.48	\$1,277.07	\$1,277.07	\$1,206.13	\$1,206.13
59	\$1,208.00	\$1,208.00	\$1,304.64	\$1,304.64	\$1,232.16	\$1,232.16
60	\$1,259.51	\$1,259.51	\$1,360.27	\$1,360.27	\$1,232.10	\$1,284.70
61	\$1,304.06	\$1,304.06	\$1,408.39	\$1,408.39	\$1,330.15	\$1,330.15
62	\$1,333.30	\$1,333.30	\$1,439.97	\$1,439.97	\$1,359.97	\$1,359.97
63	\$1,369.96	\$1,369.96	\$1,479.56	\$1,479.56	\$1,397.36	\$1,397.36
64+	\$1,392.23	\$1,392.23	\$1,503.62	\$1,503.62	\$1,420.07	\$1,420.07
	, ,	, ,===.=9	, ,	, ,	, , .==	, ,:=3.0.

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Capital Advantage Insurance
Company Name:
Company
Market:
Small Group
Product:
PPO
Effective Date of Rates:
April 1, 2020

Ending date of Rates: June 30, 2020

	7(5111 1) 2020						
HIOS Plan ID (On Exchange)=>							
HIOS Plan ID (Off Exchange)=>	82795PA	0130001	82795PA	0130001	82795PA	0130001	
Plan Marketing Name =>	Gold PPO 0/	0/25 Rx 500	Gold PPO 0/	0/25 Rx 500	Gold PPO 0/	0/25 Rx 500	
Form # =>	C20-CA	IC-SPG	C20-CA	IC-SPG	C20-CA	IC-SPG	
Rating Area =>	6		7	7	9		
Network =>	PF		PPO		PP	0	
Metal =>	Go		Go		Go		
Deductible =>		Med/Rx	\$0 /\$500		\$0 /\$500		
Coinsurance =>	0		0		09		
Copays =>		PCP/SPC/ER		PCP/SPC/ER	\$25/\$50/\$300		
OOP Maximum =>		Rx Combined	-	Rx Combined	\$6650 Med/F		
Pediatric Dental (Yes/No) => Age Band	Non-Tobacco	Tobacco	Yon-Tobacco	Tobacco	Ye Non-Tobacco	Tobacco	
0 - 14	\$361.72	\$361.72	\$390.66	\$390.66	\$368.96	\$368.96	
15	\$393.88	\$393.88	\$425.39	\$425.39	\$401.75	\$401.75	
16	\$406.17	\$406.17	\$438.66	\$438.66	\$401.73	\$401.73	
17	\$418.46	\$418.46	\$451.94	\$451.94	\$426.83	\$426.83	
18	\$431.70	\$431.70	\$466.24	\$466.24	\$440.34	\$440.34	
19	\$444.94	\$444.94	\$480.54	\$480.54	\$453.84	\$453.84	
20	\$458.65	\$458.65	\$495.35	\$495.35	\$467.83	\$467.83	
21	\$472.84	\$472.84	\$510.67	\$510.67	\$482.30	\$482.30	
22	\$472.84	\$472.84	\$510.67	\$510.67	\$482.30	\$482.30	
23	\$472.84	\$472.84	\$510.67	\$510.67	\$482.30	\$482.30	
24	\$472.84	\$472.84	\$510.67	\$510.67	\$482.30	\$482.30	
25	\$474.73	\$474.73	\$512.71	\$512.71	\$484.23	\$484.23	
26	\$484.19	\$484.19	\$522.92	\$522.92	\$493.87	\$493.87	
27	\$495.54	\$495.54	\$535.18	\$535.18	\$505.45	\$505.45	
28	\$513.98	\$513.98	\$555.10	\$555.10	\$524.26	\$524.26	
29	\$529.11	\$529.11	\$571.44	\$571.44	\$539.69	\$539.69	
30	\$536.67	\$536.67	\$579.61	\$579.61	\$547.41	\$547.41	
31	\$548.02	\$548.02	\$591.86	\$591.86	\$558.98	\$558.98	
32	\$559.37	\$559.37	\$604.12	\$604.12	\$570.56	\$570.56	
33	\$566.46	\$566.46	\$611.78	\$611.78	\$577.79	\$577.79	
34	\$574.03	\$574.03	\$619.95	\$619.95	\$585.51	\$585.51	
35	\$577.81	\$577.81	\$624.04	\$624.04	\$589.37	\$589.37	
36	\$581.59	\$581.59	\$628.12	\$628.12	\$593.23	\$593.23	
37	\$585.38	\$585.38	\$632.21	\$632.21	\$597.08	\$597.08	
38	\$589.16	\$589.16	\$636.29	\$636.29	\$600.94	\$600.94	
39 40	\$596.72	\$596.72	\$644.46	\$644.46	\$608.66	\$608.66	
40 41	\$604.29 \$615.64	\$604.29 \$615.64	\$652.63 \$664.89	\$652.63 \$664.89	\$616.38 \$627.95	\$616.38 \$627.95	
42	\$626.51	\$626.51	\$676.63	\$676.63	\$627.95 \$639.04	\$639.04	
43	\$641.64	\$641.64	\$692.98	\$692.98	\$654.48	\$654.48	
44	\$660.56	\$660.56	\$092.98 \$713.40	\$713.40	\$673.77	\$673.77	
45	\$682.78	\$682.78	\$713.40 \$737.40	\$713.40	\$696.44	\$696.44	
46	\$709.26	\$709.26	\$757. 4 0 \$766.00	\$766.00	\$723.45	\$723.45	
47	\$739.05	\$739.05	\$798.17	\$798.17	\$753.83	\$753.83	
48	\$773.09	\$773.09	\$834.94	\$834.94	\$788.56	\$788.56	
49	\$806.67	\$806.67	\$871.20	\$871.20	\$822.80	\$822.80	
50	\$844.49	\$844.49	\$912.05	\$912.05	\$861.38	\$861.38	
51	\$881.85	\$881.85	\$952.39	\$952.39	\$899.48	\$899.48	
52	\$922.98	\$922.98	\$996.82	\$996.82	\$941.44	\$941.44	
53	\$964.59	\$964.59	\$1,041.76	\$1,041.76	\$983.89	\$983.89	
54	\$1,009.51	\$1,009.51	\$1,090.27	\$1,090.27	\$1,029.70	\$1,029.70	
55	\$1,054.43	\$1,054.43	\$1,138.79	\$1,138.79	\$1,075.52	\$1,075.52	
56	\$1,103.14	\$1,103.14	\$1,191.39	\$1,191.39	\$1,125.20	\$1,125.20	
57	\$1,152.31	\$1,152.31	\$1,244.50	\$1,244.50	\$1,175.36	\$1,175.36	
58	\$1,204.80	\$1,204.80	\$1,301.18	\$1,301.18	\$1,228.89	\$1,228.89	
59	\$1,230.80	\$1,230.80	\$1,329.27	\$1,329.27	\$1,255.42	\$1,255.42	
60	\$1,283.29	\$1,283.29	\$1,385.95	\$1,385.95	\$1,308.95	\$1,308.95	
61	\$1,328.68	\$1,328.68	\$1,434.97	\$1,434.97	\$1,355.25	\$1,355.25	
62	\$1,358.47	\$1,358.47	\$1,467.15	\$1,467.15	\$1,385.64	\$1,385.64	
63	\$1,395.82	\$1,395.82	\$1,507.49	\$1,507.49	\$1,423.74	\$1,423.74	
64+	\$1,418.51	\$1,418.51	\$1,532.00	\$1,532.00	\$1,446.89	\$1,446.89	

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Capital Advantage Insurance
Company Name:
Company
Market:
Small Group
Product:
PPO
Effective Date of Rates:
July 1, 2020

Ending date of Rates:

September 30, 2020

Effective Date of Rates:	July 1,	, 2020			Ending date of	Kates:
HIOS Plan ID (On Exchange)=>						
HIOS Plan ID (Off Exchange)=>	82795PA0130001		82795PA	0130001	82795PA0130001	
Plan Marketing Name =>	Gold PPO 0/0/25 Rx 500		Gold PPO 0/		Gold PPO 0/0/25 Rx 500	
Form # =>	C20-CAIC-SPG		C20-CA		C20-CAIC-SPG	
Rating Area =>	6		7		9	
Network =>	PPO		PPO		PPO	
Metal =>	Gold		Gold		Gold	
Deductible =>	\$0 /\$500 Med/Rx		\$0 /\$500 Med/Rx		\$0 /\$500 Med/Rx	
Coinsurance =>	0%		09	%	0%	
Copays =>	\$25/\$50/\$300	PCP/SPC/ER	\$25/\$50/\$300 PCP/SPC/ER		\$25/\$50/\$300 PCP/SPC/ER	
OOP Maximum =>	\$6650 Med/I	Rx Combined	\$6650 Med/Rx Combined		\$6650 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Ye		Yes		Ye	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$368.55	\$368.55	\$398.04	\$398.04	\$375.93	\$375.93
15	\$401.31	\$401.31	\$433.42	\$433.42	\$409.34	\$409.34
16	\$413.84	\$413.84	\$446.95	\$446.95	\$422.12	\$422.12
17	\$426.37	\$426.37	\$460.48	\$460.48	\$434.89	\$434.89
18 19	\$439.86 \$453.35	\$439.86 \$453.35	\$475.04 \$489.61	\$475.04 \$489.61	\$448.65 \$462.41	\$448.65 \$462.41
20	\$453.35 \$467.32	\$453.35 \$467.32	\$489.61 \$504.70	\$489.61	\$462.41 \$476.66	\$462.41
20	\$467.32 \$481.77	\$481.77	\$504.70 \$520.31	\$520.31	\$476.66 \$491.41	\$476.66
22	\$481.77	\$481.77	\$520.31	\$520.31	\$491.41 \$491.41	\$491.41
23	\$481.77	\$481.77	\$520.31	\$520.31	\$491.41	\$491.41
24	\$481.77	\$481.77	\$520.31	\$520.31	\$491.41	\$491.41
25	\$483.70	\$483.70	\$522.39	\$522.39	\$493.37	\$493.37
26	\$493.33	\$493.33	\$532.80	\$532.80	\$503.20	\$503.20
27	\$504.89	\$504.89	\$545.29	\$545.29	\$514.99	\$514.99
28	\$523.68	\$523.68	\$565.58	\$565.58	\$534.16	\$534.16
29	\$539.10	\$539.10	\$582.23	\$582.23	\$549.88	\$549.88
30	\$546.81	\$546.81	\$590.55	\$590.55	\$557.75	\$557.75
31	\$558.37	\$558.37	\$603.04	\$603.04	\$569.54	\$569.54
32	\$569.93	\$569.93	\$615.53	\$615.53	\$581.33	\$581.33
33	\$577.16	\$577.16	\$623.33	\$623.33	\$588.70	\$588.70
34	\$584.87	\$584.87	\$631.66	\$631.66	\$596.57	\$596.57
35	\$588.72	\$588.72	\$635.82	\$635.82	\$600.50	\$600.50
36	\$592.58	\$592.58	\$639.98	\$639.98	\$604.43	\$604.43
37	\$596.43	\$596.43	\$644.15	\$644.15	\$608.36	\$608.36
38 39	\$600.29 \$607.99	\$600.29 \$607.99	\$648.31 \$656.63	\$648.31 \$656.63	\$612.29 \$620.15	\$612.29 \$620.15
40	\$615.70	\$615.70	\$664.96	\$664.96	\$620.13	\$628.02
41	\$627.26	\$627.26	\$677.45	\$677.45	\$639.81	\$639.81
42	\$638.35	\$638.35	\$689.41	\$689.41	\$651.11	\$651.11
43	\$653.76	\$653.76	\$706.06	\$706.06	\$666.84	\$666.84
44	\$673.03	\$673.03	\$726.88	\$726.88	\$686.49	\$686.49
45	\$695.68	\$695.68	\$751.33	\$751.33	\$709.59	\$709.59
46	\$722.66	\$722.66	\$780.47	\$780.47	\$737.11	\$737.11
47	\$753.01	\$753.01	\$813.25	\$813.25	\$768.07	\$768.07
48	\$787.69	\$787.69	\$850.71	\$850.71	\$803.45	\$803.45
49	\$821.90	\$821.90	\$887.65	\$887.65	\$838.34	\$838.34
50	\$860.44	\$860.44	\$929.28	\$929.28	\$877.65	\$877.65
51	\$898.50	\$898.50	\$970.38	\$970.38	\$916.47	\$916.47
52	\$940.42	\$940.42	\$1,015.65	\$1,015.65	\$959.22	\$959.22
53	\$982.81	\$982.81	\$1,061.44	\$1,061.44	\$1,002.47	\$1,002.47
54	\$1,028.58	\$1,028.58	\$1,110.87	\$1,110.87	\$1,049.15	\$1,049.15
55	\$1,074.35	\$1,074.35	\$1,160.29	\$1,160.29	\$1,095.83	\$1,095.83
56	\$1,123.97	\$1,123.97	\$1,213.89	\$1,213.89	\$1,146.45	\$1,146.45
57	\$1,174.07	\$1,174.07	\$1,268.00	\$1,268.00	\$1,197.55	\$1,197.55
58	\$1,227.55	\$1,227.55	\$1,325.75	\$1,325.75	\$1,252.10	\$1,252.10
59 60	\$1,254.05	\$1,254.05	\$1,354.37	\$1,354.37	\$1,279.13	\$1,279.13
60 61	\$1,307.52 \$1,352.77	\$1,307.52 \$1,352.77	\$1,412.13	\$1,412.13	\$1,333.67	\$1,333.67
61 62	\$1,353.77 \$1,384.13	\$1,353.77 \$1,384.13	\$1,462.08 \$1,494.86	\$1,462.08 \$1,494.86	\$1,380.85 \$1,411.81	\$1,380.85 \$1,411.81
63	\$1,384.13 \$1,422.19	\$1,384.13	\$1,494.86 \$1,535.96	\$1,494.86	\$1,411.81 \$1,450.63	\$1,411.81
63 64+	\$1,422.19	\$1,422.19	\$1,555.96 \$1,560.92	\$1,560.92	\$1,430.63 \$1,474.22	\$1,430.63
771	7±, 7 73.30	71,773.30	71,300.32	71,300.32	7±,777.44	Y 1, 7 / 7 · L L

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Capital Advantage Insurance
Company Name:
Company
Market:
Small Group
Product:
PPO
Effective Date of Rates:
October 1, 2020

Ending date of Rates:

December 31, 2020

Effective Date of Rates:	Octobel	1, 2020			Ending date of	nates.	
HIOS Plan ID (On Exchange)=>							
HIOS Plan ID (Off Exchange)=>	9270EDA0120001		82795PA	0120001	02705040420004		
Plan Marketing Name =>	82795PA0130001			0/25 Rx 500	82795PA0130001		
Form # =>	Gold PPO 0/0/25 Rx 500 C20-CAIC-SPG		C20-CA		Gold PPO 0/0/25 Rx 500		
Rating Area =>					C20-CAIC-SPG		
Network =>	6 PPO		7		9 PPO		
Metal =>	Gold		PPO Gold		Gold		
Deductible =>	\$0 /\$500		\$0 /\$500 Med/Rx		\$0 /\$500 Med/Rx		
Coinsurance =>	3073300			0%		0%	
Copays =>	\$25/\$50/\$300		\$25/\$50/\$300 PCP/SPC/ER		\$25/\$50/\$300 PCP/SPC/ER		
OOP Maximum =>	\$6650 Med/I			Rx Combined	\$6650 Med/Rx Combined		
Pediatric Dental (Yes/No) =>	Ye		Ye		-	Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco Tobacco		
0 - 14	\$375.51	\$375.51	\$405.55	\$405.55	\$383.02	\$383.02	
15	\$408.89	\$408.89	\$441.60	\$441.60	\$417.06	\$417.06	
16	\$421.65	\$421.65	\$455.38	\$455.38	\$430.08	\$430.08	
17	\$434.41	\$434.41	\$469.16	\$469.16	\$443.10	\$443.10	
18	\$448.16	\$448.16	\$484.01	\$484.01	\$457.12	\$457.12	
19	\$461.90	\$461.90	\$498.85	\$498.85	\$471.14	\$471.14	
20	\$476.13	\$476.13	\$514.22	\$514.22	\$485.66	\$485.66	
21	\$490.86	\$490.86	\$530.13	\$530.13	\$500.68	\$500.68	
22	\$490.86	\$490.86	\$530.13	\$530.13	\$500.68	\$500.68	
23	\$490.86	\$490.86	\$530.13	\$530.13	\$500.68	\$500.68	
24	\$490.86	\$490.86	\$530.13	\$530.13	\$500.68	\$500.68	
25	\$492.82	\$492.82	\$532.25	\$532.25	\$502.68	\$502.68	
26	\$502.64	\$502.64	\$542.85	\$542.85	\$512.69	\$512.69	
27	\$514.42	\$514.42	\$555.57	\$555.57	\$524.71	\$524.71	
28	\$533.56	\$533.56	\$576.25	\$576.25	\$544.24	\$544.24	
29	\$549.27	\$549.27	\$593.21	\$593.21	\$560.26	\$560.26	
30	\$557.13	\$557.13	\$601.70	\$601.70	\$568.27	\$568.27	
31	\$568.91	\$568.91	\$614.42	\$614.42	\$580.28	\$580.28	
32	\$580.69	\$580.69	\$627.14	\$627.14	\$592.30	\$592.30	
33	\$588.05	\$588.05	\$635.09	\$635.09	\$599.81	\$599.81	
34	\$595.90	\$595.90	\$643.58	\$643.58	\$607.82	\$607.82	
35	\$599.83	\$599.83	\$647.82	\$647.82	\$611.83	\$611.83	
36 27	\$603.76	\$603.76	\$652.06	\$652.06	\$615.83	\$615.83	
37 38	\$607.68	\$607.68	\$656.30	\$656.30	\$619.84	\$619.84	
39	\$611.61 \$619.47	\$611.61 \$619.47	\$660.54 \$669.02	\$660.54 \$669.02	\$623.84 \$631.85	\$623.84 \$631.85	
40	\$627.32	\$627.32	\$677.50	\$677.50	\$639.87	\$639.87	
41	\$639.10	\$639.10	\$690.23	\$690.23	\$651.88	\$651.88	
42	\$650.39	\$650.39	\$702.42	\$702.42	\$663.40	\$663.40	
43	\$666.10	\$666.10	\$702.42	\$702.42	\$679.42	\$679.42	
44	\$685.73	\$685.73	\$740.59	\$740.59	\$699.45	\$699.45	
45	\$708.80	\$708.80	\$765.51	\$765.51	\$722.98	\$722.98	
46	\$736.29	\$736.29	\$795.19	\$795.19	\$751.02	\$751.02	
47	\$767.21	\$767.21	\$828.59	\$828.59	\$782.56	\$782.56	
48	\$802.56	\$802.56	\$866.76	\$866.76	\$818.61	\$818.61	
49	\$837.41	\$837.41	\$904.40	\$904.40	\$854.16	\$854.16	
50	\$876.68	\$876.68	\$946.81	\$946.81	\$894.21	\$894.21	
51	\$915.45	\$915.45	\$988.69	\$988.69	\$933.76	\$933.76	
52	\$958.16	\$958.16	\$1,034.81	\$1,034.81	\$977.32	\$977.32	
53	\$1,001.35	\$1,001.35	\$1,081.46	\$1,081.46	\$1,021.38	\$1,021.38	
54	\$1,047.99	\$1,047.99	\$1,131.82	\$1,131.82	\$1,068.95	\$1,068.95	
55	\$1,094.62	\$1,094.62	\$1,182.19	\$1,182.19	\$1,116.51	\$1,116.51	
56	\$1,145.18	\$1,145.18	\$1,236.79	\$1,236.79	\$1,168.08	\$1,168.08	
57	\$1,196.23	\$1,196.23	\$1,291.92	\$1,291.92	\$1,220.15	\$1,220.15	
58	\$1,250.71	\$1,250.71	\$1,350.77	\$1,350.77	\$1,275.73	\$1,275.73	
59	\$1,277.71	\$1,277.71	\$1,379.93	\$1,379.93	\$1,303.26	\$1,303.26	
60	\$1,332.19	\$1,332.19	\$1,438.77	\$1,438.77	\$1,358.84	\$1,358.84	
61	\$1,379.32	\$1,379.32	\$1,489.66		\$1,406.90	\$1,406.90	
62	\$1,410.24	\$1,410.24	\$1,523.06	\$1,523.06	\$1,438.45	\$1,438.45	
63	\$1,449.02	\$1,449.02	\$1,564.94	\$1,564.94	\$1,478.00	\$1,478.00	
64+	\$1,472.57	\$1,472.57	\$1,590.38	\$1,590.38	\$1,502.03	\$1,502.03	

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Capital Advantage Insurance Company Small Group Plan Design Summary

	On/Off						
HIOS Plan ID	Plan Marketing Name	Product	Metal	Exchange	Network	Rating Area	Counties Covered
82795PA0130001	Gold PPO 0/0/25 Rx 500	PPO	Gold	Off	PPO	6,7,9	All

Company Name Capital Advantage Insurance Company

Market Small Group

HIOS Plan ID 82795PA0130001

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

02-01-2019 Number of Covered Lives by Rating County						
Plan Marketing Name	Product	Metal	On/Off Exchange			
Gold PPO 0/0/25 Rx 500	PPO	Gold	Off			

	LAO								
0	0	5	0	0	0	0	0	0	0
Centre	Columbia	Lehigh	Mifflin	Montour	Northampton	Northumberland	Schuylkill	Snyder	Union
\$464.08	\$464.08	\$464.08	\$464.08	\$464.08	\$464.08	\$464.08	\$464.08	\$464.08	\$464.08

RATING AREA 9

RATING AREA 7

\$501.21 \$501.21

0

5

\$501.21 \$501.21

10

RATING AREA 3						
21	16	0	0	0	0	0
Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry
\$473.36	\$473.36	\$473.36	\$473.36	\$473.36	\$473.36	\$473.36

В	C	D	E	F	G	Н	- 1	J	K L M N O P Q R S
Unified Rate Review v5.0				·				•	To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + I To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L
Company Legal Name:	Capital Advantage Insurance Com	pany					State:	PA	To validate, select the Validate button or Ctrl + Shift + I.
HIOS Issuer ID:	82795						Market:	Small Group	To finalize, select the Finalize button or Ctrl + Shift + F.
Effective Date of Rate Change(s):	1/1/2020								
Market Level Calculations (Same for	all Plans)								
Section I: Experience Period Data Experience Period:		1/1/20:	to Total	12/31/2018 PMPM					-
Allowed Claims			\$270,255.54	\$213.14					
Reinsurance			\$0.00	\$0.00					
ncurred Claims in Experience Period			\$178,073.10	\$140.44					
Risk Adjustment			-\$234,682.42	-\$185.08					
xperience Period Premium			\$679,388.90	\$535.80					
xperience Period Member Months			1,268						
ection II: Projections									
ection II: Projections		Van	r 1 Trend	Year 2 Tren	4		7		
enefit Category	Experience Period Index Rate PMPM	Cost	Utilization	Cost	Utilization	Trended EHB Allowed Claims PMPM			
npatient Hospital	\$18.15	1.0		1.070	1.015	\$21.2	9		
utpatient Hospital	\$70.44	1.00		1.067	1.010	\$81.2	7		
rofessional	\$68.94	1.0		1.044	1.010	\$76.8			
Other Medical	\$9.40	1.00		1.067	1.010	\$10.8			
Capitation	\$0.00	1.00		1.000	1.000	\$0.0			
rescription Drug	\$46.20	1.09	99 1.004	1.097	1.013	\$56.6			
otal	\$213.13					\$246.9	2		
lorbidity Adjustment				0.679					
emographic Shift				1.000					
lan Design Changes				1.000					
ther				1.000					
djusted Trended EHB Allowed Claim	s PMPM for	1/1/20	20	\$167.66					
Manual EHB Allowed Claims PMPM pplied Credibility %				\$431.96 0.00%					
пррием стемплиту 70				<u> </u>	Designated Designat Tabel				
rojected Index Rate for		1/1/20	20	\$431.96	Projected Period Totals \$336,928.80				
einsurance		1/1/20/		\$0.00	\$330,928.80				
				-\$281.49	-\$219,562.20				
isk Adjustment Payment/Charge				0.00%	\$0.00				
					\$556,491.00				
isk Adjustment Payment/Charge xchange User Fees Market Adjusted Index Rate				\$713.45	\$330,431.00				
xchange User Fees				780	3330,431.00				

Information Not Releasable to the Public Unless Authorized by Law: This information has not been publically disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.

50 51

Product-Plan Data Collection

To odd a product to Worksheet 2 - Plan Product Infg. select the Add Product button or Ctrl + Shift + P.

To odd a plan to Worksheet 2 - Plan Product Infg. select the Add Plan button or Ctrl + Shift + L.

State: PA To volidate, select the Volidate button or Ctrl + Shift + L.

Market: Small Group To finalize, select the Finalize button or Ctrl + Shift + F.

Capital Advantage Insurance Company 82795 1/1/2020 Company Legal Name: HIOS Issuer ID: Effective Date of Rate Change(s):

Product/Plan Level Calculations

old #	Coction I	Conoral	Droduct	and Dia	n Info

Field # Section I: General Product and Plan Information				
1.1 Product Name	PPO	Gatekeeper PPO		
1.2 Product ID	82795PA013	82795	PA011	
			Silver	
		Gold CareConnect	CareConnect	
		PinnacleHealth	PinnacleHealth	
	Gold PPO 0/0/25	1000/0/10	3000/0/35	
1.3 Plan Name	Rx 500	CareConnect Rx	CareConnect Rx	
1.4 Plan ID (Standard Component ID)	82795PA0130001	82795PA0110006	82795PA0110007	
1.5 Metal	Gold	Gold	Silver	
1.6 AV Metal Value	0.807	0.817	0.716	
1.7 Plan Category	Renewing	Terminated	Terminated	
1.8 Plan Type	PPO	PPO	PPO	
1.9 Exchange Plan?	No	No	No	
1.10 Effective Date of Proposed Rates	1/1/2020	1/1/2020	1/1/2020	
1.11 Cumulative Rate Change % (over 12 mos prior)	13.22%	0.00%	0.00%	
1.12 Product Rate Increase %	13.22%	0.0	0%	
1.13 Submission Level Rate Increase %		13.22%		

Worksheet 1 Totals	Section II: Experience Period and Current Plan	Level Information			
	2.1 Plan ID (Standard Component ID)	Total	82795PA0130001	82795PA0110006	82795PA0110007
\$270,256	2.2 Allowed Claims	\$270,256	\$0	\$86,443	\$183,813
\$0	2.3 Reinsurance	\$0	\$0	\$0	\$0
	2.4 Member Cost Sharing	\$92,182	\$0	\$24,043	\$68,139
	2.5 Cost Sharing Reduction	\$0	\$0	\$0	\$0
\$178,073	2.6 Incurred Claims	\$178,073	\$0	\$62,399	\$115,674
-\$234,682	2.7 Risk Adjustment Transfer Amount	-\$234,682	\$0	-\$56,502	-\$178,181
\$679,389	2.8 Premium	\$679,389	\$0	\$188,965	\$490,424
1,268	2.9 Experience Period Member Months	1,268	0	312	956
	2.10 Current Enrollment	63	40	0	23
	2.11 Current Premium PMPM	\$428.27	\$674.53	\$0.00	\$0.00
	2.12 Loss Ratio	40.04%	#DIV/0!	47.11%	37.05%
	Per Member Per Month				
	2.13 Allowed Claims	\$213.14	#DIV/0!	\$277.06	\$192.27
	2.14 Reinsurance	\$0.00	#DIV/0!	\$0.00	\$0.00
	2.15 Member Cost Sharing	\$72.70	#DIV/0!	\$77.06	\$71.28
	2.16 Cost Sharing Reduction	\$0.00	#DIV/0!	\$0.00	\$0.00
	2.17 Incurred Claims	\$140.44	#DIV/0!	\$200.00	\$121.00
	2.18 Risk Adjustment Transfer Amount	-\$185.08	#DIV/0!	-\$181.09	-\$186.38
	2.19 Premium	\$535.80	#DIV/0!	\$605.66	\$513.00

3.1 Plan ID (Standard Component ID)		82795PA0130001	82795PA0110006	82795PA0110007	
3.2 Market Adjusted Index Rate			\$713.45		
3.3 AV and Cost Sharing Design of Plan		0.8774	1.0000	1.0000	
3.4 Provider Network Adjustment		1.0000	1.0000	1.0000	
3.5 Benefits in Addition to EHB		1.0000	1.0000	1.0000	
Administrative Costs					
3.6 Administrative Expense		9.20%	0.00%	0.00%	
3.7 Taxes and Fees		5.22%	0.00%	0.00%	
3.8 Profit & Risk Load		2.00%	0.00%	0.00%	
3.9 Catastrophic Adjustment		1.0000	1.0000	1.0000	
3.10 Plan Adjusted Index Rate		\$748.96	\$713.45	\$713.45	
3.11 Age Calibration Factor	0.6499	0.6499			
3.12 Geographic Calibration Factor	0.9642	0.9642			
3.13 Tobacco Calibration Factor	1.0000		1.0000		
3.14 Calibrated Plan Adjusted Index Rate		\$469.32	\$447.07	\$447.07	

Section IV: Projected Plan Level Information

4.1 Plan ID (Standard Component ID)	Total	82795PA0130001	82795PA0110006	82795PA0110007
4.2 Allowed Claims	\$347,350	\$347,350	\$0	\$0
4.3 Reinsurance	\$0	\$0	\$0	\$0
4.4 Member Cost Sharing	\$42,581	\$42,581	\$0	\$0
4.5 Cost Sharing Reduction	\$0	\$0	\$0	\$0
4.6 Incurred Claims	\$304,768	\$304,768	\$0	\$0
4.7 Risk Adjustment Transfer Amount	-\$192,644	-\$192,644	\$0	\$0
4.8 Premium	\$595,098	\$595,098	\$0	\$0
4.9 Projected Member Months	780	780	0	0
4.10 Loss Ratio	75.73%	75.73%	#DIV/0!	#DIV/0!
Per Member Per Month				
4.11 Allowed Claims	\$445.32	\$445.32	#DIV/0!	#DIV/0!
4.12 Reinsurance	\$0.00	\$0.00	#DIV/0!	#DIV/0!
4.13 Member Cost Sharing	\$54.59	\$54.59	#DIV/0!	#DIV/0!
4.14 Cost Sharing Reduction	\$0.00	\$0.00	#DIV/0!	#DIV/0!
4.15 Incurred Claims	\$390.73	\$390.73	#DIV/0!	#DIV/0!
4.16 Risk Adjustment Transfer Amount	-\$246.98	-\$246.98	#DIV/0!	#DIV/0!
4.17 Premium	\$762.95	\$762.95	#DIV/0!	#DIV/0!

Rating Area Data Collection

Specify the total number of Rating Areas in your State by selecting the Create Rating Areas button or Ctrl + Shift + R. Select only the Rating Areas you are offering plans within and add a factor for each area.

To validate, select the Validate button or Ctrl + Shift + I.

To finalize, select the Finalize button or Ctrl + Shift + F.

Rating Area	Rating Factor
Rating Area 6	1.0000
Rating Area 7	1.0800
Rating Area 9	1.0200

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

ACTUARIAL MEMORANDUM Small Group Rates Effective January 1, 2020

General Information

Company Information

• Company Legal Name: Capital Advantage Insurance Company – CAIC

• State: PA

HIOS Issuer ID: 82795
Market: Small Group
Effective Date: 1/1/2020

PID Company Information

• Company Name: Capital Advantage Insurance Company (CAIC)

• NAIC: 41203

• Market: Small Group

• On/Off Exchange: Off Exchange

• Effective Date: 1/1/2020

• Average Rate Change: 13.2%

• Range of Requested Rate Change: 13.2% to 13.2%

• Total additional annual revenue generated from the proposed rate change: \$60,931

• Product: PPO

• Rating Areas: 6,7,9

• Metal Levels: Gold

• Current Covered Lives and Policyholders: 63/34

• 2020 Number of Plans: 1

• 2019 Number of Plans and Change: 1/No Plan Changes

• Contract Form #: C20-CAIC-SPG

• Form Filing SERFF #: CABC-131908566

• Binder SERFF #: CABC-PA20-125092123

• HIOS Issuer ID: 82795

• HIOS Submission Tracking Number: 82795-1473457323875505154

Company Contact Information

• Primary Contact Name:

• Primary Contact Telephone Number:

• Primary Contact Email Address:

Scope and Purpose

By this filing, Capital Advantage Insurance Company (CAIC), a subsidiary of Capital BlueCross (CBC), submits rates for products to be made available to all small groups effective January 1, 2020. CAIC will only offer small group products off the federally-facilitated exchange.

Rate History and Proposed Variations in Rate Changes

Market	Company	Effective Date	SERFF#	Annual Increase
Small Group	CAIC	1/1/2016	CABC-130079821	-2.00%
Small Group	CAIC	1/1/2017	CABC-130539615	2.30%
Small Group	CAIC	7/1/2017	CABC-130954665	6.10%
Small Group	CAIC	1/1/2018	CABC-131022120	4.70%
Small Group	CAIC	1/1/2019	CABC-131455106	16.20%

Average Rate Change

CAIC is proposing an aggregate annual 13.2% rate change. The rate change is calculated in PA Rate Exhibits Part III, Table 10, cell AC15.

Worsening risk pool due to non-ACA group coverage options: 7%

Reimplementation of the Health Insurer Fee: 2.5%

Provider Contract Increases and Utilization Changes: 3.5%

Membership

Membership is shown in PA Rate Exhibits Part I, Table 1. The average age is 39.

Benefit Changes 2019-2020

A summary of proposed 2020 benefits is included in Exhibit A.

No changes are being applied to CAIC's single offering.

Experience Period Premium and Claims

Single Risk Pool: The data used to develop rates and shown in URRT and PA Rate Exhibits abides by 45 CFR part 156.80(d) single risk pool requirements. The single risk pool reflects all

covered lives for every non-grandfathered, non-transitional product/plan combination for CAIC in the small group market.

Base Experience Period: The base experience period (BEP) includes completed fee-for-service paid and incurred claims for dates of service between January 1, 2018 and December 31, 2018.

Transitional membership is not included in PA Rate Exhibits Table 2 or URRT.

Paid Through Date: Claims in the BEP are paid through March 31, 2019

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

Allowed and Incurred Claims in BEP:

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

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

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

- 5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
- 6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

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

BEP Allowed Claims

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

Risk Adjustment in BEP: Risk adjustment amounts in the BEP are equal to final risk adjustment transfer amounts released on June 28, 2019.

Loss Ratio in BEP: Loss ratio is 40.04%

Credibility of Data

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

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

The credibility manual is the combination of CAIC, Capital Advantage Assurance Company (CAAC), and Keystone Health Plan Central (KHPC) HMO data. The credibility manual BEP includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2018 and December 31, 2018. All data is trended and benefit-adjusted in the same manner as the experience data (same projection factors and trend).

Trend Identification

Trend: 7.77%

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

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

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

underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

Historical Experience: Historical experience was not used to the develop trend.

Benefit Categories: Claims in the benefit categories displayed in URRT come directly from CBC's data warehouse. These same categories are used to develop category-level trend. See Exhibit C for a description of benefits by benefit category.

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

Rate Development & Change

Projection Factors

Changes in Morbidity: Found in URRT Worksheet 1, "Morbidity Adjustment", and PA Rate Exhibits, Table 5. CAIC projects 7% change in morbidity due to the presumed statewide movement of small group PPACA business to ASO. The morbidity factor is based on the following analysis:

- 1. Gather BEP medical and Rx claims and membership for all PPACA groups active during the period
- 2. Gather BEP medical and Rx claims and membership for only PPACA groups still active in a PPACA product as of 2/28/2019
- 3. PMPM (2) / PMPM (1) 1 = 7.7%
- 4. 7% is applied in rating

Because CBC is competing against statewide carriers in the SG ASO market, we assume this transition is occurring statewide and will continue 2019-2020. Further, the statewide transition translates to a worsening PPACA risk pool, not unique to CBC. Therefore, we project no explicit change to CBC risk adjustment transfer amounts from this migration.

In addition to the 7% morbidity change, CAIC is also applying a factor of 0.635 to reflect the difference is projected Plan Liability Risk Score (PLRS) between CAIC and its subsidiary, CAAC, which underwrites the vast majority of the BEP experience.

Changes in Benefits: Benefit changes are not applied to allowed claims as allowed should stay consistent from 2018 to 2020. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from CBC's internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

Changes in Demographics: CAIC does not expect changes in demographics in its small group population.

Changes in Network: No Network change is applied.

Other Adjustments: No other adjustment is applied.

Benefits, Demographics, Network and Other adjustments are found in URRT, Worksheet 1, and PA Rate Exhibits, Table 5.

Index Rate

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

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

To calculate the projected index rate:

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

See Exhibit J for the Index Rate.

Paid to Allowed Ratio

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

Projected Paid and Incurred Claims are calculated as follows:

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

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

The development of completion factors is described in <u>Experience Period Premium and Claims</u> above.

3. Develop the BEP Paid and Incurred Claim PMPM:

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

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

Trended Claim PMPM

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

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

```
Projected\ Paid\ and\ Incurred\ Claims\ PMPM \\ = [Trended\ Claim\ PMPM] \times [Benefit\ Adjustment] \\ \times [Morbidity\ Adjustment] \times [Other\ Adjustment]
```

The *Benefit Adjustment*, *Morbidity Adjustment*, and *Other Adjustment* are discussed in the <u>Projections Factors</u> section above.

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

average Manual Cost of the experience is compared to the Manual Cost of the base plan. The projected experience period data is then adjusted to the base plan:

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

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

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

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

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

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

- b. And to arrive at the *Total Projected Claims PMPM*, CAIC assumes a distribution of members across the benefit plans being offered in 2020. The *Total Projected Claims PMPM*:
- = Projected Claims PMPM Benefit $A \times Expected$ Member Dist of Benefit A + Projected Claims PMPM Benefit $B \times Expected$ Member Dis of Benefit $B + \cdots$
- 7. The Paid-To-Allowed Ratio is then:

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

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

Risk Adjustment

Projected Risk Adjustments PMPM:

Relevant to 2020 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2020. The following items are those that we deem important in generating a CRA payment transfer adjustment:

- 1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
- 2. Statewide average premiums
- 3. Current market penetration of this company and competitors in the market and in the state
- 4. 2016-2017 risk adjustment results
- 5. Market improvement in coding risk: CBC's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that CBC is disadvantaged in the market. This will drive CBC's relative risk to the market down over time.

Market Adjusted Index Rate

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

[Market Adjusted Index Rate]

- $= ([Index\ Rate]\ x\ [Paid\ to\ Allowed\ Ratio]$
- [Net Projected ACA Reinsurace Recoveries]
- [Net Projected Risk Adjustments PMPM] + [Exchange Fees PMPM])
- ÷ [Paid to Allowed Ratio]

See Exhibit K, Table 5, and URRT WS1 for the development of the Market Adjusted Index Rate.

Please note that Exhibit K and Table 5 produce the average annual rating period MAIR, accounting for quarterly trend. URRT WS1 produces Q1 MAIR as per instructions. Checks have been implemented to ensure URRT Q1 MAIR and Q1 MAIR that would be produced in Table 5 given 0% quarterly trend are the same (except for differences in rounding).

Retention Items

Administrative Expense Load:

- 1. Risk Adjustment User Fee: To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.18 PMPM. The Risk Adjustment Fee PMPM is included in URRT Worksheet 1, URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.
- 2. Administrative Expense: Calculated using an allocation method from CBC's Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to CBC small group products. Administrative expenses are included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.
- 3. Broker Expense: Calculated based on CBC's explicit per contract broker fee. Broker Expense is included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6. Brokers are paid on new business and renewals the same commission rate for all geographic locations, enrollment dates, and metal levels. The 2020 broker commission schedule is yet to be finalized. Attached please find the 1/1/2019 copy of the broker agreement redacted version. Files are as follows:
 - a. Redacted Standard Producer Master Agreement: "SG_19-46_Initial_CAIC_PPO_SPMABrokerGroupRedacted_Supporting_20190521.pdf"
 - b. Redacted Preferred Producer Master Agreement: "SG_19-46_Initial_CAIC_PPO_PPMABrokerGroupRedacted_Supporting_20190521.pdf"
- 4. Value-Based Benefits (VBB): Standard with each plan, Capital BlueCross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
 - a. Complete biometric screening and receive a gift card.
 - b. Meeting biometric measure or finish online coaching program and receive a gift card reward.
 - c. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
 - d. Included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.
- 5. Identity Theft Coverage: Identity protection offering will include the following components:
 - a. Credit monitoring Monitors activity that may affect credit

- b. Fraud detection Identifies potentially fraudulent use of identity or credit
- c. Fraud resolution support Assists members in addressing issues that arise in relation to credit monitoring and fraud detection
- d. Included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.
- 6. Additional Quality Improvement: The Final Notice of Benefit and Payment Parameters (NBPP) for 2020 finalized the rule to allow issuers to apply a standard 0.8% of premium for quality improvement (QI) measures in the MLR calculation. Additional QI amounts applied in rating equal 0.4%. Included in URRT Worksheet 2, "Administrative Expense", and PA Rate Exhibits Table 6.

Profit (or Contribution to Surplus) & Risk Margin:

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

Taxes and Fees:

- 1. Health Insurer Fee (HIF) Section 9010 of PPACA and Section 1406 of the Reconciliation Act (which modified PPACA) refer to HIF. The fee is a fixed-dollar amount distributed across health insurance providers: \$8 billion in 2014, \$11.3 billion in 2015 and 2016, \$13.9 billion in 2017, \$14.3 billion in 2018, and the HIF increases by the rate of premium growth for 2019 and subsequent years. There was a moratorium on the fee for 2017 and there is a suspension on the fee for 2019. The fee applied is the average fee across all renewals in 2020. This is calculated in Exhibit H. HIF is included in URRT Worksheet 2, "Taxes and Fees", and PA Rate Exhibits, Table 6.
- 2. Exchange Fee All issuers participating in a federally-facilitated exchange will remit 3% of premium to HHS. CAIC Small Group plans are offered off-exchange only, therefore no exchange fee is applied.
- 3. Federal Income Tax: Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in URRT Worksheet 2, "Taxes and Fees", and PA Rate Exhibits, Table 6.
- 4. Premium Tax: CAIC is charged premium tax of 2%. Premium tax is included in URRT, Worksheet2, "Taxes and Fees" and PA Rate Exhibits, Table 6.

See Exhibit H for all retention values.

Plan Rate Development

The Plan Adjusted Index Rates are included in Worksheet 2, Section IV of URRT.

The following adjustments were used to derive the Plan Adjusted Index Rate:

1. Actuarial Value and Cost Sharing adjustment: The Actuarial Value and Cost Sharing Adjustment is determined using CAIC's actuarial cost model. CAIC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by

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

- 2. Induced Demand: Please see Table 8
- 3. Provider Network: The Provider network is the same across all PPO plans.
- 4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
- 5. Adjustment for distribution and administrative costs: Described in <u>Retention Items</u> section above.
- 6. Tobacco Adjustment: Not applied to Small Group plans.

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

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

Age Curve Calibration: The average age factor is calculated by taking the member-weighted average of current small group enrollment by age in CBC. Age factors are applied in accordance with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file SG_19-46_Initial_CAIC_PPO_List-Billed_Supporting_20190521.xlsb for the calculation.

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

Geographic Factors: CBC performed regional analysis to quantify the cost difference between the three regions in our service area. The analysis gathered incurred claims net Rx rebates, projected risk adjustment, and premium for a 12-month period by region. The loss ratio of each region is then compared to the average loss ratio for the book of business. In theory, the change in regional rating factor is:

[Change in Regional Rating Factor Region A] = [Region A LR] \div [BOB LR]

But our preferred approach is to gradually change factors, so not to shock the market, while moving rates in the appropriate direction. In order to do this, the following approach is being proposed:

[Change in Regional Rating Factor Region A] = [Region A LR] \div [Target LR]

Where Target LR is in between Region A LR and BOB LR. With this gradual approach, annual rate change by region is shown on Exhibit Q, column G.

Tobacco Factor Calibration: Tobacco factor not applied.

The calibration is:

```
[Calibrated Plan Adjusted Index Rate] = [Plan Adjusted Index Rate] \div ([Age Curve Calibration] \times [Geographic Factor Calibration] \times [Tobacco Factor])
```

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

Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

```
[Member - Level Consumer Adjusted Premium Rate]
= [Calibrated Plan Adjusted Index Rate] × [Age Factor]
× [Geographic Factor] × [Tobacco Factor]
```

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

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

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

AV Metal Values

The AV Metal Values included in URRT Worksheet 2 and PA Rate Exhibits, Table 10 were based on the federally issued AV Calculator.

See AV Screenshots included with the submission.

AV Pricing Values

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

Projected Loss Ratio

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

Membership Projection

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

Attachments and Examples

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

PA Rate Exhibits Part I through Part V

Table 8

Exhibit A – Benefit Summary

Exhibit B – Benefit Change Summary

Exhibit C – Benefit Categories

Exhibit D – Benefit Mix

Exhibit E – Trend

Exhibit F – URRT

Exhibit G – Paid-to-Allowed Development

Exhibit H – Retention

Exhibit I – Projected Loss Ratio

Exhibit J – Index Rate

Exhibit K – Market Adjusted Index Rate

Exhibit L – Rate Development by Plan

Exhibit M – Plan Adjusted Index Rates

Exhibit N – Calibration

Exhibit O – Rating Factors

Exhibit P – Quarterly Base Rates

Exhibit Q – Regional Analysis

Broker Contracts Actuarial Value Screenshots List-Billed Data

Actuarial Statement

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

I, ASA, MAAA, do hereby certify that:

- 1. This filing has been prepared in accordance with the following:
 - a. Actuarial Standard of Practice No. 5, "Health and Disability Claims"
 - b. Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans"
 - c. Actuarial Standard of Practice No. 12, "Risk Classification"
 - d. Actuarial Standard of Practice No. 23, "Data Quality"
 - e. Actuarial Standard of Practice No. 25, "Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverage"
 - f. Actuarial Standard of Practice No. 26, "Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans"
 - g. Actuarial Standard of Practice No. 41, "Actuarial Communications".

2. The index rate is:

- a. Projected in compliance with all applicable state and federal statutes and regulations (45 CFR 156.80(d) (1)).
- b. Developed in compliance with the applicable Actuarial Standards of Practice.
- c. Reasonable in relation to the benefits provided and the population anticipated to be covered.
- d. Neither excessive nor deficient.
- e. Adjusted by only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) to generate plan level rates.
- 3. The percent of total premium that represents essential health benefits were calculated in accordance with actuarial standards of practice.
- 4. The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans, and in accordance with CFR 156.135(b)(2) as necessary. For any plan requiring an alternative method, the development of the actuarial value is based on one of the acceptable alternative methods outlined in 156.135(b)(2) or 156.135(b)(3) for benefits that deviate substantially from the parameters of the AVC and have a material impact on the actuarial value.
 - a. The analysis was
 - i. conducted by a member of the American Academy of Actuaries, and
 - ii. performed in accordance with generally accepted actuarial principles and methods.
- 5. Geographic area rating factors reflect only differences in the costs of delivery and not differences due to population morbidity.
- 6. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.

- 7. New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
- 8. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2020 Rate Filing Justification.



, ASA, MAAA

Actuarial Associate Capital BlueCross



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

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

- o Worsening risk pool due to non-ACA group coverage options
- o Anticipated increase in facility and physician unit costs
- o Anticipated changes in prescription drug unit costs
- o Continuing change in utilization such as
 - Intensity of medical services rendered
 - Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
 - Further migration from brand prescription drugs to generic prescription drugs
 - Favorable impacts of value based benefits designs
- o Prescription drug patent expirations and new to market brand drugs
- Leveraging associated with unchanged cost share components such as deductible and copays
- o Reimplementation of the Health Insurer Fee in 2020
- o Inflation adjustment to administrative expenses

	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.													
		acco User, you must give a rate for Tobac	· · · · · · · · · · · · · · · · · · ·	e rer every age zamar										
		Sheet button, or Ctrl + Shift + H. All plans												
HIOS Issuer ID*	82795													
Federal TIN*														
Rate Effective Date*	1/1/2020 3/31/2020													
Rate Expiration Date*	Age-Based Rates													
rating motion	rigo Bacca Hateo													
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*										
	·		•											
		Required:	Required:	Required:										
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a	Select the age of a subscriber eligible for the	nter the rate of an Individual Non-Tob										
		plan	rate	No Preference enrollee on a plar										
82795PA0130001		No Preference	0-14	3:										
82795PA0130001		No Preference	15	3										
82795PA0130001 82795PA0130001	o de la companya de	No Preference No Preference	16	3 										
82795PA0130001	· · · · · ·	No Preference	18	4										
82795PA0130001	•	No Preference	19	4										
82795PA0130001		No Preference	20	4										
82795PA0130001 82795PA0130001		No Preference No Preference	22	4										
82795PA0130001		No Preference	23	4										
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82795PA0130001	Rating Area 6	No Preference	29	5										
82795PA0130001	•	No Preference	30	5										
82795PA0130001 82795PA0130001	•	No Preference No Preference	31 32	5										
82795PA0130001 82795PA0130001		No Preference	33	5										
82795PA0130001	Rating Area 6	No Preference	34	5										
82795PA0130001		No Preference	35	5										
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82795PA0130001		No Preference	38	5										
82795PA0130001		No Preference	39	5										
82795PA0130001		No Preference	40	5										
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82795PA0130001 82795PA0130001		No Preference	43	6										
82795PA0130001		No Preference	44	6										
82795PA0130001		No Preference	45	6										
82795PA0130001		No Preference	46	6										
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82795PA0130001		No Preference	51	8										
82795PA0130001 82795PA0130001		No Preference No Preference	52	9										
82795PA0130001 82795PA0130001		No Preference	54	9										
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82795PA0130001		No Preference	56	10										
82795PA0130001 82795PA0130001		No Preference No Preference	57 58	<u>11</u> 11										
82795PA0130001		No Preference	59	12										
82795PA0130001		No Preference	60	12										
82795PA0130001		No Preference	61	13										
82795PA0130001		No Preference	62	13										
82795PA0130001 82795PA0130001		No Preference No Preference	64 and over	13 13										
82795PA0130001	Rating Area 7	No Preference	0-14	3										
82795PA0130001	Rating Area 7	No Preference	15	4										
82795PA0130001		No Preference	16	4										
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82795PA0130001	Rating Area 7	No Preference	20	4										
82795PA0130001 82795PA0130001		No Preference No Preference	21 22	5										
82795PA0130001 82795PA0130001		No Preference	23	5										
82795PA0130001	Rating Area 7	No Preference	24	5										
82795PA0130001		No Preference	25	5										
82795PA0130001 82795PA0130001		No Preference No Preference	26	5										
82795PA0130001 82795PA0130001		No Preference	28	5										
82795PA0130001	Rating Area 7	No Preference	29	5										
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82795PA0130001 82795PA0130001		No Preference No Preference	31 32	5										
82795PA0130001	· · · · · ·	No Preference	33	6										
82795PA0130001	Rating Area 7	No Preference	34	6										
82795PA0130001		No Preference	35	6										
82795PA0130001 82795PA0130001	•	No Preference No Preference	36	6										
82795PA0130001 82795PA0130001		No Preference	38	6										
82795PA0130001		No Preference	39	6										
82795PA0130001	Rating Area 7	No Preference	40	(
82795PA0130001		No Preference	41	6										
82795PA0130001 82795PA0130001		No Preference No Preference	42	6										
82795PA0130001 82795PA0130001		No Preference No Preference	43	7										
82795PA0130001		No Preference	45	7										
82795PA0130001	Rating Area 7	No Preference	46	7										
82795PA0130001		No Preference	47	7										
82795PA0130001 82795PA0130001		No Preference No Preference	48	8 8										
07 7 30 5 40 1 30 00 1	rating Atour	113 1 101010100	50	0										

82795PA0130001 I		No Preference	52	
82795PA0130001 I		No Preference	53	
82795PA0130001 I		No Preference	54	
82795PA0130001 I		No Preference	55	
82795PA0130001 I		No Preference	56	
82795PA0130001 I		No Preference	57	1221.44
82795PA0130001 I		No Preference	58	
82795PA0130001 I		No Preference	59	
82795PA0130001 I	=	No Preference	60	
82795PA0130001 I	S .	No Preference	61	1408.39
82795PA0130001 I		No Preference	62	
82795PA0130001 I		No Preference	63	
82795PA0130001 I		No Preference	64 and over	1503.62
82795PA0130001 I		No Preference	0-14	
82795PA0130001 I		No Preference	15	
82795PA0130001 I		No Preference	16	
82795PA0130001 I		No Preference	17	
82795PA0130001 I		No Preference	18	
82795PA0130001 I		No Preference	19	
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82795PA0130001 I		No Preference	23	
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82795PA0130001 I	Rating Area 9	No Preference	25	
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82795PA0130001 I	Rating Area 9	No Preference	34	
82795PA0130001 I	Rating Area 9	No Preference	35	
82795PA0130001 I	Rating Area 9	No Preference	36	
82795PA0130001 I	Rating Area 9	No Preference	37	
82795PA0130001 I	Rating Area 9	No Preference	38	
82795PA0130001 I	Rating Area 9	No Preference	39	
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82795PA0130001 I	Rating Area 9	No Preference	42	627.20
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82795PA0130001 I	Rating Area 9	No Preference	45	
82795PA0130001 I	Rating Area 9	No Preference	46	
82795PA0130001 I	<u> </u>	No Preference	47	
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82795PA0130001 I	Rating Area 9	No Preference	54	
82795PA0130001 I	Rating Area 9	No Preference	55	
82795PA0130001 I	Rating Area 9	No Preference	56	
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82795PA0130001 I		No Preference	59	1232.16
82795PA0130001 I		No Preference	60	1284.70
82795PA0130001 I		No Preference	61	1330.15
82795PA0130001 I		No Preference	62	
82795PA0130001 I		No Preference	63	
82795PA0130001 I		No Preference	64 and over	
			•	

0 Rates Table Template v9.0		uired. To validate press Validate button or	•	ize button or Ctrl + Shift + F.
		r, select Family-Tier Rates under Rating M tate, select Age-Based Rates under Ratir		ete for every age hand
		acco User, you must give a rate for Toba	· · · · · · · · · · · · · · · · · · ·	ate for every age band.
		Sheet button, or Ctrl + Shift + H. All plans		
HIOS Issuer ID*	82795			
Federal TIN*	23-2195219			
Rate Effective Date* Rate Expiration Date*	4/1/2020 6/30/2020			
•	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
Required:	Required:	Required: Select if Tobacco use of subscriber is used to	Required:	Required:
Enter the 14-character Plan ID	Select the Rating Area ID	determine if a person is eligible for a rate from a plan	Select the age of a subscriber eligible for the rate	No Preference enrollee on a plan
9270ED \ 0.120.001	Poting Aron 6	No Preference	0-14	261
82795PA0130001 82795PA0130001		No Preference	15	361. ⁻ 393. ¹
82795PA0130001		No Preference	16	406.
82795PA0130001	•	No Preference	17	418.4
82795PA0130001	· · · · · ·	No Preference No Preference	18	431. ⁻ 444.9
82795PA0130001 82795PA0130001	•	No Preference	20	458.
82795PA0130001		No Preference	21	472.
82795PA0130001		No Preference	22	472.
82795PA0130001		No Preference	23	472.
82795PA0130001 82795PA0130001	•	No Preference No Preference	25	472. 474.
82795PA0130001	•	No Preference	26	484.
82795PA0130001	Rating Area 6	No Preference	27	495.
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82795PA0130001		No Preference	33	566
82795PA0130001 82795PA0130001	•	No Preference No Preference	34	574. 577.
82795PA0130001 82795PA0130001	· · · · · ·	No Preference	36	581.
82795PA0130001	Rating Area 6	No Preference	37	585.
82795PA0130001		No Preference	38	589.
82795PA0130001 82795PA0130001		No Preference No Preference	39	596 604
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82795PA0130001		No Preference	42	626
82795PA0130001		No Preference	43	641.
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82795PA0130001		No Preference	53	964.
82795PA0130001 82795PA0130001		No Preference No Preference	54 55	1009 1054
82795PA0130001	•	No Preference	56	1103
82795PA0130001		No Preference	57	1152
82795PA0130001		No Preference	58	1204
82795PA0130001 82795PA0130001		No Preference No Preference	59	
82795PA0130001		No Preference	61	1328
82795PA0130001	Rating Area 6	No Preference	62	1358
82795PA0130001		No Preference	63	1395
82795PA0130001 82795PA0130001		No Preference	64 and over 0-14	1418 390
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82795PA0130001		No Preference	17	451
82795PA0130001 82795PA0130001		No Preference No Preference	18	466 480
82795PA0130001	Rating Area 7	No Preference	20	495
82795PA0130001	Rating Area 7	No Preference	21	510
82795PA0130001		No Preference No Preference	22 23	510 510
82795PA0130001 82795PA0130001		No Preference No Preference	23	510 510
82795PA0130001	•	No Preference	25	512
82795PA0130001	Rating Area 7	No Preference	26	522
82795PA0130001 82795PA0130001		No Preference No Preference	27	535 555
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82795PA0130001	Rating Area 7	No Preference	30	579
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82795PA0130001 82795PA0130001	•	No Preference No Preference	32	604 611
82795PA0130001 82795PA0130001		No Preference	33	619
82795PA0130001	•	No Preference	35	624
82795PA0130001	Rating Area 7	No Preference	36	628
82795PA0130001		No Preference	37	632
82795PA0130001 82795PA0130001	•	No Preference No Preference	38	636
82795PA0130001 82795PA0130001		No Preference	40	652
82795PA0130001		No Preference	41	664
82795PA0130001	Rating Area 7	No Preference	42	676
82795PA0130001		No Preference	43	692
82795PA0130001 82795PA0130001		No Preference No Preference	44	
82795PA0130001 82795PA0130001		No Preference	45	737
82795PA0130001	Rating Area 7	No Preference	47	798
82795PA0130001	Rating Area 7	No Preference	48	834
		No Drotoropoo	49	871
82795PA0130001 82795PA0130001		No Preference No Preference	50	912

82	2795PA0130001 Rating Area 7	No Preference	52	996.82
	2795PA0130001 Rating Area 7	No Preference	53	1041.76
	2795PA0130001 Rating Area 7	No Preference	54	1090.27
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	2795PA0130001 Rating Area 7	No Preference	57	1244.50
	2795PA0130001 Rating Area 7	No Preference	58	1301.18
	2795PA0130001 Rating Area 7	No Preference	59	1329.27
	2795PA0130001 Rating Area 7	No Preference	60	1385.95
	2795PA0130001 Rating Area 7	No Preference	61	1434.97
	2795PA0130001 Rating Area 7	No Preference	62 63	1467.15
	2795PA0130001 Rating Area 7	No Preference No Preference		1507.49 1532.00
	2795PA0130001 Rating Area 7	No Preference	64 and over 0-14	368.96
	2795PA0130001 Rating Area 9			401.75
	2795PA0130001 Rating Area 9	No Preference No Preference	16	
	2795PA0130001 Rating Area 9	_	17	414.29
	2795PA0130001 Rating Area 9	No Preference	18	426.83 440.34
	2795PA0130001 Rating Area 9	No Preference	19	453.84
	2795PA0130001 Rating Area 9	No Preference		
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	2795PA0130001 Rating Area 9	No Preference	21	482.30
	2795PA0130001 Rating Area 9	No Preference		482.30 482.30
	2795PA0130001 Rating Area 9	No Preference No Preference	23	482.30 482.30
	2795PA0130001 Rating Area 9	_	25	
	2795PA0130001 Rating Area 9	No Preference No Preference	25	484.23
	2795PA0130001 Rating Area 9	_	20	493.87
	2795PA0130001 Rating Area 9	No Preference No Preference	28	505.45 524.26
	2795PA0130001 Rating Area 9 2795PA0130001 Rating Area 9	No Preference	29	539.69
	2795PA0130001 Rating Area 9	No Preference	30	547.41
	2795PA0130001 Rating Area 9	No Preference	31	558.98
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	2795PA0130001 Rating Area 9	No Preference	33	577.79
	2795PA0130001 Rating Area 9	No Preference	34	585.51
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	2795PA0130001 Rating Area 9	No Preference	47	753.83
	2795PA0130001 Rating Area 9	No Preference	48	788.56
	2795PA0130001 Rating Area 9	No Preference	49	822.80
	2795PA0130001 Rating Area 9	No Preference	50	861.38
	2795PA0130001 Rating Area 9	No Preference	51	899.48
	2795PA0130001 Rating Area 9	No Preference	52	941.44
	2795PA0130001 Rating Area 9	No Preference	53	983.89
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	2795PA0130001 Rating Area 9	No Preference	55	1075.52
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82	2795PA0130001 Rating Area 9	No Preference	57	1175.36
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82	2795PA0130001 Rating Area 9	No Preference	59	1255.42
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82	2795PA0130001 Rating Area 9	No Preference	61	1355.25
82	2795PA0130001 Rating Area 9	No Preference	62	1385.64
82	2795PA0130001 Rating Area 9	No Preference	63	1423.74
82	2795PA0130001 Rating Area 9	No Preference	64 and over	1446.89

020 Rates Table Template v9.0	All fields with an actorick (*) are re-	uired. To validate press Validate button or	Ctrl + Shift + I To finalize areas Fire	ize hutton or Ctrl . Shift . F
J20 Rates Table Template v9.0	If you are in a community rating state	ize button or Ctrl + Snirt + F.		
	If you are not in a community rating s	ate for every age band.		
		acco User, you must give a rate for Tobac		
HIOS Issuer ID*	To add a new sheet, press the Add S 82795	Sheet button, or Ctrl + Shift + H. All plans I	must have the same dates on a sheet.	
Federal TIN*				
Rate Effective Date*	7/1/2020			
Rate Expiration Date*	9/30/2020			
Rating Method	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
Fiditio	Rating Area in	Tobacco	Aye	ilidividual Nate
		Required:		
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a	Required: Select the age of a subscriber eligible for the	Required: Enter the rate of an Individual Non-Tobacco
Enter the 14-character Flam D	Select the Rating Area ID	plan	rate	No Preference enrollee on a plan
82795PA0130001	Rating Area 6	No Preference	0-14	368.5
82795PA0130001	•	No Preference	15	401.3
82795PA0130001 82795PA0130001		No Preference No Preference	16 17	413.8 426.3
82795PA0130001	•	No Preference	18	439.8
82795PA0130001		No Preference	19	453.3
82795PA0130001 82795PA0130001		No Preference No Preference	20	467.3 481.7
82795PA0130001	S S S S S S S S S S S S S S S S S S S	No Preference	22	481.7
82795PA0130001	•	No Preference	23	481.7
82795PA0130001		No Preference	24	481.7
82795PA0130001 82795PA0130001	•	No Preference No Preference	26	483.7 493.3
82795PA0130001	Rating Area 6	No Preference	27	504.8
82795PA0130001	•	No Preference	28	523.6 520.1
82795PA0130001 82795PA0130001		No Preference No Preference	29	539.1 546.8
82795PA0130001	•	No Preference	31	558.3
82795PA0130001	Rating Area 6	No Preference	32	569.9
82795PA0130001 82795PA0130001	•	No Preference No Preference	33	577.1 584.8
82795PA0130001 82795PA0130001		No Preference	35	588.7
82795PA0130001	S S S S S S S S S S S S S S S S S S S	No Preference	36	592.5
82795PA0130001		No Preference No Preference	37	596.4 600.2
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82795PA0130001		No Preference	40	615.7
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82795PA0130001		No Preference	44	673.0
82795PA0130001		No Preference	45	695.6
82795PA0130001 82795PA0130001		No Preference No Preference	46	722.6 753.0
82795PA0130001		No Preference	48	787.6
82795PA0130001	Rating Area 6	No Preference	49	821.9
82795PA0130001		No Preference No Preference	50 51	860.4 898.5
82795PA0130001 82795PA0130001		No Preference	52	940.4
82795PA0130001	Rating Area 6	No Preference	53	982.8
82795PA0130001		No Preference	54	1028.5
82795PA0130001 82795PA0130001	S S S S S S S S S S S S S S S S S S S	No Preference No Preference	55 56	1074.3 1123.9
82795PA0130001		No Preference	57	1174.0
82795PA0130001		No Preference	58	1227.5
82795PA0130001 82795PA0130001		No Preference No Preference	59 60	1254.0 1307.5
82795PA0130001		No Preference	61	1353.7
82795PA0130001	Rating Area 6	No Preference	62	1384.1
82795PA0130001		No Preference No Preference	63 64 and over	1422.1 1445.3
82795PA0130001 82795PA0130001		No Preference	0-14	398.0
82795PA0130001	Rating Area 7	No Preference	15	433.4
82795PA0130001		No Preference	16	446.9
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82795PA0130001	Rating Area 7	No Preference	19	489.6
82795PA0130001	Rating Area 7	No Preference	20	504.7
82795PA0130001 82795PA0130001		No Preference No Preference	21	520.3 520.3
82795PA0130001 82795PA0130001		No Preference	23	520.3
82795PA0130001	Rating Area 7	No Preference	24	520.3
82795PA0130001		No Preference	25	522.3
82795PA0130001 82795PA0130001		No Preference No Preference	26 27	532.8 545.2
82795PA0130001		No Preference	28	565.5
82795PA0130001	Rating Area 7	No Preference	29	582.2
82795PA0130001 82795PA0130001		No Preference No Preference	30	590.5 603.0
82795PA0130001 82795PA0130001		No Preference	31	615.5
82795PA0130001	Rating Area 7	No Preference	33	623.3
82795PA0130001		No Preference	34	631.6
82795PA0130001 82795PA0130001		No Preference No Preference	35	635.8 639.9
82795PA0130001	Rating Area 7	No Preference	37	644.1
82795PA0130001	Rating Area 7	No Preference	38	648.3
82795PA0130001 82795PA0130001		No Preference No Preference	39	656.6 664.9
82795PA0130001 82795PA0130001		No Preference	40	677.4
82795PA0130001	Rating Area 7	No Preference	42	689.4
82795PA0130001		No Preference	43	706.0
82795PA0130001 82795PA0130001		No Preference No Preference	44	726.8 751.3
02733FA0130001		No Preference	45	780.4
82795PA0130001	Rating Area 7	140 1 1616161166		
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82795PA0130001 82795PA0130001 82795PA0130001	Rating Area 7 Rating Area 7	No Preference No Preference	47 48	850.7
82795PA0130001 82795PA0130001	Rating Area 7 Rating Area 7 Rating Area 7	No Preference	47	

82795PA0130001 Rating Area 7 No Preference	52 53 54 55	1015.65 1061.44 1110.87
82795PA0130001 Rating Area 7 No Preference 82795PA0130001 Rating Area 7 No Preference	54 55	
82795PA0130001 Rating Area 7 No Preference	55	1110.87
82795PAU130001 Rating Area 7 No Preference		1160.29
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82795PA0130001 Rating Area 7 No Preference 82795PA0130001 Rating Area 7 No Preference	59	1325.75
	60	1354.37 1412.13
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82795PA0130001 Rating Area 7 No Preference 82795PA0130001 Rating Area 7 No Preference	62	1462.08 1494.86
82795PA0130001 Rating Area 7 No Preference 82795PA0130001 Rating Area 7 No Preference	63	1535.96
	64 and over	1560.92
82795PA0130001 Rating Area 7 No Preference 82795PA0130001 Rating Area 9 No Preference	0-14	375.93
82795PA0130001 Rating Area 9 No Preference	15	409.34
82795PA0130001 Rating Area 9 No Preference	16	422.12
	17	434.89
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82795PA0130001 Rating Area 9 No Preference 82795PA0130001 Rating Area 9 No Preference	19	462.41
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82795PA0130001 Rating Area 9 No Preference 82795PA0130001 Rating Area 9 No Preference	22	491.41
82795PA0130001 Rating Area 9 No Preference 82795PA0130001 Rating Area 9 No Preference	22	491.41
82795PA0130001 Rating Area 9 No Preference	23	491.41
82795PA0130001 Rating Area 9 No Preference	25	493.37
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82795PA0130001 Rating Area 9 No Preference 82795PA0130001 Rating Area 9 No Preference	27	514.99
82795PA0130001 Rating Area 9 No Preference	28	534.16
82795PA0130001 Rating Area 9 No Preference	29	549.88
82795PA0130001 Rating Area 9 No Preference	30	557.75
82795PA0130001 Rating Area 9 No Preference	31	569.54
82795PA0130001 Rating Area 9 No Preference	32	581.33
82795PA0130001 Rating Area 9 No Preference	33	588.70
82795PA0130001 Rating Area 9 No Preference	34	596.57
82795PA0130001 Rating Area 9 No Preference	35	600.50
82795PA0130001 Rating Area 9 No Preference	36	604.43
82795PA0130001 Rating Area 9 No Preference	37	608.36
82795PA0130001 Rating Area 9 No Preference	38	612.29
82795PA0130001 Rating Area 9 No Preference	39	620.15
82795PA0130001 Rating Area 9 No Preference	40	628.02
82795PA0130001 Rating Area 9 No Preference	41	639.81
82795PA0130001 Rating Area 9 No Preference	42	651.11
82795PA0130001 Rating Area 9 No Preference	43	666.84
82795PA0130001 Rating Area 9 No Preference	44	686.49
82795PA0130001 Rating Area 9 No Preference	45	709.59
82795PA0130001 Rating Area 9 No Preference	46	737.11
82795PA0130001 Rating Area 9 No Preference	47	768.07
82795PA0130001 Rating Area 9 No Preference	48	803.45
82795PA0130001 Rating Area 9 No Preference	49	838.34
82795PA0130001 Rating Area 9 No Preference	50	877.65
82795PA0130001 Rating Area 9 No Preference	51	916.47
82795PA0130001 Rating Area 9 No Preference	52	959.22
82795PA0130001 Rating Area 9 No Preference	53	1002.47
82795PA0130001 Rating Area 9 No Preference	54	1049.15
82795PA0130001 Rating Area 9 No Preference	55	1095.83
82795PA0130001 Rating Area 9 No Preference	56	1146.45
82795PA0130001 Rating Area 9 No Preference	57	1197.55
82795PA0130001 Rating Area 9 No Preference	58	1252.10
82795PA0130001 Rating Area 9 No Preference	59	1279.13
82795PA0130001 Rating Area 9 No Preference	60	1333.67
82795PA0130001 Rating Area 9 No Preference	61	1380.85
82795PA0130001 Rating Area 9 No Preference	62	1411.81
82795PA0130001 Rating Area 9 No Preference	63	1450.63
82795PA0130001 Rating Area 9 No Preference	64 and over	1474.22

	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.												
				te for every age band.									
	If Tobacco is Tobacco User/Non-Toba	every age assume											
		Sheet button, or Ctrl + Shift + H. All plans											
HIOS Issuer ID*	82795												
Rate Effective Date* Rate Expiration Date*	10/1/2020 12/31/2020												
	Age-Based Rates												
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*									
Required:	Required:	Required: Select if Tobacco use of subscriber is used to	Required:	Required:									
Enter the 14-character Plan ID	Select the Rating Area ID	determine if a person is eligible for a rate from a plan	Select the age of a subscriber eligible for the E rate	enter the rate of an Individual Non-Tob No Preference enrollee on a plar									
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82795PA0130001		No Preference	52	9									
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82795PA0130001	Rating Area 6	No Preference	64 and over	14									
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82795PA0130001	Rating Area 7	No Preference	18	4									
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82795PA0130001		No Preference	28	5									
82795PA0130001	Rating Area 7	No Preference	29	5									
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82795PA0130001	Rating Area 7	No Preference	35	6									
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82795PA0130001	Rating Area 7	No Preference	41	6									
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82795PA0130001 82795PA0130001 82795PA0130001	Rating Area 7	No Preference No Preference	48	<u> </u>									

82795PA0130001 Rating Area 7	No Preference	52	1034.81
	No Destauras	F0	
82795PA0130001 Rating Area 7	No Preference	53	1081.46
82795PA0130001 Rating Area 7	No Preference	54	1131.82
82795PA0130001 Rating Area 7	No Preference	55 56	1182.19
82795PA0130001 Rating Area 7	No Preference No Preference	57	1236.79 1291.92
82795PA0130001 Rating Area 7	No Preference	58	1350.77
82795PA0130001 Rating Area 7 82795PA0130001 Rating Area 7	No Preference	59	1379.93
82795PA0130001 Rating Area 7	No Preference	60	1438.77
82795PA0130001 Rating Area 7	No Preference	61	1489.66
82795PA0130001 Rating Area 7	No Preference	62	1523.06
82795PA0130001 Rating Area 7	No Preference	63	1564.94
82795PA0130001 Rating Area 7	No Preference	64 and over	1590.38
82795PA0130001 Rating Area 9	No Preference	0-14	383.02
82795PA0130001 Rating Area 9	No Preference	15	417.06
82795PA0130001 Rating Area 9	No Preference	16	430.08
82795PA0130001 Rating Area 9	No Preference	17	443.10
82795PA0130001 Rating Area 9	No Preference	18	457.12
82795PA0130001 Rating Area 9	No Preference	19	471.14
82795PA0130001 Rating Area 9	No Preference	20	485.66
82795PA0130001 Rating Area 9	No Preference	21	500.68
82795PA0130001 Rating Area 9	No Preference	22	500.68
82795PA0130001 Rating Area 9	No Preference	23	500.68
82795PA0130001 Rating Area 9	No Preference	24	500.68
82795PA0130001 Rating Area 9	No Preference	25	502.68
82795PA0130001 Rating Area 9	No Preference	26	512.69
82795PA0130001 Rating Area 9	No Preference	27	524.71
82795PA0130001 Rating Area 9	No Preference	28	544.24
82795PA0130001 Rating Area 9	No Preference	29	560.26
82795PA0130001 Rating Area 9	No Preference	30	568.27
82795PA0130001 Rating Area 9	No Preference	31	580.28
82795PA0130001 Rating Area 9	No Preference	32	592.30
82795PA0130001 Rating Area 9	No Preference	33	599.81
82795PA0130001 Rating Area 9	No Preference	34	607.82
82795PA0130001 Rating Area 9	No Preference	35	611.83
82795PA0130001 Rating Area 9	No Preference	36	615.83
82795PA0130001 Rating Area 9	No Preference	37	619.84
82795PA0130001 Rating Area 9	No Preference	38	623.84
82795PA0130001 Rating Area 9	No Preference	39	631.85
82795PA0130001 Rating Area 9	No Preference	40	639.87
82795PA0130001 Rating Area 9	No Preference	41	651.88
82795PA0130001 Rating Area 9	No Preference	42	663.40
82795PA0130001 Rating Area 9	No Preference	43	679.42
82795PA0130001 Rating Area 9	No Preference	44	699.45
82795PA0130001 Rating Area 9	No Preference	45	722.98
82795PA0130001 Rating Area 9	No Preference	46	751.02
82795PA0130001 Rating Area 9	No Preference	47	782.56
82795PA0130001 Rating Area 9	No Preference	48	818.61
82795PA0130001 Rating Area 9	No Preference	49	854.16
82795PA0130001 Rating Area 9	No Preference	50	894.21
82795PA0130001 Rating Area 9	No Preference	51	933.76
82795PA0130001 Rating Area 9	No Preference	52	977.32
82795PA0130001 Rating Area 9	No Preference	53	1021.38
82795PA0130001 Rating Area 9	No Preference	54	1068.95
82795PA0130001 Rating Area 9	No Preference	55 56	1116.51
82795PA0130001 Rating Area 9	No Preference	56	1168.08 1220.15
82795PA0130001 Rating Area 9	No Preference No Preference	57	1220.15 1275.73
82795PA0130001 Rating Area 9	No Preference No Preference	59	1303.26
82795PA0130001 Rating Area 9		60	
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82795PA0130001 Rating Area 9 82795PA0130001 Rating Area 9	No Preference No Preference	62	1438.45
82795PA0130001 Rating Area 9	No Preference	63	1436.45
82795PA0130001 Rating Area 9	No Preference	64 and over	1502.03
027901 A0100001 Nating Area 9	NOT TOTAL FILE	04 and over	1302.03

Capital Advantage Insurance Company Small Group Rates Effective 1/1/2020

Benefit Summary

SMALL GROUP 1-50 PORTFOLIO

SIVIALL GI	NOOF 1-30 PONTFOLIO														
Changes	Plan Name		Deductible	Coinsurance	Out-of-Pocket	PCP	Specialist	Emergency	Urgent	IP Hospital	Hi-Tech Imaging	Lab	OP Surgery	Small Group: Rx \$0	Small Group: Rx \$250 (brand only deductible)
		HIOS ID	(2x Family)		Maximum			Room	Care	per day,		Ind Hos	ASC ACH	Individual: Rx	Individual: N/A
										maximum of 5 days	S				
		Small Group: Rx \$500													
		Individual: Rx	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network		
									GC	LD PRODUCTS					
1 No	Gold PPO 0/0/25	82795PA0130001	\$0	0%	\$0	\$6,650	\$25	\$50	D/300	\$75	\$500	0 25	50 125	Rx Ded: \$250, Rx Gen - Ded Applies	? 500, Retail: N/4/15/45, Mail: 0/8/30/90

1 Drug copays listed are Preferred Generic/Non-Preferred Generic/Preferred Brand/Non-Preferred Brand

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

3 Tiered Lab benefits. Independent labs | Hospital based labs

4D = Deductible D/\$ = Deductible applies first then a copay

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

6 CareConnect copays listed are for PCP directed care

						Α	AV		Pricing AV		Metal Level		mount	Deductible(2x Family)	Coinsurance	
Line	On/Off Exchange	e New/Existing	g HIOS	Med Description	Rx Description	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
1	Off Exchange	Existing	45127PA0010055	Platinum PPO 0/0/15	Rx 0	90.5%	91.1%	95.1%	94.5%	Platinum	Platinum	0	0	0	0	0%	0%

		•	_						_			
	MOOP	ACA PCP	ACA PCP Non-ACA PCP		SPC ER		IP Hosp Copay Per Day	Hi-Tech Imaging	Low End Imaging	Lab Independent	Lab Hospital-Based	
Line On/Off Exchange New/Existing HIOS Med Description Rx Description	2019 2020	2019 2020	2019 2020	2019 2020	2019 2020	2019 2020	2019 2020	2019 2020	2019 2020	2019 2020	2019 2020	
LineOn/Off ExchangeNew/ExistingHIOSMed DescriptionRx Description1Off ExchangeExisting45127PA0010055Platinum PPO 0/0/15Rx 0	6,650 6,650	15 15	15 15	30 30	D/150 D/150	50 50	N/A N/A	0 0	0 0	15 15	30 30	

						OP Su	irg ASC	OP Sur	g AHC	AHC Rx Ded		Rx Gen - Ded Applies?		Rx Gen Pref		Rx Gen Non-Pref		Rx Gen Non-Pref Rx Brand Pref		Rx Brand Non-Pref		Rx Specialty Coin Tier 1		Rx Specialty Max Tier 1		Max Tier 1 Rx Specialty Coir		Rx Specialty
Line	On/Off Exchange	New/Existin	g HIOS	Med Description	Rx Description	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1	Off Exchange	Existing	45127PA0010055	Med Description Platinum PPO 0/0/15	Rx 0	0	0	0	0	0	0	N	N	4	4	15	15	45	45	70	70	20%	20%	250	250	20%	20%	350

7/18/2019 14

					/ Max Tier 2		Rx Gen Pref Coins		Rx Gen Non-Pref Coins		Rx Brand Pref Coin		Rx Brand Non-Pref Coins		Rx Gen Pref Mail Copay		Rx Gen Non-Pref Mail Copay		Rx Brand Pref Mail Copay	
Line	On/Off Exchange	e New/Existing	g HIOS	Med Description	Rx Description	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
1	Off Exchange	Existing	45127PA0010055	Platinum PPO 0/0/15	Rx 0	350	0%	0%	0%	0%	0%	0%	0%	0%	8	8	30	30	90	90

Post		Denem Categories	
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Benefit Mix Changes

Benefit Mix Calculation			
	Med Manual Cost	Rx Manual Cost	Manual Cost PMPM
Average in Experience Period	290.20	50.31	340.51
Average in Rating Period	336.75	36.00	372.75
Benefit Mix Adjustment	1.16	0.72	1.09

	Denent Mi	x Changes									
BEP Manual Cost Calcu	ulation		290.20 Med Man	50.31 Rx Man Cost	340.51 Manual Cost	750,224	Projected 2020 Manual C	336.75 Med Man	36.00 Rx Man Cost	372.75	780 Proj Member
HIOS 14 Digit	Med Plan	Rx Plan	Cost PMPM	PMPM	PMPM	BEP MM	Mapped 2020 Plan	Cost PMPM	PMPM	<u>Total</u>	Dist
45127PA0010054	PPOCJ362	RXRCJ421	359.935	43.48	403.415	16,284	82795PA0130001	336.75	36.00	372.75	780
45127PA0010055	PPOCJ362	RXRCJ422	360.02	52.43	412.45	38,206					
45127PA0010057	PPOCJ363	RXRCJ423	351.585	43.48	395.065	12,326					
45127PA0010058	PPOCJ363	RXRCJ424	351.62	52.43	404.05	30,916					
45127PA0010069	PPRCJ226	RXRCJ425	266.75	43.48	310.23	1,354					
45127PA0010069	PPRCJ228	RXRCJ460	266.31	43.48	309.79	217					
45127PA0010070	PPRCJ226	RXRCJ426	267	52.43	319.43	3,243					
45127PA0010070	PPRCJ228	RXRCJ461	0	0	0	0					
45127PA0010072	PPRCJ227	RXRCJ427	259.8	43.48	303.28	638					
45127PA0010073	PPRCJ227	RXRCJ428	260.02	52.43	312.45	2,934					
45127PA0010084	PPOCJ364	RXRCJ429	313.385	43.48	356.865	21,575					
45127PA0010085	PPOCJ364	RXRCJ430	313.48	52.43	365.91	78,785					
45127PA0010089	PPOCJ365	RXRCJ431	290.89	43.48	334.37	25,633					
45127PA0010089	PPOCJ374	RXRCJ458	293.21	43.48	336.69	14,978					
45127PA0010090	PPOCJ365	RXRCJ432	290.97	52.43	343.4	91,580					
45127PA0010090	PPOCJ374	RXRCJ459	293.33	52.43	345.76	53,562					
45127PA0010100	PPOCJ366	RXRCJ433	334.82	43.48	378.3	827					
45127PA0010100	PPOCJ372	RXRCJ452	339.37	43.48	382.85	989					
45127PA0010101	PPOCJ366	RXRCJ434	334.94	52.43	387.37	1,136					
45127PA0010101	PPOCJ372	RXRCJ453	339.47	52.43	391.9	1,795					
45127PA0010116	PPOCJ367	RXRCJ435	325.53	43.48	369.01	6,092 5,045					
45127PA0010116	PPOCJ373	RXRCJ454	328.08	43.48	371.56	5,045					
45127PA0010117	PPOCJ367 PPOCJ373	RXRCJ436	325.64	52.43 52.43	378.07	16,228					
45127PA0010117 45127PA0010124	PPQCJ575 PPQCJ612	RXRCJ455	328.17 254.04	52.43 55.765	380.6 309.805	19,314 17,261					
45127PA0010124 45127PA0010124	-	RXQCJ612			309.805						
45127PA0010124 45127PA0010131	PPQCJ612 PPOCJ368	RXQCJ612 RXRCJ437	254.04 259.8	55.765 43.48	309.803	34,551 12,336					
45127PA0010131	PPOCJ306	RXRCJ457 RXRCJ466	263.98	43.48	303.26	10,470					
45127PA0010131	PPOCJ368	RXRCJ400 RXRCJ438	260.02	52.43	312.45	36,337					
45127PA0010132	PPOCJ376	RXRCJ456 RXRCJ467	264.22	52.43	316.65	22,733					
45127PA0010135	PPQCJ614	RXQCJ614	181.87	39.92	221.79	9,706					
45127PA0010135	PPQCJ614	RXQCJ614	181.87	39.92	221.79	17,217					
45127PA0010143	PPOCJ369	RXRCJ439	268.72	43.48	312.2	26,157					
45127PA0010144	PPOCJ369	RXRCJ440	268.95	52.43	321.38	75,860					
45127PA0010161	PPQCJ616	RXQCJ616	282.745	62.07	344.815	2,862					
45127PA0010161	PPQCJ616	RXQCJ616	282.745	62.07	344.815	7,538					
45127PA0010170	PPQCJ619	RXQCJ619	0	0	0	0					
45127PA0010170	PPQCJ619	RXQCJ619	0	0	0	0					
45127PA0010170	PPQCJ620	RXQCJ620	222.4	48.82	271.22	4,609					
45127PA0010170	PPQCJ621	RXQCJ621	0	0	0	0					
45127PA0010184	PPOCJ370	RXRCJ441	249.88	43.48	293.36	4,792					
45127PA0010184	PPOCJ377	RXRCJ468	254.38	43.48	297.86	2,096					
45127PA0010185	PPOCJ370	RXRCJ442	250.22	52.43	302.65	4,867					
45127PA0010185	PPOCJ377	RXRCJ469	254.72	52.43	307.15	5,616					
45127PA0010186	PPOCJ371	RXRCJ443	247.965	43.48	291.445	3,812					
45127PA0010187	PPOCJ371	RXRCJ444	248.305	52.43	300.735	2,493					
45127PA0130001	EPOCJ378	RXRCJ456	0	0	0	0					
45127PA0130002	EPOCJ378	RXRCJ457	0	0	0	0					
45127PA0130003	EPOCJ379	RXRCJ464	0	0	0	0					
45127PA0130004	EPOCJ379	RXRCJ465	0	0	0	0					
53789PA0090004	HMOCJ440	RXRCJ445	204.985	44.995	249.98	1,734					
53789PA0090007	HMOCJ441	RXRCJ446	287.3	43.48	330.78	596					
53789PA0090008	HMOCJ441	RXRCJ447	287.4	52.43	339.83	684					
53789PA0090011	HMOCJ442	RXRCJ448	257.91	43.48	301.39	466					
53789PA0090012	HMOCJ442	RXRCJ449	258.17	52.43	310.6	506					
82795PA0110006	PGOCJ507	RXRCJ450	320.57	50.9	371.47	312					
82795PA0110007	PGOCJ508	RXRCJ451	267.35	50.9	318.25	956					

Trend

Trend by Service Category
Year 2

	<u> </u>	<u>ar 1</u>	<u> </u>	<u>ir 2</u>					
<u>Category</u>	Cost	<u>Util</u>	<u>Cost</u>	<u>Util</u>	Induced Demand	Total Year 1	Total Year 2	Weights	Total Weights
Inpatient Hospital	6.40%	1.50%	7.00%	1.50%	0.0%	8.0%	8.6%	11%	20%
Outpatient Hospital	6.00%	1.00%	6.70%	1.00%	0.0%	7.1%	7.8%	42%	36%
Professional	4.70%	1.00%	4.40%	1.00%	0.0%	5.7%	5.4%	41%	23%
Other Medical	6.00%	1.00%	6.70%	1.00%	0.0%	7.1%	7.8%	6%	3%
Capitation	0.00%	0.00%	0.00%	0.00%	0.0%	0.0%	0.0%	0%	0%
Prescription Drug	9.90%	0.40%	9.70%	1.30%	0.0%	10.3%	11.1%	100%	18%
Dental & Vision	1.00%	2.00%	1.00%	2.00%	0.0%	3.0%	3.0%	100%	100%

Aggregate Pricing Trend Year 1				
Total	7.5%			
Medical	6.6%			
Drug	10.3%			
Agg Med + Rx Trend	7.4%			
Dental and Vision	3.0%			

Aggregate Pricing Trend Year 2				
Total	8.0%			
Medical	6.9%			
Drug	11.1%			
Agg Med + Rx Trend	7.8%			
Dental and Vision	3.0%			

		Year 1 Raw Trends			Year 2 Raw Trends	
URRT Categories	<u>Cost</u>	<u>Utilization</u>	<u>Composite</u>	<u>Cost</u>	<u>Utilization</u>	<u>Composite</u>
Inpatient Hospital	5.2%	1.5%	6.8%	5.8%	1.5%	7.4%
Outpatient Hospital	4.8%	1.0%	5.9%	5.5%	1.0%	6.5%
Professional	3.5%	1.0%	4.5%	3.2%	1.0%	4.3%
Other Medical	4.8%	1.0%	5.9%	5.5%	1.0%	6.5%
Capitation			0.0%			0.0%
Prescription Drugs	7.6%	0.4%	8.1%	7.4%	1.3%	8.7%
Dental & Vision	1.0%	2.0%	3.0%	1.0%	2.0%	3.0%

Med	ical	Drug		
Intensity	0.5%	Contracting	-0.2%	
Leveraging	0.7%	Leveraging	1.0%	
Demographics	0.0%	Demographics	0.0%	
Buy-Downs	0.0%	Buy-Downs	0.0%	
Other	0.0%	Pipeline	1.5%	
Total	1.2%	Total	2.3%	

Credibility Manual Development for URRT

Experience Period Member Months

782,036

Section II: Projections		Year	1 Trend	Ye	ear 2 Trend						
							Trended EHB				
	Experience Perio	d Index Rate					Allowed Claims				
Benefit Category	PMPM		Cost	Utilization	Cost	Utilization	PMPM	Incurred	Allowed	Utilization Count	PMPM
Inpatient Hospital	\$	110.01	1.064	1.015	1.070	1.015	129.03 [*]	\$ 83,972,859	\$ 86,034,069	\$ -	\$ 110.01
Outpatient Hospital	\$	198.70	1.060	1.010	1.067	1.010	229.25	\$ 128,887,944	\$ 155,389,154	\$ -	\$ 198.70
Professional	\$	126.34	1.047	1.010	1.044	1.010	140.87	\$ 74,520,168	\$ 98,798,745	\$ -	\$ 126.34
Other Medical	\$	16.03	1.060	1.010	1.067	1.010	18.49	\$ 9,644,925	\$ 12,538,876	\$ -	\$ 16.03
Capitation	\$	0.08	1.000	1.000	1.000	1.000	0.08	\$ 60,947	\$ 60,947	\$ -	\$ 0.08
Prescription Drug	\$	96.60	1.099	1.004	1.097	1.013	118.45	\$ 62,759,365	\$ 75,547,964	\$ -	\$ 96.60
Total	\$	547.76					636.18				\$ 547.76

^{*} All data experience is from CAAC, and other CBC subsidiaries - Capital Advantage Insurance Company (CAIC), and Keystone Health Plan Central (KHPC)

N orbidity	0.679
Other	
Change in Demographics	1.000
Change in Network	1.000
Change in Benefits	1.000
Change in Other	1.000

Paid to Allowed Ratio Development

 Medical Rate Development

 Base Experience Period:
 1/1/2018-12/31/2018

 Data as of
 3/31/2019

 Rating Period:
 1/1/2020 - 12/31/2020

 Trend Months:
 24

 Trend:
 6.6%

Drug Rate Development					
Base Experience Period:	1/1/2018-12/31/2018				
Data as of	3/31/2019				
Rating Period:	1/1/2020 - 12/31/2020				
Trend Months:	24				
Trend:	10.3%				

Base Experience Period:	1/1/2018-12/31/2018	
Data as of	3/31/2019	
Rating Period:	1/1/2020 - 12/31/2020	
Trend Months:	24	
Trend:	3.0%	

Pediatric Vision Rate Development					
Base Experience Period:	1/1/2018-12/31/2018				
Data as of	3/31/2019				
Rating Period:	1/1/2020 - 12/31/2020				
Trend Months:	24				
Trend:	3.0%				

Completion Factor BEP Completed Claims (1) / (2) 295, BEP Member Months BEP Completed Claim PMPM (3) / (4) Trend Factor Trended Claim PMPM (5) x (6) Benefit Change Factor	961,365 0.99 595,516
BEP Completed Claims (1) / (2) BEP Member Months BEP Completed Claim PMPM (3) / (4) Trend Factor Trended Claim PMPM (5) x (6) Benefit Change Factor	595,516
BEP Member Months BEP Completed Claim PMPM (3) / (4) Trend Factor Trended Claim PMPM (5) x (6) Benefit Change Factor	
5 BEP Completed Claim PMPM (3) / (4) 6 Trend Factor 7 Trended Claim PMPM (5) x (6) 8 Benefit Change Factor	702 026
Trend Factor Trended Claim PMPM (5) x (6) Benefit Change Factor	782,036
7 Trended Claim PMPM (5) x (6) 8 Benefit Change Factor	377.98
8 Benefit Change Factor	1.14
	429.68
0 14 11 12	1.16
9 Morbidity	0.679
10 Capitation	60,947
11 Capitation PMPM	0.08
12 Other Adjustment	1.000
13 Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	338.86

1	BEP Paid and Incurred Claims	79,367,107
2	Completion Factor	1.000
3	BEP Completed Claims (1) / (2)	79,367,107
4	BEP Member Months	782,036
5	BEP Completed Claim PMPM (3) / (4)	101.49
6	Trend Factor	1.22
7	Trended Claim PMPM (5) x (6)	123.56
8	Benefit Change Factor	0.72
9	Morbidity	0.679
10	Rx Rebates	16,607,743
11	Rx Rebates PMPM	21.24
12	Other Adjustment	1.000
13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	38.83

BEP Paid and Incurred Claims	1,285,581
Completion Factor	0.982
BEP Completed Claims (1) / (2)	1,309,126
BEP Member Months	782,036
BEP Completed Claim PMPM (3) / (4)	1.67
Trend Factor	1.06
Trended Claim PMPM (5) x (6)	1.78
Benefit Change Factor	1.00
Morbidity	0.68
Other Adjustment	1.000
Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	1.21

BEP Paid and Incurred Claims	120,321
Completion Factor	0.992
BEP Completed Claims (1) / (2)	121,254
BEP Member Months	782,036
BEP Completed Claim PMPM (3) / (4)	0.16
Trend Factor	1.06
Trended Claim PMPM (5) x (6)	0.16
Benefit Change Factor	1.00
Morbidity	0.68
1	
Other Adjustment	1.000
Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	0.11

	Expected Claim PMI
	Rating Period
Medical	338.86
Drug	38.83
Pediatric Dental	1.21
Pediatric Vision	0.11
Expected Distribution of Embedded Dental Benefit	100%
Total Expected Incurred in Rating Period	379.01
Total Expected Incurred in Rating Period Net RA	625.99
Projected Allowed	431.96
Paid to Allowed Ratio	0.877

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	$\underline{\text{Medical} + \text{Rx}}$	<u>Dental</u>	Vision
Reinsurance Contribution	\$0.00	\$0.00	\$0.00
Risk Adjustment Fee	\$0.18	\$0.00	\$0.00
Admin PMPM	\$40.01	\$0.60	\$0.09
Broker PMPM	\$19.95	\$0.00	\$0.00
Value Based Benefits	\$5.20	\$0.00	\$0.00
BCBSA Identity Theft Protection	\$0.02	\$0.00	\$0.00
Quality Improvement	0.4%	0.4%	0.4%
Contingency	2.0%	2.0%	2.0%
HRA Admin Fee PMPM *	\$0.00	\$0.00	\$0.00
Patient-Centered Outcomes Research Trust Fund:	\$0.00	\$0.00	\$0.00
Insurer Tax	2.8%	2.8%	2.8%
Exchange Fee	\$0.00	\$0.00	\$0.00
Federal Income Tax	0.4%	0.4%	0.4%
Premium Tax	2.0%	2.0%	2.0%

<u>Total</u>	% of Premium
\$0.00	0.0%
\$0.18	0.0%
\$40.70	5.4%
\$19.95	2.7%
\$5.20	0.7%
\$0.02	0.0%
0.4%	0.4%
2.0%	2.0%
\$0.00	0.0%
\$0.00	0.0%
2.8%	2.8%
\$0.00	0.0%
0.4%	0.4%
2.0%	2.0%

Insurer Tax and Admin Fee Calc

Applied HIF to All Quarters

2.78%

Quarter	% of Enrollees	HIF	_	20	020 assessmen	2021 assessment
1	33%	2.65%		0	2.65%	2.97%
2	15%	2.73%		3	2.65%	2.97%
3	14%	2.81%		6	2.65%	2.97%
4	38%	2.89%		9	2.65%	2.97%
				_		
	<u>Admin</u>	<u>Profit</u>	<u>Taxes</u>			
	9.2%	2.0%	5.2%			
Claims	5.4%					
Broker	2.7%					
Quality Improvement	1.1%					

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^{*} HRA Admin fee in charged to HRA plans only

Expected Incurred	625.99

HIOS	82795PA0130001
Med Plan	Gold PPO 0/0/25
Rx Plan	Rx 500
Deductible	0
Expected Claim Cost	379.01
Expected Premium PMPM *	\$748.92
Allowed Adjustments to Premium for MLR	
Reinsurance Contribution	0.00
Patient-Centered Outcomes Research Trust Fund:	0.00
Risk Adjustment Fee	0.18
Premium Tax	14.98
Insurer Tax	20.79
Exchange Fee	0.00
Quality Improvement	3.00
Federal Income Tax**	3.15
MLR Adjusted Premium	\$706.83
Expected Member Distribution	100.0%

Unadjusted Premium	\$748.92
Expected MLR Adjusted Premium	\$706.83

MI D	QQ 60/
MLR	88.0%

^{*} From Exhibit L

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^{**21%} of profit or contingency (assumed to be 2%)

Capital Advantage Insurance Company Small Group Rates Effective 1/1/2020 Projected Index Rate

Projected Index Rate	\$431.96

Effective Date	<u>Total Index Rate</u>	<u>Trend</u>	<u>Distribution of Members</u>	Projected Allowed	Market Adjusted Index Rate
January - March (Index 1)	\$431.96		33%	\$432.26	
April - June (Index 2)	\$439.77	7.4%	15%	\$440.42	
July - September (Index 3)	\$447.72	7.4%	14%	\$448.73	
October - December (Index 4)	\$455.81	7.4%	38%	\$457.21	
	·	•		•	
Average for Projection Period	\$444.45			\$445.32	\$726.81

^{*} From URRT and Exhibit B

Capital Advantage Insurance Company Small Group Rates Effective 1/1/2020 Market Adjusted Index Rate

Development of Market Adjusted Index Rate

Q1 Index Rate	431.96
Paid to Allowed	0.88
Q1 Projected Claims	379.01
Net Projected ACA Reinsurace Recoveries	0.00
Net Projected Risk Adjustments PMPM	-246.98
Exchange User Fee Adjustment	0.00
Q1 Market-Adjusted Projected Paid EHB Claims PMPM	625.99
Q1 Market Adjusted Index Rate	713.45

Development of Exchange User Fee

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

Development of Risk Adjustment Projection

Development of Kisk Adjustment Projection	
Projected 2020 Risk Adjustment Payment	-\$246.98
Projected 2018 Risk Adjustment Payment Payable	-\$234,682
2018 MemberMonths	1,268
Projected 2018 Risk Adjustment Payment PMPM	-\$185.08

Adjust Base Experience Period to Base Plan

	Medical	<u>Rx</u>	Ped Dental	Ped Vision	<u>Total</u>
Expected Claim PMPM in Rating Period	338.86	38.83	1.21	0.11	379.01
Adjustment to Base Plan	1.000	1.000	1.00	1.00	1.00
Adjustment for Network	1.000	1.000	1.000	1.000	1.000
Adjustment for Induced Demand	1.000	1.000	1.000	1.000	1.000
Expected Claim Base Plan	338.86	38.83	1.21	0.11	379.01

Rate Development by Benefit Option	Off Exchange	
Level of Coverage	Gold	
HIOS	82795PA0130001	
Med Plan Name:	Gold PPO 0/0/25	
Rx:	Rx 500	_
RA.	KA 300	
Plan Type:	PPO	
HRA	N	
Q1 Market Adjusted Index Rate	713.45	
<u></u>		
AV and Cost Sharing Adjustment	0.877	
Network	1.000	
Induced Demand	1.000	
Plan Pricing Relativities:		
Manual PMPM	372.75	
Pricing Relativity	1.000	
Projected Claims	379.01	
Total Projected Claims PMPM + Market Level Adjustments:	625.99	
Total Projected Ciamis Pitti III - Market Level Adjustments.	023.77	
Retention		
Admin PMPM	\$40.70	
Broker PMPM	\$19.95	
Risk Adjustment User Fee	\$0.18	
HRA Admin Fee	\$0.00	
Value-Based Benefits	\$5.20	
BCBSA Identity Theft	\$0.02	
Premium Tax	2.0%	
Federal Income Tax	0.4%	
Insurer Tax	2.8%	
Contingency	2.0%	
Quality Improvement	0.4%	
December 27 of Pr	1.60	
Premium Neutrality	1.60	
Total Premium Single Rate:	\$469.31	
Plan Adjusted Index Rates	\$748.92	
Expected Member Distribution	100.0%	
Relativity Checks		
Claims	1.00	
Premium	1.00	
	\$65.87	
Admin	9.2%	
Taxes	5.2%	
·		

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Benefit Plans

Capital Advantage Insurance Company Small Group Rates Effective 1/1/2020 Calibration

Expected Average Age Factor:	1.549
List-Billed Adjustment for Max 3 Children	1.007
Adjusted Average Age Factor	1.539
Expected Average Region Factor:	1.04
Expected Average Tobacco Factor	1.00
Cumulative Rating Factors (Premium Neutrality):	1.596

	Age Factors			Region Factors	
<u>Age</u>	Distribution of Population	Age Factor	Region	Distribution of Population	<u>Factor</u>
0-14	13.3%	0.7650	6	39.3%	1.00
15	1.1%	0.8330	7	41.6%	1.08
16	1.0%	0.8590	9	19.1%	1.02
17	1.0%	0.8850		17.170	1.02
18	1.1%	0.9130			
19	1.2%	0.9410			
20	1.2%	0.9700			
21	1.3%	1.0000			
22	1.4%	1.0000			
23	1.5%	1.0000			
24	1.5%	1.0000			
25	1.6%	1.0040			
26	1.5%	1.0240			
27	1.6%	1.0480			
28	1.7%	1.0430			
29	1.7%	1.1190			
30	1.7%	1.1350			
31	1.7%	1.1590			
32	1.6%	1.1830			
33	1.6%	1.1980			
34	1.5%	1.2140			
35	1.5%	1.2220			
35 36	1.6%	1.2300			
37	1.8%	1.2380			
38	1.6%	1.2460			
38 39	1.0%	1.2620			
40	1.7%	1.2780			
40	1.5%	1.3020			
42	1.7%	1.3020			
43	1.7%	1.3570			
44	1.5%	1.3970			
45	1.7%	1.4440			
4 <i>5</i> 46	1.7%	1.5000			
47	1.7%	1.5630			
48	2.0%	1.6350			
46 49	2.0%	1.7060			
50	1.9%	1.7860			
51	2.1%	1.8650			
52	2.1%	1.9520			
53		2.0400			
55 54	2.0% 2.2%	2.1350			
55 55	2.2%	2.1330			
56	2.1%	2.3330			
57	2.1 %	2.4370			
5 <i>7</i> 58	2.2%	2.5480			
58 59	2.2%	2.6030			
59 60	2.2% 2.2%	2.7140			
60 61	2.1%	2.8100			
62	2.1% 1.9%	2.8730			
63	1.9%	2.9520			
64+	3.2%	3.0000			
∪+ +	J.270	5.0000			

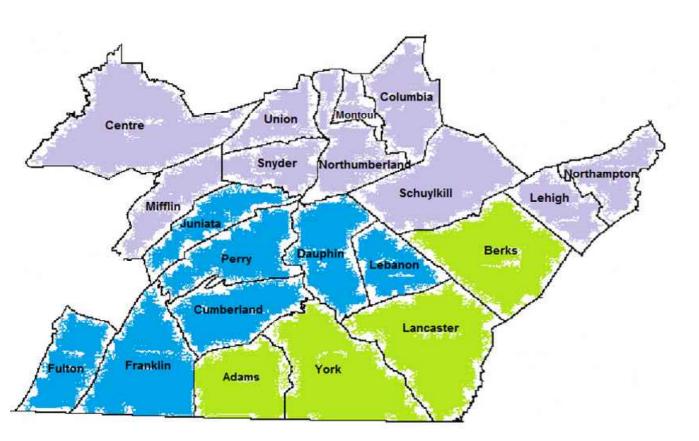
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Capital Advantage Insurance Company Small Group Rates Effective 1/1/2020 Rating Factors

Age Factors

			, , , , , , , , , , , , , , , , , , , ,		50 1 400015				,
<u>Age</u>	Premium Ratio	<u>Age</u>	Premium Ratio	<u>Age</u>	Premium Ratio	<u>Age</u>	Premium Ratio	<u>Age</u>	Premium Ratio
0-14	0.765	24	1.000	34	1.214	44	1.397	54	2.135
15	0.833	25	1.004	35	1.222	45	1.444	55	2.230
16	0.859	26	1.024	36	1.230	46	1.500	56	2.333
17	0.885	27	1.048	37	1.238	47	1.563	57	2.437
18	0.913	28	1.087	38	1.246	48	1.635	58	2.548
19	0.941	29	1.119	39	1.262	49	1.706	59	2.603
20	0.970	30	1.135	40	1.278	50	1.786	60	2.714
21	1.000	31	1.159	41	1.302	51	1.865	61	2.810
22	1.000	32	1.183	42	1.325	52	1.952	62	2.873
23	1.000	33	1.198	43	1.357	53	2.040	63	2.952
								64+	3.000

Region



<u>Region</u>	<u>Factor</u>
6	1.00
7	1.08
9	1.02

<u>Network</u>	<u>Factor</u>
Valley Advantage EPO	0.000
PPO	1.00

Exhibit P_QtlyRates

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Capital Advantage Insurance Company Small Group Rates Effective 1/1/2020 Regional Analysis

Annual Increase 13.2%

Results

			Projected LR w No					
	Current Month		Region Factor		Adjusted for			Final Rel to Region
By Region	<u>Members</u>	Enrollment Dist	<u>Change</u>	Target LR	Regional Costs	Current Factors	Adj Factors	<u>6*</u>
6	17,471	39%	82.1%	82.9%	12.1%	1	0.99	1.0000
7	18,474	42%	93.9%	90.3%	17.8%	1.03	1.07	1.0800
9	8,509	19%	86.8%	92.9%	5.7%	1.08	1.01	1.0200
Total	44,453	100%	87.9%	87.9%	13.2%	1.03	1.03	1.04

Data - Claims and Enrollment for 12 Months Ending December 2018782.036 44.453 440.864.802 376.453.950

	Total	1	782,036	44,453	440,864,802	376,453,950	(16,607,743)	(13,016,314)	80.8%
Region	Group County Name	2018 % Enrollment	<u>MemberMonths</u>	Current Month Members	<u>Premium</u>	Incurred Claims	Rx Rebates	RA Estimate	Loss Ratio
	6 Lehigh	13.2%	103,396	6,963	\$58,663,039	\$47,231,684	-\$3,024,446	\$1,369,592	73.6%
	6 Northampton	10.4%	81,683	5,535	\$46,537,156	\$41,087,938	-\$2,151,113	\$1,129,262	81.7%
	6 Schuylkill	3.5%	27,747	1,948	\$16,345,146	\$13,483,399	-\$894,641	\$1,208,396	71.7%
	6 Centre	1.9%	14,858	1,091	\$8,214,910	\$7,690,650	-\$521,459	\$550,484	81.8%
	6 Northumberland	1.0%	8,172	574	\$4,942,360	\$4,703,848	-\$226,216	\$272,979	85.9%
	6 Columbia	0.7%	5,162	462	\$2,964,986	\$3,553,562	-\$213,821	\$481,670	96.9%
	6 Union	0.6%	5,033	364	\$2,695,583	\$2,261,128	-\$183,984	-\$694,068	103.8%
	6 Mifflin	0.4%	3,507	254	\$2,147,325	\$1,841,568	-\$96,498	-\$469,624	104.0%
	6 Snyder	0.4%	3,497	223	\$2,030,204	\$1,607,943	-\$106,618	-\$471,696	96.3%
	6 Montour	0.1%	634	57	\$362,254	\$301,663	-\$27,919	-\$41,458	85.3%
	7 Lancaster	17.1%	133,668	7,477	\$71,542,636	\$60,750,228	-\$2,680,955	-\$5,139,106	87.4%
	7 Berks	12.0%	93,686	5,376	\$53,231,843	\$46,727,377	-\$2,119,942	-\$3,803,768	90.2%
	7 York	10.4%	81,208	4,480	\$45,956,619	\$42,788,112	-\$1,809,065	-\$2,287,430	93.8%
	7 Adams	2.4%	19,010	1,140	\$11,370,281	\$10,646,064	-\$405,058	\$622,412	85.4%
	9 Dauphin	9.3%	72,770	3,222	\$42,384,740	\$35,271,664	-\$828,132	-\$1,062,787	83.4%
	9 Cumberland	8.1%	63,618	2,196	\$34,895,721	\$28,464,118	-\$196,709	-\$2,723,526	87.9%
	9 Lebanon	3.8%	29,538	1,398	\$15,999,044	\$9,754,824	-\$560,096	-\$1,771,315	64.6%
	9 Franklin	3.4%	26,370	1,225	\$15,253,193	\$13,389,737	-\$375,110	-\$556,867	88.6%
	9 Perry	0.4%	3,511	194	\$2,176,329	\$1,730,358	-\$69,802	\$409,298	64.2%
	9 Fulton	0.4%	2,928	155	\$1,901,692	\$1,720,993	-\$58,971	-\$159,741	95.4%
	9 Juniata	0.3%	2,040	119	\$1,249,742	\$1,447,091	-\$57,188	\$120,979	101.4%
	6	32.4%	253,689	17,471	\$144,902,962	\$123,763,383	-\$7,446,715	\$3,335,537	78.5%
	7	41.9%	327,572	18,474	\$182,101,379	\$160,911,781	-\$7,015,020	-\$10,607,892	89.7%
	9	25.7%	200,775	8,509	\$113,860,461	\$91,778,786	-\$2,146,008	-\$5,743,959	82.9%



June 25, 2019

, Director

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

Re: Capital Advantage Insurance Company

Small Group Rates Filing No 19-46

TOI Code: H15G Group Health - Hospital/Surgical/Medical Expense

Sub-TOI Code: H15G.003 Small Group Only

Filing Type: Rate

Dear :

CAIC received an objection letter from the Department dated June 18, 2019. CAIC is providing the following in response to the objection letter:

- Q&A written response
- O&A exhibits
- Health Insurer Fee calculation workbook and memo
- Historical financial statements
- Risk adjustment calculation workbook
- Revised List-Billed adjustment workbook
- Revised Rate Development workbook
- Revised PAAM Exhibits to reflect the change in RA User Fee application and other requested changes
- Revised URRT
- Revised Rates (PA and Federal Templates)
- Revised Memos Actuarial, Cover Letter, and Rate Change Summary

All changes are due to PID requests/questions and have been disclosed in the Q&A written response. The change to RA User fee application does slightly impact rates (\$0.01 - \$0.02).

Sincerely,



, ASA, MAAA Manager, Actuarial Services Capital BlueCross

Enclosures

cc: , FSA, MAAA, Senior Director, Actuarial Services , ASA, MAAA, Vice President and Chief Actuary, Actuarial Services , Corporate Counsel

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

Question and Answer Small Group Rates Effective January 1, 2020

With this response, please find corresponding Q&A Exhibits in SG_19-46_Initial_CAIC_PPO_Q&AExhibits1_Supporting_20190625.xlsx

Question 1. The Actuarial certification in the Part III Actuarial Memorandum appears to be based on last year's URRT and instructions. For example, it refers to "the percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV," which is not part of the current URRT. Please revise the certification consistent with this year's URR instructions.

Answer 1. The actuarial certification has been revised to meet current standards.

Question 2. What is the quarterly rate impact? i.e., the rate increase from 4Q19 to 1Q2020.

Answer 2. The quarterly rate impact is 9.7%.

Question 3. Please explain the completion factors for January and October of 2016 that are less than 1 in Table 4.

Answer 3.

As of March 2019, high claim reserves were still established for those months. Ordinary calculation of IBNR may be inadequate to reserve for known high-dollar cases. For actuarial consideration of IBNR for high-dollar cases, all cases having charges to date of \$500,000 and greater are considered. We then gather data such as billed/paid to date high claim amounts and demographic for the claims that meet the dollar amount criteria. Actuarial then calculates the current month High Dollar IBNR reserve, based upon the projected cost to date from the facility, any amounts billed to date, minus actuarially anticipated discount minus any amounts paid to date. The following are high claim reserves in those months:

Mbr	Admit Date	Cost To Date	Rese	erve Amount
1	21-May-15	\$1,202,811	\$	625,000
2	01-Jan-16	\$5,221,435	\$	2,715,000
3	12-Oct-16	\$4,543,695	\$	2,126,000

Please note that completion factors are developed on a combined CBC subsidiary basis (CAAC, CAIC, KHPC) and are applied equally across each rate filing. Small Group filings use combined data as 100% credible, so this completion factor approach is appropriate.

Question 4. Please provide the measurement used for each category included in "Other Medical" and the number of units and cost for each.

Answer 4. Please see Q&A Exhibit 1 for the data requested.

Question 5. Please provide quantitative support for the 7% morbidity adjustment due to movement of small group to ASO.

Answer 5. Over the 2018 experience period, an average of 65,000 members resided in CBCs Small Group PPACA risk pool. As of 201902, 44,453 members are in the SG PPACA risk pool. Q&A Exhibit 2 shows the experience period claims of all SG PPACA groups versus active SG PPACA groups as of 201902. Active groups have a higher claims PMPM and loss ratio, showing a deterioration in the pool. While the true deterioration from 2018 to early 2019 is 4.2% (deterioration in loss ratio), CBC expects this trend to continue into 2020 as groups continue migration into a Small Business ASO products. Therefore, an estimate of 7% deterioration was applied in pricing (impact of 2 years of migration). CBC expects this trend to happen statewide so CBC's relative risk to the state will be unchanged by this migration, and therefore no risk adjustment impact is applied.

Question 6. Please explain how adjustments were made for large claims in the manual data that may not be repeated or that may be increase in 2020.

Answer 6. No explicit adjustment is made for large claims. In a large population, these claims are assumed to reflect future claim costs.

Question 7. Please confirm that there was no private reinsurance for this business or explain how and where it was reflected.

Answer 7. I confirm that there is no private reinsurance for this business.

Question 8. Please explain and provide a quantification of the adjustments made to the incurred claims for dates of service between January 1, 2018 and December 31, 2018 used as the basis of the manual rate to make it consistent with the population being rated.

Answer 8. For the purpose of rate development, CAIC small group products are combined with other product offerings (HMO, PPO) from CBC subsidiaries. Combining the experience is actuarially justifiable for several reasons:

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

The credibility manual PMPMs are the combination of CAIC, Capital Advantage Assurance Company (CAAC), and Keystone Health Plan Central (KHPC) HMO data. The credibility manual BEP includes completed fee-for-service paid and incurred claims and capitation for dates of

service between January 1, 2018 and December 31, 2018. All data is trended and benefit-adjusted in the same manner as the experience data (same projection factors and trend).

Question 9. Considering CAIC does not include capitated services, how was capitation removed from the manual rate and why a weight > 0.00% was provided to the capitation category in Table 3b.

Answer 9. Because CAIC products are offered alongside products from other CBC subsidiaries, for rate development, trend is intentionally equalized across subsidiaries. This to so rates are aligned appropriately based on benefits. CAIC data is combined with subsidiaries, CAAC and KHPC, to form the weights applied to trend. Capitation is attributable to KHPC, but the experience and weight is used in all Small Group rate filings.

Question 10. Please explain why the projected paid to allowed of 89.5% is so much higher than the weighted average metallic Tier AV and the weighted average pricing AV, which are both about 80.7%.

Answer 10. As further explained in answer 16 below, my approach to pricing AV and induced demand results in (pricing AV) x (induced demand) = approximate paid-to-allowed ratio. This is because pricing AV is determined from CBC's internal actuarial cost model. The model is described in the Actuarial Memo, page 8, bullet 6a. The model calculates both an average allowed and paid manual cost PMPM. Paid Manual Cost PMPM / Allowed Manual Cost PMPM = Pricing AV. Induced demand is then calculated as described in answer 16 below in order to establish a true projected cost for each plan. For this reason, the product of pricing AV and induced demand must be compared to paid-to-allowed ratio.

Question 11. Please explain why the PA estimated 2018 risk adjustment was not used.

Answer 11. For the filed 2018 estimate, PA estimated risk adjustment was released too close to the submission of the filing. Data by HIOS and inputted in other exhibits was already completed at the time. CBC does intend to update the 2018 base experience period once final RA results are released at the end of June.

For the 2020 estimate, Please see "SG_19-

46_Initial_CAIC_PPO_RACalc_Supporting_CONF_20190625.xlsx" for the CBC's best estimate to date of Small Group 2019 risk adjustment transfer payment PMPM. While 2018 actual transfer payment is useful in calculating future years, our best estimate of 2019 given our current population is most indicative of 2020 payments. The following are key points:

- CBC collects and tracks member risk score information using the HHS risk model. This is referred to as Care Modeler data in the documentation.
- The data for this analysis is Small Group member risk for members effective 1/1/2019 4/30/2019.
- CBC recognizes that risk through 4 months of the year requires maturity factors to estimate a 12-month risk score. A maturity factor is applied to the 4-month risk scores, which is calculated from 2018 actual risk score factor growth.

- Market risk scores are assumed to grow 1% from 2018 to account for statewide movement to Small Business ASO plans
- Other market factors are assumed flat from 2018.
- While \$16.29 is the calculated transfer payable, \$16.64 is used as a placeholder until RA results are finalized.
- Note for pricing purposes, Small Group RA transfer is calculated as all CBC companies combined and applied equally in each small group rate filing.

Question 12. Please explain how you plan to determine the projected 2020 risk adjustment transfer amount once HHS releases the actual amounts for 2018.

Answer 12. I plan to take the same approach as above, starting with 2018 actual and making the above adjustments for current enrollment.

Question 13. Please provide the calculation of the -\$16.64 risk adjustment showing the federal transfer formula including the relative risk of the block compared to the market.

Answer 13. Please see answer 11 above.

Question 14. According to Exhibit K, you anticipate the same relative risk as the manual rate. Please explain why.

Answer 14. As noted in answer 11 above, for pricing purposes, Small Group RA transfer is calculated as all CBC companies combined and applied equally in each small group rate filing. This is so rates are appropriately aligned across subsidiaries by benefit, just as in our manual rating and trend calculations.

Question 15. Please confirm that no adjustment was made for RADV.

Answer 15. I confirm that no adjustment was made for RADV.

Question 16. We note on Table 10, that you have not normalized the benefit richness (column L). Please resubmit your filing with the benefit richness normalized.

Answer 16. The rates are normalized for benefit richness. This is done by the following steps:

- 1. Calculate projected claim cost + market level adjustments by plan. For example, the projected claim cost PMPM for plan 82795PA0130001 is \$609.02.
 - a. Total Projected Claim Cost is \$609.02 at an average projected medical and Rx benefit level (value for relativity purposes only) of 372.75. See Exhibit D_BenMix.
 - b. Plan 82795PA0130001 medical and Rx benefit level is 372.75. Benefit relativity to average projection period is 1.0 (since 82795PA0130001 is the only plan offered in the rating period). See Exhibit L_RateDev cell F10.
 - c. Plan 82795PA0130001 projected claim cost PMPM is \$609.02/1.0 = \$609.02
 - d. Plan 82795PA0130001 projected claim cost PMPM + market level adjustments = 609.02 RA PMPM + Exchange Fee PMPM = 609.02 (-16.64) + 0 = 625.67

- 2. Calculate Induced Demand by plan
 - a. Induced Demand is the factor needed after MAIR x allowable rating factors is order to establish (1) above.
 - b. Plan 82795PA0130001 MAIR x Pricing AV x Network = 609.02 x .81 x 1.0 = 563.68
 - c. Induced Demand = 625.67/563.68 = 1.11
- 3. The final projected claim cost by plan is not inflated for induced demand, rather reflects the plan-level claim cost in relation to the total projection period claim cost.

Question 17. Please explain why the retention amounts included in Exhibit L do not match Table 6 of the PAAM. For example, the broker fee in Exhibit L is 19.95, while Table 6 shows 20.59.

Answer 17. For Small Group filings with quarterly trend, the PMPMs will not match. The PMPMs in Exhibit L are intended to reflect Q1 2020. PMPMs calculated on Table 6 of PAAM will reflect the midpoint of the rating period, with allowance for quarterly adjustments.

Question 18. Please provide support for the geographic factors and prove that they do not reflect morbidity. It appears that target loss ratios were used compared to actual loss ratios that could reflect morbidity.

Answer 18. Exhibit Q Regional Analysis provides actual loss ratio by region adjusted for risk adjustment (RA). The RA adjustment ensures that morbidity is not reflected in the geographic factors.

Question 19. Please explain the changes in the regional factors in Exhibit N from the prior filing.

Answer 19. Regional rating factor changes are driven by cost variance in region 7 from what was projected in prior filings. As seen in Exhibit Q, region 7 costs (adjusted for risk adjustment) are higher than target and higher relative to other regions (also adjusted for risk).

Question 20. The taxes and fees in the MLR development in Exhibit I do not match Table 6 in the PAAM. We also note the risk adjustment fee of \$0.18 PMPM is being double counted (and called the PCORI fee) in the demonstration. Please correct.

Answer 20. Exhibit I is corrected to remove double counting of risk adjustment fee.

Question 21. Please provide a statement in your actuarial certification that certifies that the geographic area rating factors reflect only differences in the costs of delivery and not differences due to population morbidity.

Answer 21. The actuarial certification has been updated to include the requested statement.

Question 22. The updated URR instructions require the quantitative impact of rate increase drivers. Please provide the estimated impact of the drivers discussed in the Part III memorandum.

Answer 22. The actuarial memo, page 2, has been updated to include estimated impacts of the primary rate increase drivers.

The following additional questions or comments are from PID.

Question 23. URRT versus PAAM Exhibit Tables – Please explain and correct the following discrepancies:

- a. The cost sharing is \$68,118,577 in Tables 2 and 4 of PAAM but \$55,203,333 in WKST 2, Section II of URRT (cell D28)
- b. Incurred claims are \$358,551,817 in Table 2 of PAAM and WKST 1 of URRT but \$371,467,061 in WKST 2, Section II (cell D30)

Answer 23.

- **a.** WKST 2, Section II of URRT has been corrected and now matches Tables 2 and 4 of PAAM.
- **b.** WKST 2, Section II of URRT has been corrected and now matches Table 2 (net rebates) of PAAM and WKST 1 of URRT.

Question 24. Trend - Please provide the worksheet with all the data used in the development of the trends. Please include all the adjustment factors used such as average age factor, product adjustment factor, average geographic factor, average tobacco factor, average benefit factor and please provide the normalized average PMPM.

Answer 24. Please see Actuarial Memo page 4 for a full description of the process used to determine trend. Future cost is used to determine pricing trend, using CBC's hospital, physician and prescription drug contracting models, as well as utilization projections monitored by CBC's medical director.

While historical data is not used to determine trend, please see Q&A Exhibit 3 for CBC's official trend report as of 201905 by market segment. Small Group allowed trend is running at 9.1%, compared to filed trend of 7.8%. You can also see a year prior, before the migration of PPACA insured groups to Small Business ASO, the trend was 7.6%.

Question 25. Morbidity Factor - Please provide the data to support the calculations of the Morbidity Factor of 1.07.

Answer 25. Please see Answer 5 above and corresponding exhibit.

Question 26. Paid-to-Allowed Ratio - Please explain why you believe that the method you have used in the calculation of the Paid-to-Allowed Ratio is more reasonable than the PID recommended calculation as per the formula in cell C28 of Table 5 of PAAM. The formula is auto-calculated from entries made for Plan Pricing AVs, Non-Funding CSR adjustment and Total Covered Mapped Lives as of 2/1/2019. The issuer may over-write the formula and use projected enrollment, if appropriate.

Answer 26. Please see the answer to 10 above. Because of my approach to pricing AV and induced demand, the paid-to-allowed ratio is better reflected by the product of the two variables. The calculated paid-to-allowed ratio is projected incurred claims / projected allowed claims as seen on Exhibit G, Paid-to-Allowed.

Question 27. HIF calculations in Exhibit H_Ret – Please document the calculations of the factors of 2.652% (2020) and 2.966% (2021) and include all the data and assumptions used such as market share.

- a. Please explain why you have used factors of 2.652% (2020) and 2.966% (2021) for CAIC filings but factors of 2.894% (2020) and 3.238% (2021) for the CAAC and KHPC filings.
- b. Provide the actual paid HIT fees on a PMPM and percent of premium for calendar years 2018 and 2016.

Answer 27. Please see "SG 19-

46_Initial_CAIC_PPO_HIFCalc_Supporting_CONF_20190625.xlsx" for the requested data.

- a. CAIC calculated HIF amounts vary from CAAC and KHPC resulting from premium tax implications.
- b. Tab 1 contains actual amounts for 2018 and 2016.

Also, please see "SG_19-

46_Initial_CAIC_PPO_HIFCalcMemo_CONF_Supporting_20190625.pdf for a detailed explanation of the HIF calculation provided by CBC's Accounting Department.

Question 28. Age Calibration Factor – Please explain the discrepancy between the List-Billed Adjustment for Max 3 Children of 1.00835 in the PAAM support Tab "Exhibit N_Calibration" and 1.0067 in the workbook "SG_19-46_Initial_CAIC_PPO_List-Billed_Supporting_20190521".

Answer 28. With this submission, the List Billed data has been corrected, and the result matches the factor applied in Exhibit N. See "SG_19-46_Revised_CAIC_PPO_List-Billed_Supporting_20190625.xlsb"

Question 29. Risk Adjustment – Please provide the calculation of the Projected RA PMPM that will be used in Table 5 of PAAM, starting from the CMS RA amount and billable membermonths, after you replace the current place-holder of (\$16.64). This issue is in anticipation of any further question that PID may ask after you make the change. Please note that this change will impact the rate change.

Answer 29. Please see Answer 11 above and corresponding exhibits for the calculation of the risk adjustment transfer. While \$16.29 is the calculated transfer payable, \$16.64 is used as a placeholder until RA results are finalized.

Question 30. Please provide an exhibit that shows, by HIOS Plan ID, summary benefit and cost sharing changes for 2020 relative to the 2019 design for all plans to be offered in 2020. Include Pricing AV columns for 2019 and 2020. Please show the approved 2019 Pricing AVs for all plans in the 2019 column and the proposed 2020 Pricing AVs in the 2020 column.

Answer 30. Please see updated Exhibit B, Benefit Change Summary, that now includes the change in Pricing AVs.

Question 31. Risk Adjustment Data Validation process (RADV) -

- a. Please describe any adjustments or considerations made due to the Risk Adjustment Data Validation process (RADV).
- b. As you know CMS is performing a risk adjustment validation starting with 2017 risk adjustment data. We are considering allowing an estimate of the impact of risk adjustment modifications in rate filings as an adjustment to the projected risk adjustment. Before implementation, we are soliciting feedback from our issuers on the pros and cons of the inclusion of this adjustment. If allowed, all issuers would be required to submit an estimate. The estimate may be \$0. Please provide any feedback that you would like us to consider.

Answer 31.

- **a.** No adjustment was made for RADV.
- **b.** In 2017, Pennsylvania had a -0.15% Individual Market error rate for Non-Exiting issuers. Small Group and Catastrophic had 0% error rates. While CBC had a 0% error rate in both market segments, the total error rate is applied to statewide average risk scores. Because of the Individual error rate and CBC's zero error rate, we can expect receivable estimates to decrease and payable estimates to increase. Although Small Group had a total 0% error rate in 2017, as the RADV process matures, it is likely that the Small Group market will see variances closer to Individual. Due to these finding, CBC would likely submit a non-zero estimate for the impact of RADV.

Question 32. Induced Utilization Exhibit – Please provide Exhibit B: Induced Utilization Exhibit as per PA Rate Filing Guidance, Page 15.

- a. Please confirm that the ratio in Column (9) represents the pure induced utilization for each plan.
- b. Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the AV and cost sharing factors for each plan. Please note that it is assumed that the AV and cost sharing factor includes the average tobacco factor.
- c. Please provide any additional justification for induced utilization assumptions in the Company's pricing.
- d. Please confirm that each plan's induced utilization factor was normalized by an aggregate factor, and that the resulting sum product (against 2/1/2019 membership or the projected membership distribution) produces
- e. Please quantitatively demonstrate the calculation of the induced calibration factor.
- f. 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.

Answer 32. Table B was provided with the original submission (file updated with Q&A response). Please see "SG 19-46 Revised CAIC PPO RateDev Supporting 20190625.xlsb"

- a. Column (9) represents the pure induced utilization for each plan.
- b. Provided in Table B.

- c. Please see Answer 16 above.
- d. Please see Answer 16 above. Induced demand is normalized so that projected claims are not overstated.
- e. Provided in Table 8 and Answer 16 above.
- f. With this submission, Table 7 is corrected to show the average induced utilization and ties to Table B.

Question 33. Please provide an exhibit showing the actual experience for calendar years 2014 – 2018 and the projections for 2019 and 2020 for the following categories: Member months, total administrative expenses, total incurred claims, total premium, total actual paid taxes and fees, profit, annual underwriting gain/loss and underwriting gain/loss PMPY. Also show how the financial gains and losses reconciles with the Annual Financial Statements for those periods.

Answer 33. Please see "SG 19-

45_Initial_CAIC_PPO_FinancialStatements_Supporting_20190625.xlsx" for the requested data. This is taken directly from CBC's Annual Financial Statements.

Please note that all CBC Small Group financial reporting 2014-2017 applied to groups with 100 or less employees. No separate tracking was done for groups of 50 or less employees. The change was made effective 2018 to define Small Group as groups of 50 or less. The attached reports reflect this.

Question 34. Please show the development of the average commission as shown in Table 6. Additionally, the current and 2020 broker agreements should be included and used to develop the percent shown in Table 6 as well as the associated PMPM cost.

Answer 34. Small Group broker commissions amounts are expected to be unchanged between 2019 and 2020. The broker PMPM applied in rating is equal to the actual small group broker PMPM as of March 2019, as reported in CBC's financial line of business reports. Current broker agreements were provided with the original submission:

- SG_19-46_Initial_CAIC_PPO_PPMABrokerGroupRedacted_Supporting_20190521.pdf
- SG_19-46_Initial_CAIC_PPO_SPMABrokerGroupRedacted_Supporting_20190521.pdf

While 2020 agreements are yet to be finalized, CBC does not expect to make changes.

Question 35. We have repurposed row 54 to capture RA User Fees. Please provide the RA User Fee percentage and PMPM amount in cells C54 and D54, respectively.

Answer 35. The changes have been made to our calculations and PAAM Exhibits are updated with this submission.

Question 36. Please confirm that you have tested to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, PA Plan Design Summary and Rate Tables, Federal Rates Template and the binder are identical.

Answer 36. I confirm that I have tested to ensure rates in PAAM Exhibits Table 11, PA Plan Design Summary and Rate Tables, Federal Rates Template and the binder are identical.

Question 37. Please provide an exhibit that quantitatively shows a comparison of the actual to projected claim cost PMPMs for calendar years 2015 - 2018, as applicable.

Answer 37. Please see Q&A Exhibit 4 for the requested data.

Capital Advantage Insurance Company Small Group Rates Q&A Exhibit 1 Other Category per Service

URRT - Other Category		<u>Services</u>	Incurred	Allowed	Incurred per Service	Allowed per Service
OP - DME	Outpatient	0	0	0	0	0
Other - DME	Professional	10	3,097	3,433	310	343
Other - Prosthetics	Professional	0	0	0	0	0
OP - Home Health/PDN	Outpatient	0	0	0	0	0
Other - PDN/Home Health	Professional	0	0	0	0	0
OP - Medical Surgical Supplies	Outpatient	3	1	59	0	20
Preventive care - Vision Exams	Professional	11	654	1,036	59	94
Dental	Professional	21	29	919	1	44
OP - Ambulance	Outpatient	0	0	0	0	0
Other - Ambulance	Professional	2	535	535	267	267
Other - Glassess/Contacts	Professional	0	0	0	0	0
Other Med		47	4,316	5,982	92	127
Embedded Dental		23	1,926	5,449	84	237
Embedded Vision		23	491	491	21	21

Capital Advantage Insurance Company Small Group Rates Q&A Exhibit 2 Morbidity Factor Data

From Ib Manual Data Table 2

Earned Premium	Ultimate Incurred Claims	Member Months	Total Prescription Drug Rebates*	Total EHB Capitation
\$ 440,864,801.85	\$ 376,393,003.21	782,036	\$ (16,607,742.51)	\$ 60,947.26

Premium PMPM	Incurred Clm PMPM	Loss Ratio*
\$ 563.74	\$ 460.14	81.6%

For Small Groups still in PPACA Insured Market as of 201902

Earned Premium	Ultimate Incurred Claims	Member Months	Total Prescription Drug Rebates*	Total EHB Capitation
\$ 298,843,874.09	\$ 267,970,059.55	516,557	\$ (11,651,661.25)	\$ 32,093.49

Prem PMF	-	Incurred Clm PMPM		Loss Ratio*
\$ 57	8.53	\$	496.27	85.8%

^{*}Loss Ratio gross of risk adjustment

Change in Incurred	
Claims	Change in LR
7.9%	4.2%

^{*}Loss Ratio gross of risk adjustment

Capital Advantage Insurance Company Small Group Rates Q&A Exhibit 3 Capital BlueCross Monthly Medical Trend Report

Individual

For 12 Month Periods Ended

Allowed PMPM

Medical + Pharmacy

	12 Months Ended:	% Change		
201905	201805	201705	2019/2018	2018/2017
732.49	\$ 679.67	\$ 563.80	7.8%	20.6%

Small Group Insured

For 12 Month Periods Ended

		12 Months Ended:	% CI	nange	
Allowed PMPM	201905	201805	201705	2019/2018	2018/2017
Medical + Pharmacy	\$ 587.13 \$	538.31	\$ 500.07	9.1%	7.6%

Capital Advantage Insurance Company Small Group Rates Q&A Exhibit 4 Claim Cost Projection History

	Paid		Paid Risk Adjustment		Exhange User Fees		Market Adjusted Paid	
Year	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
2015	\$373.95	\$507.36	-\$0.08	\$505.52	\$0.00	\$12.82	\$374.03	\$14.65
2016	\$362.59	\$279.12	-\$0.15	-\$246.35	\$0.00	\$0.00	\$362.74	\$525.47
2017	\$442.62	\$227.12	-\$0.13	-\$192.63	\$0.00	\$0.00	\$442.75	\$419.75
2018	\$401.81	\$140.44	-\$42.86	-\$185.08	\$0.00	\$0.00	\$444.68	\$325.52



July 12, 2019

, Director

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

Re: Capital Advantage Insurance Company

Small Group Rates Filing No 19-46

TOI Code: H15G Group Health - Hospital/Surgical/Medical Expense

Sub-TOI Code: H15G.003 Small Group Only

Filing Type: Rate

Dear :

CAIC received an objection letter from the Department dated July 5, 2019. CAIC is providing the following in response to the objection letter:

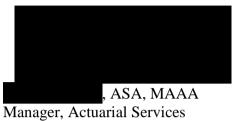
- Q&A written response
- O&A exhibits
- Risk adjustment calculation workbook
- Revised Rate Development workbook
- Revised PAAM Exhibits
- Revised URRT
- Revised rates (PA and Federal Templates)
- Revised memos Actuarial, Cover Letter, and Rate Change Summary

Also, as requested, a public filing is being submitted with the objection response.

All changes are due to PID requests/questions and have been disclosed in the Q&A written response. Requested rates have changed due to finalized 2018 risk adjustment results released on June 28, 2019, and updated CBC 2019 risk data as of May 2019.

If	you have any questions regardin	g this	s filing, please c	all me at		(or via email at
) or	at			
(. Tha	ank you for your	rassistanc	e in this matte	er.

Sincerely,



Capital BlueCross

Enclosures

cc: , FSA, MAAA, Senior Director, Actuarial Services , ASA, MAAA, Vice President and Chief Actuary, Actuarial Services , Corporate Counsel

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

Question and Answer Small Group Rates Effective January 1, 2020

With this response, please find corresponding Q&A Exhibits in SG_19-46_Initial_CAIC_PPO_Q&AExhibits2_Supporting_20190712.xlsx

Question 1. Follow-up to question 5: You say that your observed deterioration in the pool is due to groups going to ASO, but these groups may be going to other carriers – right? Or did you do a survey to determine where they went?

Answer 1. Correct, some members did move to other carriers. But we are able to track members that moved from PPACA to a CBC Small Business ASO (SB ASO) product. The following are members that moved between February 2019 and June 2019. The date reflects the month the member became enrolled in a SB ASO product.

Members that Moved from PPACA to SB ASO

<u>Date</u>	<u>Members</u>
201802	90
201803	287
201804	85
201805	287
201806	246
201807	288
201808	210
201809	256
201810	571
201811	292
201812	4,941
201901	982
201902	212
201903	311
201904	227
201905	125
201906	141

Question 2. Follow-up to questions 10, 16, 17, and 26: please provide more information on the model described in the Actuarial Memo, page 8, bullet 6a.

a. Does this model use actual claims experience?

- b. Is the pricing AV being calculated at the metal level using experience from the metal level?
- c. Please demonstrate that the resulting AV does not reflect morbidity?

Answer 2. CBC uses Milliman, Inc. Health Cost Guidelines Commercial Rating Structures (for active employees) to develop benefit relativities. To help answer questions, I am pulling from Milliman's methodology description. Anything is quotations is directly from Milliman, Inc.

- a. "Milliman utilizes an enrollment and utilization database of full medical and prescription drug claims experience for over 78 million lives, of which approximately 41 million lives were selected and used as the primary source in developing the [model]. Other sources include a database of inpatient admission representing a large percentage of all admissions nationwide, retail pharmacy information, and other reference data sources."
 - I. CBC adjusts nationwide data to CBC's average costs and contracting in our service area.
- b. The pricing AV is not calculated using the experience of that metal level. Instead, CBC uses the actuarial cost model noted above to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on cumulative probability distributions (CPDs), where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
- c. Two points on how the model does not reflect morbidity:
 - I. The model pulls from millions of lives and adjusts relative value by only the value of cost-sharing and differences in utilization (for example, cost barriers to emergency room care such as \$500 copay, will not only reduce ER costs by \$500, but more than \$500 because members will find alternative, less costly care).
 - II. The actuarial model is intended to produce benefit relativities that are offered to employers with several benefit options. Small Groups are able to select up to five benefit options. If the value of morbidity is priced into lower AV plans, higher morbidity members will begin to choose those plans because the difference in premium outweighs the difference in benefits (members can set premium dollars aside to pay for the extra cost-sharing). That will result in the deterioration of lower AV plans, and pricing would then be modified. For this reason, the model is designed to not reflect morbidity by plan. The same model/methodology is used in the Individual market.

Question 3. Follow-up to question 16: according to the URRT instructions, the induced utilization must be normalized. This adjustment should be made in Table 10 since the induced demand cannot be used to increase or decrease the projected index rates only to adjust between

plans. The normalization can be done based on projected membership rather than the default in Table 10.

Answer 3. With this submission, I have changed my methodology described in question 16. The same calculation is performed but the results of 2c are now an interim step in the pricing AV calculation. Factor 2c is applied to the pricing AV previously reported. Induced demand is now 1.0 for all plans.

Question 4. Follow-up to question 18: How were target loss ratios for each region developed and why do they vary by region?

Answer 4. The target loss ratios are described below. The purpose of varying target loss ratios is to incrementally change regional rating factors. For example, if region 7 would be priced based on an average target loss ratio, rates would increase by approximately [requested rate change] + 7% (region 7 projected LR (without GRA rating factor change) – avg target LR). But the incremental approach results in [requested rate change] +4%.

CBC performed regional analysis to quantify the cost difference between the three regions in our service area. The analysis gathered incurred claims net Rx rebates, projected risk adjustment, and premium for a 12-month period by region. The loss ratio of each region is then compared to the average loss ratio for the book of business. In theory, the change in regional rating factor is:

[Change in Regional Rating Factor Region A] = [Region A LR] \div [BOB LR]

But our preferred approach is to gradually change factors, so not to shock the market, while moving rates in the appropriate direction. In order to do this, the following approach is being proposed:

[Change in Regional Rating Factor Region A] = [Region A LR] \div [Target LR]

Where Target LR is in between Region A LR and BOB LR. With this gradual approach, annual rate change by region is shown on Exhibit Q, column G.

Question 5. Follow-up to question 32.e: Why is the average benefit richness in Table 7 0.901 when the benefit richness for the one plan is 1.110. It appears that Table 7 is the inverse and not the average. Please correct Table 7 to be the average benefit richness and use the resulting normalization factor. This should be coordinated with question 3 above.

Answer 5. With this submission, induced demand is 1.0 for all plans.

Question 6. Follow-up to question 33: Your reply did not include the financial information for the 2019 and 2020 projections. Please provide the financial information for 2019 and 2020 projections.

Answer 6. Please see Q&A Exhibit 1 for projected 2019 and 2020 results.

Question 7. The Revised PAAM exhibits is not using the template sent by PID on June 18, 2019. Table 6 does not show the Risk Adjustment User Fee in Row 54. Please upload the corrected version.

Answer 7. With this submission, the correct template is being used.

Question 8. If the risk adjustment results released on June 28, 2019 are inconsistent with your projected assumptions, you may modify the risk adjustment transfer amount in Table 5. If such a modification is made, revise all the documents and exhibits impacted and the PA Actuarial Memorandum to discuss this change. This change must be made with your responses due by July 12, 2019.

Answer 8. With this submission, we have updated all exhibits and memos to reflect actual 2018 risk adjustment results released on June 28, 2019. Also, with this update, we are updating our risk adjustment estimate from -\$16.64 PMPM to -\$9.10 PMPM. The updated risk adjustment calculation is found in

SG_19-46_Initial_CAIC_PPO_RACalc201905_Supporting_CONF_20190712.xlsx.

Question 9. In response to the Department's RADV survey, issuers indicated that they did not include an adjustment in the initial submission, as there was no supportable reason for a RADV adjustment in the 2020 rate submission. Therefore, the Department has determined that there should be no RADV adjustments in the 2020 rate filings; please modify the filing accordingly, if necessary.

Answer 9. CBC has not included the impact of RADV and therefore no modification is necessary.

Capital Advantage Insurance Company Small Group Rates Q&A Exhibit 1 Financial Projection History

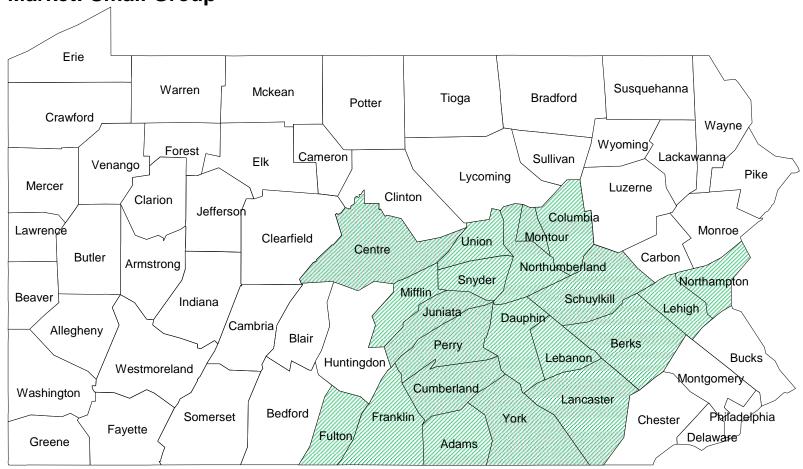
Year	Member Months	Total Admin	Total Incurred	Total Premium	Total Taxes & Fees	Total Profit	Annual Underwriting gain/loss	Annual Underwriting gain/loss PMPY
2019*	955	\$66,781	\$152,607	\$492,217	\$21,741	\$251,088	\$251,088	\$3,155.86
2020	780	\$55,289	\$496,499	\$594,725	\$31,044	\$11,895	\$11,895	\$182.99

^{*2019} MemberMonths, Incurred and Premium are from CBC's 2019 Corporate Budget. 2019 Admin and Taxes are 2019 filed PMPMs x Budget Membership

2019 Service Area

Issuer: 82795

Market: Small Group



Key (modify as needed)

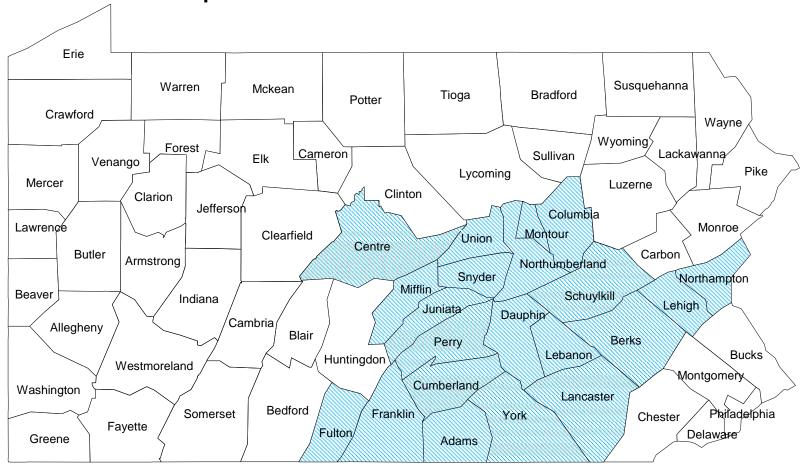
: 2019 on-exchange service area

: 2019 off-exchange only service area

2020 Service Area

Issuer: 82795

Market: Small Group



Key (modify as needed)

: 2020 on-exchange service area

: 2020 off-exchange only service area