

SERFF Tracking #:

CABC-131915046

State Tracking #:

CABC-131915046

Company Tracking #:

19-42

State: Pennsylvania

Filing Company:

Capital Advantage Insurance Company

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

Product Name: Rates - CAIC Individual PPO

Project Name/Number: /

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
07/12/2019		Supporting Document	ACA Public Rate Filing PDF	07/19/2019	Ind_19-42_Initial_CAIC_PPO_PublicFiling01_Supporting_20190712.pdf (Superceded) Ind_19-42_Initial_CAIC_PPO_PublicFiling02_Supporting_20190712.pdf (Superceded) Ind_19-42_Initial_CAIC_PPO_PublicFiling03_Supporting_20190712.pdf (Superceded)



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
Individual Rates
Filing No 19-42
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear ██████████:

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

The following is a summary of the rate filing:

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2020
- Average Rate Change Requested: -2.3%
- Range of Requested Rate Change: -2.3% to -2.3%
- Total additional annual revenue generated from the proposed rate change: \$(3,706)
- Product: PPO
- Rating Areas: 6,7,9
- Metal Levels: Catastrophic
- Current Covered Lives and Policyholders: 52/47
- 2020 Number of Plans: 1
- 2019 Number of Plans and Change: 1/No Plan Change
- Contract Form #: CAIC-Ind-PPO-C-v0120
- Form Filing SERFF #: CABC-131915200
- Binder SERFF #: CABC-PA20-125092048
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-1473191712519638017

Harrisburg, PA 17177 | capbluecross.com

Please note that per instructions from the Insurance Department, 0.06 was added to the morbidity factor.

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

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

Sincerely,

[REDACTED]

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

Enclosures

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

Attachment I

Rate Change Summary

Capital Advantage Insurance Company – Individual Plans

Rate request filing ID # CABC-131915046 - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at

<http://www.insurance.pa.gov/Consumers/ACARelatedFilings/>

Overview

Initial requested average rate change:	-2.3% ¹
Revised requested average rate change:	-3.8%
Range of requested rate change:	-3.8% to -3.8%
Effective date:	1/1/2020
People impacted:	52
Available in:	Rating Area 6, Rating Area 7, and Rating Area 9

Key information

Jan. 2018-Dec. 2018 financial experience

Premiums	\$	2,577,457
Claims	\$	1,924,633
Administrative expenses	\$	458,084
Taxes & fees	\$	93,040
Company made (after taxes)		\$101,700

How it plans to spend your premium

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

Claims:	72.86%
Administrative:	19.99%
Taxes & fees:	5.15%
Profit:	2.0%

The company expects its annual medical costs to increase **7.88%**.

Explanation of requested rate change

Reimplementation of the Health Insurer Fee in 2020
Anticipated increase in facility and physician unit costs
Anticipated changes in prescription drug unit costs
Continuing change in utilization

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



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
Individual Rates
Filing No 19-42
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear ██████████:

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The following is a summary of the rate filing:

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2020
- Average Rate Change Requested: -3.8%
- Range of Requested Rate Change: -3.8% to -3.8%
- Total additional annual revenue generated from the proposed rate change: \$(6,073)
- Product: PPO
- Rating Areas: 6,7,9
- Metal Levels: Catastrophic
- Current Covered Lives and Policyholders: 52/47
- 2020 Number of Plans: 1
- 2019 Number of Plans and Change: 1/No Plan Change
- Contract Form #: CAIC-Ind-PPO-C-v0120
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Sincerely,

[REDACTED]

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

Enclosures

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

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

ACTUARIAL MEMORANDUM

Individual Rates

Effective January 1, 2020

General Information

Company Information

- Company Legal Name: Capital Advantage Insurance Company – CAIC
- State: PA
- HIOS Issuer ID: 82795
- Market: Individual
- Effective Date: 1/1/2020

PID Company Information

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Individual
- On/Off Exchange: Off Exchange
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- HIOS Submission Tracking Number: 82795-1473191712519638017

Company Contact Information

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

Scope and Purpose

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

Rate History and Proposed Variations in Rate Changes

Market	Company	Effective Date	SERFF #	Annual Increase
Individual	CAIC	1/1/2016	CABC-130079084	-2.10%
Individual	CAIC	1/1/2017	CABC-130539588	39.00%
Individual	CAIC	1/1/2018	CABC-131022047	20.20%
Individual	CAIC	1/1/2019	CABC-131454888	-43.20%

Average Rate Change

CAIC is proposing an aggregate annual -3.8% rate change. The rate change does vary by plan. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

The key drivers of the rate change, and approximate impact, are as follows:

Reimplementation of the Health Insurer Fee: 3%
Catastrophic plan performance better than forecasted: -15%
Future Cost and Utilization: 8%

Regulatory Considerations

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

- Individual Mandate: 0.06 added to the morbidity factor.

Membership

Membership is shown in PA Rate Template Part I, Table 1. The average age is 47.

Benefit Changes 2019-2020

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

There are several benefit changes being implemented in 2020. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). Any plan with a benefit change that did not meet the uniform modification of coverage standard was terminated, and a new plan was created in its place. Benefit changes by plan are listed in Exhibit B, highlighted in yellow.

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 individual 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.

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 applied are equal to zero.

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.
- 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 74.67%

Credibility of Data

CAIC individual data is not credible, so CBC subsidiary, Keystone Health Plan Central (KHPC) is used as the credibility manual. KHPC data is relevant to CAIC rate development because KHPC offers off-exchange Bronze and Catastrophic plans, similar to CAIC's 2020 product offering.

Trend Identification

Trend: 7.9%

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. The changes to morbidity is equal to the Department's Individual Adjustment factor discussed above.

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 individual population.

Changes in Network: No network adjustment 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 Projection Factors 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*:

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

The development of completion factors is described in Experience Period Premium and Claims above.

3. Develop the *BEP Paid and Incurred Claim PMPM*:

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

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

Trended Claim PMPM

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

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

$$\begin{aligned}
& \text{Projected Paid and Incurred Claims PMPM} \\
&= [\text{Trended Claim PMPM}] \times [\text{Benefit Adjustment}] \\
&\times [\text{Morbidity Adjustment}] \times [\text{Other Adjustment}]
\end{aligned}$$

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

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

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

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

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

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

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

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

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

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

- b. And to arrive at the *Total Projected Claims PMPM*, CAIC assumes a distribution of members across the benefit plans being offered in 2019. The *Total Projected Claims PMPM* :

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

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

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

See Exhibit G for the development of the *Paid-to-Allowed Ratio*. 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 is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules, 45 CFR Part 156.80(d)(1). So,

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

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

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 individual 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. CBC pays commissions for new business and renewal enrollment received during open enrollment, both on and off exchange, and in all geographic

areas. Commission is less on catastrophic plans due to the lower premium. CBC does not pay commission during Special Enrollment Periods (SEP). 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 Agent Agreement: “Ind_19-41_Initial_CAIC_PPO_WBEBrokerIndRedacted_Supporting_20190521.pdf”
 - b. Redacted Preferred Producer Master Agreement: “Ind_19-41_Initial_CAIC_PPO_PPMABrokerIndRedacted_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 Health Risk Assessment questionnaire and receive a gift card.
 - b. Participate in an 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. Fees are included in overall administrative expense fee discussed above.
 - e. 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 1, “Administrative Load”, 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 1, “Profit and Risk”, 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. 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. The exchange user fee is applied as an adjustment to the Index Rate at the market level. CAIC only offers off-exchanges products, 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. A network factor is applied to adjust HMO base data to PPO (1.6% for OON medical benefits).
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Catastrophic Plans: Applied to catastrophic plans to reflect lower morbidity.
6. Adjustment for distribution and administrative costs: Described in Retention section above.
7. Tobacco Adjustment: Calculated as the average tobacco factor applied across the risk pool.

The development of the Plan Adjusted Index rate is found in Exhibit L, 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 individual enrollment by age in CAIC. 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 Ind_19-42_Initial_CAIC_PPO_List-Billed_Supporting_20190521 for the calculation.

Geographic Factor Calibration: The average geographic rating factor is calculated by taking the CAIC 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: Average tobacco factor is calculated using current month member by smoking status data.

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:

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

2. $[\text{Family Consumer Adjusted Premium Rate}] = \sum [\text{Member} - \text{Level Consumer Adjusted Premium Rate}]$

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 CAIC's actuarial cost model and actuarial judgment as described in section Paid to Allowed 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 moderate growth 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

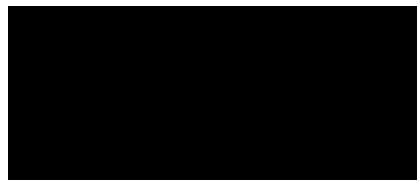
Actuarial Statement

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

I, [REDACTED], ASA, MAAA, do hereby certify that:

1. This filing has been prepared in accordance with the following:
 - a. Actuarial Standard of Practice No. 5, “Health and Disability Claims”
 - b. Actuarial Standard of Practice No. 8, “Regulatory Filings for Rates and Financial Projections for Health Plans”
 - c. Actuarial Standard of Practice No. 12, “Risk Classification”
 - d. Actuarial Standard of Practice No. 23, “Data Quality”
 - e. Actuarial Standard of Practice No. 25, “Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverage”
 - f. Actuarial Standard of Practice No. 26, “Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans”
 - g. Actuarial Standard of Practice No. 41, “Actuarial Communications”.
2. The index rate is:
 - a. Projected in compliance with all applicable state and federal statutes and regulations (45 CFR 156.80(d) (1)).
 - b. Developed in compliance with the applicable Actuarial Standards of Practice.

- c. Reasonable in relation to the benefits provided and the population anticipated to be covered.
 - d. Neither excessive nor deficient.
 - e. Adjusted by only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) to generate plan level rates.
- 3. The percent of total premium that represents essential health benefits 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 Rate Filing Justification.



[Redacted], ASA, MAAA
Actuarial Associate
Capital BlueCross

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identify Information

Carrier Name:	Capital Advantage Insurance Company		
Product(s):	IND		
Market Segment:	Individual		
Rate Effective Date:	1/1/2020	to	12/31/2020
Base Period Start Date:	1/1/2018	to	12/31/2018
Date of Most Recent Membership	2/2/2018		

Table 1. Number of Members

	Member-months	Members	Member-months
	Experience Period	Current Period (as of 02-01-2019)	Projected Rating Period
Average Age	47.5	21.6	21.6
Total	2,825	52	752
<18	262	11	168
18-24	126	12	174
25-29	72	20	419
30-34	126	0	0
35-39	154	0	0
40-44	187	0	0
45-49	178	0	0
50-54	412	0	0
55-59	486	0	0
60-63	528	0	0
64+	112	0	0

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

Table 2. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment
\$2,432,839.38	\$1,969,509.43	\$1,878,839.47	2,825	\$496,744.48	\$2,475,583.96	\$0.00	(\$54,206.51)	\$0.00	\$0.00	\$14,617.80
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (not of prescription drug rebates)										\$
Risk Ratio										87.12
*Express Prescription Drug Rebates as a positive number										74.67%

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weight*
Acute Care Hospital	4.80%	2.30%	0.00%	8.46%	38.38%
Outpatient Hospital	5.65%	2.30%	0.00%	8.08%	38.38%
Professional	3.85%	1.80%	0.00%	5.72%	16.58%
Other Medical	5.65%	2.80%	0.00%	7.76%	3.41%
Capitation					3.20%
Prescription Drugs	8.80%	0.85%	0.00%	9.73%	18.07%
Total Annual Trend				7.88%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.164	

* Express Cost, Utilization, Induced Demand and Weight as percentages
** Should = UNIT 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		\$158.00	1.0000	\$	516.00	#DIV/0!		(\$1,766.34)	(\$1,250.34)	#DIV/0!
Feb-15		\$160.00	1.0000	\$	260.00	#DIV/0!		\$0.00	\$0.00	#DIV/0!
Mar-15		\$164.00	1.0000	\$	254.00	#DIV/0!		\$1,859.75	\$2,133.75	#DIV/0!
Apr-15		\$216.00	1.0000	\$	216.00	#DIV/0!		\$0.00	\$216.00	#DIV/0!
May-15		\$156.00	1.0000	\$	156.00	#DIV/0!		\$0.00	\$156.00	#DIV/0!
Jun-15		\$156.00	1.0000	\$	156.00	#DIV/0!		\$0.00	\$156.00	#DIV/0!
Jul-15		\$132.00	1.0000	\$	132.00	#DIV/0!		\$0.00	\$132.00	#DIV/0!
Aug-15		\$84.00	1.0000	\$	84.00	#DIV/0!		\$0.00	\$84.00	#DIV/0!
Sep-15		\$84.00	1.0000	\$	84.00	#DIV/0!		\$0.00	\$84.00	#DIV/0!
Oct-15		\$168.00	1.0000	\$	168.00	#DIV/0!		\$0.00	\$168.00	#DIV/0!
Nov-15		\$48.00	1.0000	\$	48.00	#DIV/0!		\$0.00	\$48.00	#DIV/0!
Dec-15	\$0.00	\$48.00	1.0000	\$	48.00	#DIV/0!	\$0.00	\$0.00	\$48.00	#DIV/0!
Jan-16		\$120.00	1.0000	\$	120.00	16	12.02	(\$0.73)	\$614.87	\$
Feb-16		\$68.00	1.0000	\$	68.00	16	8.11	(\$0.37)	\$3,222.34	\$12.24
Mar-16		\$60.00	1.0000	\$	60.00	14	8.29	(\$67.60)	\$3.29	0.24
Apr-16		\$99.65	1.0000	\$	99.65	14	7.12	(\$0.37)	\$227.81	\$6.27
May-16		\$12.00	1.0000	\$	12.00	14	0.86	\$0.00	\$20.79	\$1.48
Jun-16		\$742.28	0.9991	\$	742.92	14	53.07	\$9.53	\$1,237.88	\$8.42
Jul-16		\$925.74	0.9962	\$	928.28	12	77.44	\$0.00	\$2,440.42	\$203.37
Aug-16		\$1,046.24	0.9999	\$	2,046.26	12	378.52	\$0.00	\$2,046.26	\$169.18
Sep-16		\$342.81	1.0000	\$	342.91	14	34.49	\$114.16	\$722.75	\$15.82
Oct-16		\$702.64	1.0000	\$	702.64	15	46.84	\$0.00	\$1,059.30	\$70.65
Nov-16		\$450.17	1.0000	\$	450.18	15	29.01	\$0.00	\$1,231.24	\$8.89
Dec-16	\$74,955.52	\$405.98	1.0000	\$	405.97	16	25.37	\$0.00	\$2,751.27	\$173.89
Jan-17		\$36,004.32	1.0000	\$	96,004.31	164	585.39	(\$997.93)	\$114,751.08	\$699.70
Feb-17		\$189,453.96	1.0000	\$	193,453.57	167	2,099.30	(\$619.41)	\$293,123.89	\$1,156.60
Mar-17		\$289,011.47	1.0000	\$	269,011.67	170	1,582.42	(\$810.47)	\$285,146.21	\$1,678.51
Apr-17		\$24,152.95	1.0000	\$	24,153.06	109	133.16	(\$717.26)	\$41,955.21	\$263.87
May-17		\$32,276.29	1.0000	\$	32,276.65	107	295.70	(\$1,421.66)	\$48,967.91	\$111.89
Jun-17		\$41,261.48	1.0000	\$	41,262.20	100	275.08	(\$1,064.38)	\$58,817.24	\$92.11
Jul-17		\$35,828.26	1.0000	\$	35,829.03	148	242.76	(\$1,217.20)	\$48,874.51	\$30.23
Aug-17		\$21,891.35	1.0000	\$	21,891.68	143	155.26	(\$1,219.46)	\$28,997.24	\$29.65
Sep-17		\$69,608.31	1.0000	\$	69,613.29	142	490.22	(\$991.31)	\$83,024.31	\$84.68
Oct-17		\$19,006.24	1.0000	\$	19,006.53	142	133.85	(\$990.58)	\$32,958.28	\$32.00
Nov-17		\$18,942.30	1.0000	\$	18,943.09	144	131.55	(\$867.36)	\$31,385.33	\$216.56
Dec-17	\$1,142,010.72	\$27,650.80	0.9999	\$	27,656.30	132	208.81	(\$1,234.42)	\$38,923.97	\$294.88
Jan-18		\$133,315.46	0.9998	\$	133,335.89	255	1,236.84	\$22.89	\$200,390.25	\$785.85
Feb-18		\$26,055.49	0.9993	\$	90,135.42	256	352.02	(\$2,985.24)	\$138,903.45	\$339.08
Mar-18		\$105,189.54	0.9990	\$	105,293.65	253	412.91	(\$4,181.16)	\$141,794.88	\$555.82
Apr-18		\$219,072.15	0.9990	\$	219,298.06	249	880.72	(\$3,822.43)	\$260,876.08	\$1,047.69
May-18		\$120,131.84	0.9989	\$	120,239.14	217	507.36	(\$3,125.98)	\$176,955.94	\$742.85
Jun-18		\$144,593.14	0.9985	\$	144,808.08	211	621.49	(\$2,821.65)	\$173,066.13	\$740.77
Jul-18		\$219,242.00	0.9980	\$	269,587.09	213	1,132.01	(\$4,137.66)	\$295,825.38	\$1,209.64
Aug-18		\$86,461.79	0.9916	\$	87,294.76	213	375.84	(\$8,404.66)	\$107,111.01	\$492.55
Sep-18		\$91,000.11	0.9475	\$	96,568.74	211	418.05	(\$4,371.10)	\$177,964.87	\$52.23
Oct-18		\$131,412.82	0.9907	\$	314,336.11	211	1,511.74	(\$6,087.33)	\$373,974.49	\$1,602.18
Nov-18		\$226,911.61	0.9764	\$	231,820.91	213	1,078.70	(\$6,425.11)	\$219,814.41	\$1,086.51
Dec-18	\$4,452,819.31	\$142,827.04	0.9787	\$	145,942.81	208	703.65	(\$4,744.48)	\$166,739.18	\$801.63

* Express Completion Factor as a percentage

** Express Prescription Drug Rebates as a negative number

Carrier Name: Capital Advantage Insurance Company
Product(s): PPO
Market Segment: Individual
Rate Effective Date: 1/1/2020

Table 2b. Manual Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & 90%)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment
\$12,648,571.42	\$5,839,989.63	\$5,438,871.42	22,568	\$2,415,967.87	\$7,974,633.43		(\$238,424.77)	\$255,892.12	\$0.00	(\$3,395,513.64)
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)										\$
Risk Ratio										61.34%

*Express Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Induced Utilization*	Composite Trend	Weight*
Inpatient Hospital	6.00%	2.30%	0.00%	8.34%	18.98%
Outpatient Hospital	5.63%	2.30%	0.00%	8.93%	18.39%
Professional	3.83%	1.80%	0.00%	5.72%	16.98%
Other Medical	5.63%	2.00%	0.00%	7.76%	14.11%
Capitation				3.00%	3.20%
Prescription Drugs	8.80%	0.81%	0.00%	9.72%	18.07%
Total Annual Trend				7.88%	100.00%
Months of Trend				34	
Total Applied Trend Projection Factor				1.164	

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

Table 4b. Historical Manual Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + 90%)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-15		\$715,661.71	1.0000	\$715,661.71	1,789	\$	400.03	(\$1,216.91)	\$887,212.26	\$
Feb-15		\$794,775.14	1.0000	\$794,775.14	2,155	\$	364.86	(\$726.18)	\$899,011.08	\$
Mar-15		\$717,506.14	1.0000	\$717,506.14	2,877	\$	253.80	(\$36,151.50)	\$695,103.77	\$
Apr-15		\$787,842.27	1.0000	\$787,842.27	2,786	\$	284.83	(\$1,471.34)	\$944,845.48	\$
May-15		\$801,490.06	1.0000	\$801,490.06	2,701	\$	295.01	(\$4,725.22)	\$796,138.18	\$
Jun-15		\$771,692.80	1.0000	\$771,692.80	2,704	\$	285.39	(\$85,673.71)	\$614,444.18	\$
Jul-15		\$990,102.84	1.0000	\$990,102.84	2,652	\$	372.34	(\$4,992.99)	\$1,111,479.04	\$
Aug-15		\$773,125.81	1.0000	\$773,125.81	2,626	\$	294.41	(\$5,462.10)	\$767,425.18	\$
Sep-15		\$842,282.11	1.0000	\$842,282.11	2,677	\$	320.62	(\$84,347.81)	\$698,271.56	\$
Oct-15		\$754,412.17	1.0000	\$754,412.17	2,518	\$	294.92	(\$5,547.81)	\$759,964.92	\$
Nov-15		\$994,039.74	1.0000	\$994,039.74	2,554	\$	392.51	(\$4,106.13)	\$1,097,436.41	\$
Dec-15	\$8,188,161.04	\$983,119.09	1.0000	\$883,119.09	2,507	\$	392.15	(\$158,317.80)	\$940,249.92	\$
Jan-16		\$6,852,123.64	1.0000	\$6,852,123.64	31,144	\$	214.30	(\$49,543.64)	\$6,929,915.30	\$
Feb-16		\$8,445,871.30	1.0000	\$8,445,871.30	34,349	\$	251.71	(\$50,485.12)	\$8,496,806.14	\$
Mar-16		\$13,970,854.45	1.0000	\$13,970,854.45	36,772	\$	325.54	(\$775,496.70)	\$13,441,735.48	\$
Apr-16		\$10,902,117.85	1.0000	\$10,902,117.85	36,816	\$	296.12	(\$561,848.80)	\$11,401,137.08	\$
May-16		\$11,278,680.01	1.0000	\$11,278,680.01	36,132	\$	312.00	(\$1,375,443)	\$11,211,264.87	\$
Jun-16		\$12,159,758.52	0.9992	\$2,569,282.83	35,497	\$	342.82	(\$439,783.56)	\$12,559,818.63	\$
Jul-16		\$11,036,476.50	0.9962	\$1,078,184.58	34,922	\$	317.23	(\$467,658.00)	\$11,455,025.08	\$
Aug-16		\$10,037,382.61	0.9999	\$10,038,540.09	34,375	\$	292.03	(\$339.79)	\$11,811,698.07	\$
Sep-16		\$9,783,740.45	1.0000	\$9,783,740.45	33,018	\$	288.44	(\$521,117.40)	\$10,913,082.74	\$
Oct-16		\$10,642,743.95	1.0000	\$10,642,743.95	32,978	\$	322.72	(\$0.92)	\$12,211,894.66	\$
Nov-16		\$11,476,388.47	1.0000	\$11,476,388.47	32,184	\$	394.41	(\$7.98)	\$13,013,117.18	\$
Dec-16	\$141,579,983.44	\$11,113,842.53	1.0000	\$1,513,742.60	30,676	\$	362.26	(\$1,614,062.73)	\$11,040,422.00	\$
Jan-17		\$720,448.89	1.0000	\$720,448.89	2,911	\$	32.66	(\$13,281.81)	\$733,248.78	\$
Feb-17		\$112,347.18	1.0000	\$12,312.01	3,019	\$	110.09	(\$1,563.68)	\$100,472.61	\$
Mar-17		\$848,334.60	1.0000	\$48,347.67	3,009	\$	281.94	(\$1,415.39)	\$1,000,343.88	\$
Apr-17		\$142,138.81	1.0000	\$42,162.64	2,928	\$	118.86	(\$1,911.08)	\$143,964.91	\$
May-17		\$744,830.91	1.0000	\$744,831.16	2,831	\$	262.08	(\$5,394.52)	\$740,264.07	\$
Jun-17		\$722,233.09	1.0000	\$722,233.32	2,761	\$	261.58	(\$27,080.95)	\$1,018,137.38	\$
Jul-17		\$144,892.18	1.0000	\$44,887.21	2,716	\$	163.98	(\$27,945.17)	\$144,915.51	\$
Aug-17		\$490,336.36	1.0000	\$490,346.57	2,669	\$	184.41	(\$11,626.24)	\$700,427.82	\$
Sep-17		\$488,781.58	1.0000	\$488,781.58	2,616	\$	186.84	(\$12,585.49)	\$642,928.08	\$
Oct-17		\$499,580.50	1.0000	\$499,593.88	2,555	\$	182.76	(\$13,220.87)	\$603,298.20	\$
Nov-17		\$566,670.86	1.0000	\$566,691.61	2,500	\$	226.26	(\$13,753.88)	\$746,818.13	\$
Dec-17	\$15,277,780.74	\$882,642.99	0.9999	\$82,715.73	2,390	\$	369.34	(\$14,777.82)	\$1,081,440.70	\$
Jan-18		\$720,698.57	0.9999	\$70,724.54	2,229	\$	166.52	(\$13,012.91)	\$699,905.80	\$
Feb-18		\$104,893.18	0.9995	\$05,143.47	2,089	\$	149.65	(\$1,447.82)	\$103,407.24	\$
Mar-18		\$150,083.81	0.9993	\$30,342.68	2,005	\$	174.73	(\$15,194.73)	\$155,175.30	\$
Apr-18		\$421,498.07	0.9991	\$21,835.47	1,985	\$	213.69	(\$21,745.14)	\$400,038.28	\$
May-18		\$525,132.30	0.9991	\$36,620.86	1,921	\$	273.54	(\$1,618,800.86)	\$498,572.40	\$
Jun-18		\$542,199.51	0.9988	\$42,830.80	1,894	\$	286.62	(\$18,827.93)	\$743,413.26	\$
Jul-18		\$450,737.32	0.9996	\$31,487.63	1,858	\$	252.83	(\$18,488.75)	\$432,247.48	\$
Aug-18		\$500,687.47	0.9905	\$87,348.86	1,812	\$	302.78	(\$2,116.12)	\$498,284.67	\$
Sep-18		\$194,157.98	0.9529	\$13,642.37	1,774	\$	213.17	(\$20,191.43)	\$160,995.56	\$
Oct-18		\$554,479.82	0.9970	\$19,583.73	1,735	\$	380.39	(\$24,189.42)	\$580,247.68	\$
Nov-18		\$537,762.89	0.9841	\$46,634.53	1,681	\$	325.07	(\$32,793.30)	\$641,382.63	\$
Dec-18	\$12,648,571.42	\$614,662.86	0.9808	\$26,712.71	1,631	\$	383.78	(\$25,278.32)	\$776,711.27	\$

* Express Completion Factor as a decimal value

**Express Prescription Drug Rebates as a negative number

PA Rate Template Part II
Rate Development and Change

Center Name:
Product/Type:
Market Segment:
Rate Effective Date:

Capital Advantage Insurance Company
PNC
Individual
1/1/2020

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

Development of the Projected Index Rate	Actual Experience Data	Manual Data
Total Allowed EIB Claims + EIB Cancellation PMPM (net of association dues rebates) PMPM	\$ 807.12	\$ 354.13
Tier was trend projection factor	1.564	1.564
Unadjusted Projected Allowed EIB Claims PMPM	\$ 1,262.58	\$ 553.34
State Risk Pool Adjustment Factors		
Change in Mortality	0.000	0.000
Change in Other	1.000	1.000
Change in Demographics	1.000	1.000
Change in Network	1.000	1.000
Change in Benefits	1.000	1.000
Change in Other	1.000	1.000
Total Adjusted Projected Allowed EIB Claims PMPM	\$ 1,262.58	\$ 553.34
Credibility Factors	80	100%
Weighted Projected EIB Claims PMPM	\$ 1,010.06	\$ 553.34
Development of the Market-Adjusted Index Rate and Total Allowed Claims		
Adjusted Projected Allowed EIB Claims PMPM	\$ 249.09	
Adjusted Projected Allowed EIB Claims PMPM (all only populate for small group filings)	\$ 0.00	
Projected Paid to Allowed Ratio	\$ 0.789	
Projected Paid EIB Claims PMPM	\$ 176.36	
Market-Adjusted Allowance	\$ 0.00	
Projected Paid Exchange User Fee PMPM	\$ 0.00	
Market-Adjusted Projected Paid EIB Claims PMPM	\$ 176.36	
Market-Adjusted Projected Allowed EIB Claims PMPM	\$ 249.09	
Projected Allowed Non-EIB Claims PMPM	\$ 0.00	
Market-Adjusted Projected Paid Total Claims PMPM	\$ 176.36	
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 249.09	

Actual Experience PMPM should be consistent with the Index Rate for Experience Period on UBRP

For Informational Purposes only - No Input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 854.13	= Index Rate of Experience Period on UBRP
Blended Earned Premium	\$ 13,648,251.62	
Blended Loss Ratio	62.58%	

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

Effective Date	1/1/2020	4/1/2020	7/1/2020	10/1/2020	Total Single Risk Pool
# of Member Months Remaining in Quarter					
Adjusted Projected Allowed EIB Claims PMPM Q3	\$ 249.09	\$ 249.09	\$ 249.09	\$ 249.09	\$ 249.09
Months of Trend			4	4	
Annual Trend	7.28%	7.28%	7.28%	7.28%	
Single Risk Pool Projected Allowed Claims	\$ 249.09	\$ 253.85	\$ 258.72	\$ 263.68	\$ -
Quarterly Trend Factor	100.0%	102.7%	105.3%	107.9%	0.0%
2020 Trend Factors by Quarter	#001/01	#001/01	#001/01	#001/01	

Table 6. Retention

Retention Items - Express in percentages	Percentages	PMPM Amounts
Administrative Expenses	10.00%	\$48.48
General and Claims	34.24%	\$44.33
Agent/Broker Fees and Commissions	1.00%	\$3.38
Quality Improvement Initiatives	0.00%	\$0.00
Taxes and Fees	5.73%	\$12.47
RA User Fee	0.00%	\$0.34
PA Premium Tax (if applicable)	1.00%	\$4.30
Federal Income Tax	0.00%	\$0.00
Health Insurance Provider Fee (Provided for Small Groups only)	1.00%	\$6.40
Profit/Contingency (after tax)	2.00%	\$4.30
Total Retention	57.04%	\$65.70
Projected Required Revenue PMPM		\$ 249.09

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2019	2020
Average Age Factor	1.038	0.976
Average Geographic Factor	1.007	1.000
Average Tobacco Factor	1.008	1.000
Average Benefit Richness (Induced demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market Adjusted Projected Allowed Total Claims PMPM	\$187.31	\$ 249.09
Normalized Market Adjusted Projected Allowed Total Claims PMPM	\$ 750.17	\$ 249.18

Table 8. Components of Rate Change

Rate Components	2019	2020	Difference	Percent Change
A. Categorized Plan Adjusted Index Rate (PMPM)	\$ 249.09	\$ 239.48	\$ -9.61	-3.86%
B. Base period allowed claims before normalization	\$ 854.13	\$ 354.13	\$ -500.00	-58.54%
C. Normalization factor component of change	\$ (23.34)	\$ (4.14)	\$ 19.20	7.77%
D. Change in Normalized Allowed Claims Adjustment Components				
01. Year period allowed claims after normalization	\$ 200.81	\$ 349.99	\$ 149.18	74.30%
02. UBRP Trend	\$ 49.82	\$ 57.84	\$ 7.92	1.6%
03. UBRP Mortality	\$ 38.64	\$ 101.10	\$ 62.46	16.2%
04. UBRP Other	\$ 5.30	\$ (5.30)	\$ -10.60	-2.2%
05. Normalized UBRP RA/RI on an allowed basis	\$ 422.40	\$ -	\$ (422.40)	-100.0%
06. Normalized Exchange User Fee on an allowed basis	\$ -	\$ -	\$ -	0.0%
07. Subtotal - Sum(D1-D6)	\$ 750.18	\$ 249.18	\$ (501.00)	-66.78%
E. Change in Allowable Plan Adjusted Level Components				
01. Network	\$ 34.38	\$ -	\$ (34.38)	-9.8%
02. Pricing AV	\$ -300,000,000.00	\$ (71,900)	\$ 299,280.00	116.7%
03. Benefit Reduction	\$ -	\$ -	\$ -	0.0%
04. Catastrophic Eligibility	\$ (208.34)	\$ -	\$ 208.34	83.1%
05. Subtotal - Sum(D1-D5)	\$ (542.26)	\$ (71,900)	\$ 470.36	59.0%
F. Change in Retention Components				
01. Administrative Expenses	\$ 31.05	\$ 47.87	\$ 16.82	5.4%
02. Taxes and Fees	\$ 6.10	\$ 12.32	\$ 6.22	1.0%
03. Profit and/or Contingency	\$ 4.88	\$ 4.79	\$ (0.09)	-0.2%
04. Subtotal - Sum(D1-D3)	\$ 42.03	\$ 64.98	\$ 22.95	5.4%
G. Change in Miscellaneous Items	\$ 0.00	\$ -	\$ -	0.0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 249.09	\$ 239.48	\$ (9.61)	-3.86%

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

	2019	2020
Paid to Allowed	0.423	0.709
UBRP Trend (Total Applied Trend Factor)	1.191	1.164
UBRP Mortality	1.000	0.804
UBRP Other	1.000	1.000
Risk Adjustment	\$191.87	\$ -
Exchange User Fee	\$0.00	\$ -
Catastrophic	\$0.00	\$10.00
Network	\$2.00	\$0.00
Pricing AV	0.534	0.709
Benefit Reduction	1.000	1.000
Catastrophic Eligibility	0.500	1.000
Administrative Expenses	12.47%	10.00%
Taxes and Fees	2.47%	5.00%
Profit and/or Contingency	2.00%	2.00%

= For 2019 in cell B1, please include a factor equal to the product of the average Pricing AV and the Non-Funding of CSR Adjustment

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Total Covered Users @ 12-31-2018	1,000
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[illegible]

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

Carrier Name:	Capital Advantage Insurance Company
Product(s):	PPO
Market Segment:	Individual
Rate Effective Date:	1/1/2020

[illegible]

Plan 1	8779SP0140008	Electrolux 990-815506	0	0	Catastrofico	OW
Plan 2	0	0	0	0	0	0
Plan 3	0	0	0	0	0	0
Plan 4	0	0	0	0	0	0

2019-20 Year-old, Non-Tobacco Prevalence PAFPM										Average weighted by enrollment by region
1	2	3	4	5	6	7	8	9		
1	1	1	1	1	1	1	1	1	1	
2	2	2	2	2	2	2	2	2	2	
3	3	3	3	3	3	3	3	3	3	
4	4	4	4	4	4	4	4	4	4	
5	5	5	5	5	5	5	5	5	5	
6	6	6	6	6	6	6	6	6	6	
7	7	7	7	7	7	7	7	7	7	
8	8	8	8	8	8	8	8	8	8	
9	9	9	9	9	9	9	9	9	9	
10	10	10	10	10	10	10	10	10	10	
11	11	11	11	11	11	11	11	11	11	
12	12	12	12	12	12	12	12	12	12	
13	13	13	13	13	13	13	13	13	13	
14	14	14	14	14	14	14	14	14	14	
15	15	15	15	15	15	15	15	15	15	
16	16	16	16	16	16	16	16	16	16	
17	17	17	17	17	17	17	17	17	17	
18	18	18	18	18	18	18	18	18	18	
19	19	19	19	19	19	19	19	19	19	
20	20	20	20	20	20	20	20	20	20	
21	21	21	21	21	21	21	21	21	21	
22	22	22	22	22	22	22	22	22	22	
23	23	23	23	23	23	23	23	23	23	
24	24	24	24	24	24	24	24	24	24	
25	25	25	25	25	25	25	25	25	25	
26	26	26	26	26	26	26	26	26	26	
27	27	27	27	27	27	27	27	27	27	
28	28	28	28	28	28	28	28	28	28	
29	29	29	29	29	29	29	29	29	29	
30	30	30	30	30	30	30	30	30	30	
31	31	31	31	31	31	31	31	31	31	
32	32	32	32	32	32	32	32	32	32	
33	33	33	33	33	33	33	33	33	33	
34	34	34	34	34	34	34	34	34	34	
35	35	35	35	35	35	35	35	35	35	
36	36	36	36	36	36	36	36	36	36	
37	37	37	37	37	37	37	37	37	37	
38	38	38	38	38	38	38	38	38	38	
39	39	39	39	39	39	39	39	39	39	
40	40	40	40	40	40	40	40	40	40	
41	41	41	41	41	41	41	41	41	41	
42	42	42	42	42	42	42	42	42	42	
43	43	43	43	43	43	43	43	43	43	
44	44	44	44	44	44	44	44	44	44	
45	45	45	45	45	45	45	45	45	45	
46	46	46	46	46	46	46	46	46	46	
47	47	47	47	47	47	47	47	47	47	
48	48	48	48	48	48	48	48	48	48	
49	49	49	49	49	49	49	49	49	49	
50	50	50	50	50	50	50	50	50	50	
51	51	51	51	51	51	51	51	51	51	
52	52	52	52	52	52	52	52	52	52	
53	53	53	53	53	53	53	53	53	53	
54	54	54	54	54	54	54	54	54	54	
55	55	55	55	55	55	55	55	55	55	
56	56	56	56	56	56	56	56	56	56	
57	57	57	57	57	57	57	57	57	57	
58	58	58	58	58	58	58	58	58	58	
59	59	59	59	59	59	59	59	59	59	
60	60	60	60	60	60	60	60	60	60	
61	61	61	61	61	61	61	61	61	61	
62	62	62	62	62	62	62	62	62	62	
63	63	63	63	63	63	63	63	63	63	
64	64	64	64	64	64	64	64	64	64	
65	65	65	65	65	65	65	65	65	65	
66	66	66	66	66	66	66	66	66	66	
67	67	67	67	67	67	67	67	67	67	
68	68	68	68	68	68	68	68	68	68	
69	69	69	69	69	69	69	69	69	69	
70	70	70	70	70	70	70	70	70	70	
71	71	71	71	71	71	71	71	71	71	
72	72	72	72	72	72	72	72	72	72	
73	73	73	73	73	73	73	73	73	73	
74	74	74	74	74	74	74	74	74	74	
75	75	75	75	75	75	75	75	75	75	
76	76	76	76	76	76	76	76	76	76	
77	77	77	77	77	77	77	77	77	77	
78	78	78	78	78	78	78	78	78	78	
79	79	79	79	79	79	79	79	79	79	
80	80	80	80	80	80	80	80	80	80	
81	81	81	81	81	81	81	81	81	81	
82	82	82	82	82	82	82	82	82	82	
83	83	83	83	83	83	83	83	83	83	
84	84	84	84	84	84	84	84	84	84	
85	85	85	85	85	85	85	85	85	85	
86	86	86	86	86	86	86	86	86	86	
87	87	87	87	87	87	87	87	87	87	
88	88	88	88	88	88	88	88	88	88	
89	89	89	89	89	89	89	89	89	89	
90	90	90	90	90	90	90	90	90	90	
91	91	91	91	91	91	91	91	91	91	
92	92	92	92	92	92	92	92	92	92	
93	93	93	93	93	93	93	93	93	93	
94	94	94	94	94	94	94	94	94	94	
95	95	95	95	95	95	95	95	95	95	
96	96	96	96	96	96	96	96	96	96	
97	97	97	97	97	97	97	97	97	97	
98	98	98	98	98	98	98	98	98	98	
99	99	99	99	99	99	99	99	99	99	
100	100	100	100	100	100	100	100	100	100	

[illegible]

Change in 21-year-old Non-Tobacco Premium PMPM									Average weighted by enrollment by rating area
1	2	3	4	5	6	7	8	9	
-0.0%	-0.0%	0.0%	0.0%	0.0%	-3.8%	-0.3%	0.0%	10.1%	-3.8%
					-3.8%	-0.3%		10.1%	-3.8%

PA Rate Quarterly Template Part V Consumer Factors

Carrier Name:	Capital Advantage Insurance Company
Product(s):	PPO
Market Segment:	Individual
Rate Effective Date:	1/1/2020

Table 12. Age and Tobacco Factors

Projection Period Age and Tobacco Factors						
Age Band	Age Factor	Tobacco Factor		Age Band	Age Factor	Tobacco Factor
0-14	0.765			40	1.278	1.075
15	0.833			41	1.302	1.075
16	0.859			42	1.325	1.075
17	0.885			43	1.357	1.075
18	0.913	1.000		44	1.397	1.075
19	0.941	1.000		45	1.444	1.100
20	0.970	1.000		46	1.500	1.100
21	1.000	1.025		47	1.563	1.100
22	1.000	1.025		48	1.635	1.100
23	1.000	1.025		49	1.706	1.100
24	1.000	1.025		50	1.786	1.150
25	1.004	1.025		51	1.865	1.150
26	1.024	1.025		52	1.952	1.150
27	1.048	1.025		53	2.040	1.150
28	1.087	1.025		54	2.135	1.150
29	1.119	1.025		55	2.230	1.200
30	1.135	1.025		56	2.333	1.200
31	1.159	1.025		57	2.437	1.200
32	1.183	1.025		58	2.548	1.200
33	1.198	1.025		59	2.603	1.200
34	1.214	1.025		60	2.714	1.250
35	1.222	1.025		61	2.810	1.250
36	1.230	1.025		62	2.873	1.250
37	1.238	1.025		63	2.952	1.250
38	1.246	1.025		64+	3.000	1.250
39	1.262	1.025				

*PA follows the federal default age curve.

Table 13. Geographic Factors

Geographic Area Factors			
Area	Counties	Current Factor	Proposed Factor
Rating Area 1			
Rating Area 2			
Rating Area 3			
Rating Area 4			
Rating Area 5			
Rating Area 6	Centre, Columbia, Lehigh, Mifflin, Montour, Northampton, Northumberland, Schuylkill, Snyder, Union	1.000	1.000
Rating Area 7	Adams, Berks, Lancaster, York	1.030	1.070
Rating Area 8			
Rating Area 9	Cumberland, Dauphin, Franklin, Fulton, Juniata, Lebanon, Perry	1.080	1.010

Table 14. Network Factors

[illegible]

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2020
Table B

<u>Plan ID</u>	<u>Plan Name</u>	<u>Metal Level</u>	<u>Projected Membership</u>	<u>Projected Allowed Claims</u>	<u>Projected Paid Claims</u>	<u>Paid to Allowed Factor</u>	<u>Average Tobacco Factor</u>	<u>AV and Cost Sharing Factor</u>	<u>(8)/((6*7) Induced Utilization</u>	<u>Induced Demand Table 10</u>
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
82795PA0140001	Catastrophic PPO 8150/0/75	Bronze	752	187,318	132,772	0.71	1.000	0.71	1.00	1.00
Total			752	187,318	132,772	0.71	1.00	0.71	1.00	1.00
PMPM				249.09	176.56					
Rate Dev II				249.09	176.56					

Company Name:		Capital Advantage Insurance Company				
Market:		Individual				
Product:		PPO				
Effective Date of Rates:		January 1, 2020		Ending date of Rates:		
				December 31, 2020		
HIOS Plan ID (On Exchange)=>	82795PA0140001		82795PA0140001		82795PA0140001	
HIOS Plan ID (Off Exchange)=>	82795PA0140001		82795PA0140001		82795PA0140001	
Plan Marketing Name =>	Catastrophic PPO 8150/0/75		Catastrophic PPO 8150/0/75		Catastrophic PPO 8150/0/75	
Form # =>	CAIC-Ind-PPO-C-v0120		CAIC-Ind-PPO-C-v0120		CAIC-Ind-PPO-C-v0120	
Rating Area =>	6		7		9	
Network =>	PPO		PPO		PPO	
Metal =>	Bronze		Bronze		Bronze	
Deductible =>	\$8150 Med/Rx Combined		\$8150 Med/Rx Combined		\$8150 Med/Rx Combined	
Coinsurance =>	0%		0%		0%	
Copays =>	\$75/\$0/\$0 PCP/SPC/ER		\$75/\$0/\$0 PCP/SPC/ER		\$75/\$0/\$0 PCP/SPC/ER	
OOP Maximum =>	\$8150 Med/Rx Combined		\$8150 Med/Rx Combined		\$8150 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes		Yes		Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$183.20	\$183.20	\$196.03	\$196.03	\$185.03	\$185.03
15	\$199.49	\$199.49	\$213.45	\$213.45	\$201.48	\$201.48
16	\$205.71	\$205.71	\$220.11	\$220.11	\$207.77	\$207.77
17	\$211.94	\$211.94	\$226.78	\$226.78	\$214.06	\$214.06
18	\$218.65	\$218.65	\$233.95	\$233.95	\$220.83	\$220.83
19	\$225.35	\$225.35	\$241.13	\$241.13	\$227.60	\$227.60
20	\$232.30	\$232.30	\$248.56	\$248.56	\$234.62	\$234.62
21	\$239.48	\$245.47	\$256.24	\$262.65	\$241.87	\$247.92
22	\$239.48	\$245.47	\$256.24	\$262.65	\$241.87	\$247.92
23	\$239.48	\$245.47	\$256.24	\$262.65	\$241.87	\$247.92
24	\$239.48	\$245.47	\$256.24	\$262.65	\$241.87	\$247.92
25	\$240.44	\$246.45	\$257.27	\$263.70	\$242.84	\$248.91
26	\$245.23	\$251.36	\$262.39	\$268.95	\$247.68	\$253.87
27	\$250.98	\$257.25	\$268.54	\$275.26	\$253.48	\$259.82
28	\$260.31	\$266.82	\$278.54	\$285.50	\$262.92	\$269.49
29	\$267.98	\$274.68	\$286.74	\$293.91	\$270.66	\$277.42
30	\$271.81	\$278.61	\$290.84	\$298.11	\$274.53	\$281.39
31	\$277.56	\$284.50	\$296.99	\$304.41	\$280.33	\$287.34
32	\$283.30	\$290.39	\$303.14	\$310.71	\$286.14	\$293.29
33	\$286.90	\$294.07	\$306.98	\$314.65	\$289.77	\$297.01
34	\$290.73	\$298.00	\$311.08	\$318.86	\$293.64	\$300.98
35	\$292.64	\$299.96	\$313.13	\$320.96	\$295.57	\$302.96
36	\$294.56	\$301.92	\$315.18	\$323.06	\$297.51	\$304.94
37	\$296.48	\$303.89	\$317.23	\$325.16	\$299.44	\$306.93
38	\$298.39	\$305.85	\$319.28	\$327.26	\$301.38	\$308.91
39	\$302.22	\$309.78	\$323.38	\$331.46	\$305.25	\$312.88
40	\$306.06	\$329.01	\$327.48	\$352.04	\$309.12	\$332.30
41	\$311.80	\$335.19	\$333.63	\$358.65	\$314.92	\$338.54
42	\$317.31	\$341.11	\$339.52	\$364.99	\$320.48	\$344.52
43	\$324.97	\$349.35	\$347.72	\$373.80	\$328.22	\$352.84
44	\$334.55	\$359.65	\$357.97	\$384.82	\$337.90	\$363.24
45	\$345.81	\$380.39	\$370.02	\$407.02	\$349.27	\$384.19
46	\$359.22	\$395.14	\$384.37	\$422.80	\$362.81	\$399.09
47	\$374.31	\$411.74	\$400.51	\$440.56	\$378.05	\$415.86
48	\$391.55	\$430.70	\$418.96	\$460.85	\$395.47	\$435.01
49	\$408.55	\$449.41	\$437.15	\$480.87	\$412.64	\$453.90
50	\$427.71	\$491.87	\$457.65	\$526.30	\$431.99	\$496.79
51	\$446.63	\$513.62	\$477.89	\$549.58	\$451.10	\$518.76
52	\$467.46	\$537.58	\$500.19	\$575.22	\$472.14	\$542.96
53	\$488.54	\$561.82	\$522.74	\$601.15	\$493.42	\$567.44
54	\$511.29	\$587.98	\$547.08	\$629.14	\$516.40	\$593.86
55	\$534.04	\$640.85	\$571.42	\$685.71	\$539.38	\$647.26
56	\$558.71	\$670.45	\$597.82	\$717.38	\$564.29	\$677.15
57	\$583.61	\$700.34	\$624.47	\$749.36	\$589.45	\$707.34
58	\$610.20	\$732.23	\$652.91	\$783.49	\$616.30	\$739.56
59	\$623.37	\$748.04	\$667.00	\$800.40	\$629.60	\$755.52
60	\$649.95	\$812.44	\$695.45	\$869.31	\$656.45	\$820.56
61	\$672.94	\$841.17	\$720.04	\$900.06	\$679.67	\$849.59
62	\$688.03	\$860.03	\$736.19	\$920.23	\$694.91	\$868.63
63	\$706.94	\$883.68	\$756.43	\$945.54	\$714.01	\$892.52
64+	\$718.43	\$898.05	\$768.72	\$960.91	\$725.61	\$907.03

Capital Advantage Insurance Company
Individual
Plan Design Summary

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
82795PA0140001	Catastrophic PPO 8150/0/75	PPO	Catastrophic	Off	PPO	6,7,9	All

Company Name Capital Advantage Insurance Company
Market Individual
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2019 Number of Covered Lives by Rating County					RATING AREA 6										RATING AREA 7				RATING AREA 9						
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	1	2	8	1	0	6	0	1	0	0	1	5	11	4	7	4	0	0	0	1	0
					Centre	Columbia	Lehigh	Mifflin	Montour	Northampton	Northumberland	Schuylkill	Snyder	Union	Adams	Berks	Lancaster	York	Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry
82795PA0140001	Catastrophic PPO 8150/0/75	PPO	Catastrophic	Off	\$239.48	\$239.48	\$239.48	\$239.48	\$239.48	\$239.48	\$239.48	\$239.48	\$239.48	#####	\$256.24	\$256.24	\$256.24	\$256.24	\$241.87	\$241.87	\$241.87	\$241.87	\$241.87	\$241.87	\$241.87

12/1/2020

PA

Individual

To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P.
To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L.
To validate, select the Validate button or Ctrl + Shift + I.
To finalize, select the Finalize button or Ctrl + Shift + F.

Market Level Calculations (Same for all Plans)

Section I: Experience Period Data

Experience Period: 1/1/2018 to 12/31/2018

TotalPMPM

Allowed Claims	\$2,421,377.43	\$857.12
Reinsurance	\$0.00	\$0.00
Incurred Claims in Experience Period	\$1,924,632.95	\$681.29
Risk Adjustment	\$51,297.40	\$18.16
Experience Period Premium	\$2,452,839.38	\$868.26
Experience Period Member Months	2,825	

Section II: Projections

Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims PMPM
		Cost	Utilization	Cost	Utilization	
Inpatient Hospital	\$345.51	1.057	1.023	1.063	1.023	\$406.28
Outpatient Hospital	\$202.61	1.053	1.023	1.060	1.023	\$236.67
Professional	\$205.62	1.040	1.018	1.037	1.018	\$229.81
Other Medical	\$21.55	1.053	1.020	1.060	1.020	\$25.03
Capitation	\$0.00	1.030	1.000	1.030	1.000	\$0.00
Prescription Drug	\$81.82	1.089	1.004	1.087	1.013	\$98.51
Total	\$857.11					\$996.29

Morbidity Adjustment	0.604
Demographic Shift	1.000
Plan Design Changes	1.000
Other	1.000
Adjusted Trended EHB Allowed Claims PMPM for 1/1/2020	\$601.76
Manual EHB Allowed Claims PMPM	\$249.09
Applied Credibility %	0.00%

Projected Period Totals

Projected Index Rate for 1/1/2020	\$249.09	\$187,315.68
Reinsurance	\$0.00	\$0.00
Risk Adjustment Payment/Charge	\$0.00	\$0.00
Exchange User Fees	0.00%	\$0.00
Market Adjusted Index Rate	\$249.09	\$187,315.68

Projected Member Months	752
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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.

Product-Plan Data Collection

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

State: PA
 Market: Individual

To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P.
 To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L.
 To validate, select the Validate button or Ctrl + Shift + I.
 To finalize, select the Finalize button or Ctrl + Shift + F.

Product/Plan Level Calculations

Field # Section I: General Product and Plan Information

1.1 Product Name	PP0	PP0
1.2 Product ID	82795PA012	82795PA014
	Silver	
	CareConnect	Catastrophic PPO
1.3 Plan Name	3000/0/35	Combined w/Med
1.4 Plan ID (Standard Component ID)	82795PA0120001	82795PA0140001
1.5 Metal	Silver	Catastrophic
1.6 AV Metal Value	0.710	0.608
1.7 Plan Category	Terminated	Renewing
1.8 Plan Type	PP0	PP0
1.9 Exchange Plan?	No	No
1.10 Effective Date of Proposed Rates	1/1/2020	1/1/2020
1.11 Cumulative Rate Change % (over 12 mos prior)	0.00%	-3.82%
1.12 Product Rate Increase %	0.00%	
1.13 Submission Level Rate Increase %		-3.82%

Worksheet 1 Totals

Section II: Experience Period and Current Plan Level Information

2.1 Plan ID (Standard Component ID)	Total	82795PA0120001	82795PA0140001
\$2,421,377	\$2,421,377	\$2,421,377	\$0
\$0	\$0	\$0	\$0
	\$496,744	\$496,744	\$0
	\$0	\$0	\$0
\$1,924,633	\$1,924,633	\$1,924,633	\$0
\$51,297	\$124,618	\$124,618	\$0
\$2,452,839	\$2,452,839	\$2,452,839	\$0
2,825	2,825	2,825	0
	\$2	0	\$2
	\$416.43	\$0.00	\$416.43
	74.67%	74.67%	#DIV/0!
Per Member Per Month			
2.13 Allowed Claims	\$857.12	\$857.12	#DIV/0!
2.14 Reinsurance	\$0.00	\$0.00	#DIV/0!
2.15 Member Cost Sharing	\$175.84	\$175.84	#DIV/0!
2.16 Cost Sharing Reduction	\$0.00	\$0.00	#DIV/0!
2.17 Incurred Claims	\$681.29	\$681.29	#DIV/0!
2.18 Risk Adjustment Transfer Amount	\$44.11	\$44.11	#DIV/0!
2.19 Premium	\$868.26	\$868.26	#DIV/0!

Section III: Plan Adjustment Factors

3.1 Plan ID (Standard Component ID)	82795PA0120001	82795PA0140001
3.2 Market Adjusted Index Rate	\$249.09	
3.3 AV and Cost Sharing Design of Plan	1.0000	0.7088
3.4 Provider Network Adjustment	1.0000	1.0000
3.5 Benefits in Addition to EHB	1.0000	1.0000
Administrative Costs		
3.6 Administrative Expense	0.00%	19.99%
3.7 Taxes and Fees	0.00%	5.35%
3.8 Profit & Risk Load	0.00%	2.00%
3.9 Catastrophic Adjustment	1.0000	1.0000
3.10 Plan Adjusted Index Rate	\$249.09	\$242.32
3.11 Age Calibration Factor	1.0215	1.0215
3.12 Geographic Calibration Factor	0.9720	0.9720
3.13 Tobacco Calibration Factor	0.9954	0.9954
3.14 Calibrated Plan Adjusted Index Rate	\$246.18	\$239.49

Section IV: Projected Plan Level Information

4.1 Plan ID (Standard Component ID)	Total	82795PA0120001	82795PA0140001
4.2 Allowed Claims	\$187,316	\$0	\$187,316
4.3 Reinsurance	\$0	\$0	\$0
4.4 Member Cost Sharing	\$54,544	\$0	\$54,544
4.5 Cost Sharing Reduction	\$0	\$0	\$0
4.6 Incurred Claims	\$132,772	\$0	\$132,772
4.7 Risk Adjustment Transfer Amount	\$0	\$0	\$0
4.8 Premium	\$182,220	\$0	\$182,220
4.9 Projected Member Months	752	0	752
4.10 Loss Ratio	72.86%	#DIV/0!	72.86%
Per Member Per Month			
4.11 Allowed Claims	\$249.09	#DIV/0!	\$249.09
4.12 Reinsurance	\$0.00	#DIV/0!	\$0.00
4.13 Member Cost Sharing	\$72.53	#DIV/0!	\$72.53
4.14 Cost Sharing Reduction	\$0.00	#DIV/0!	\$0.00
4.15 Incurred Claims	\$176.56	#DIV/0!	\$176.56
4.16 Risk Adjustment Transfer Amount	\$0.00	#DIV/0!	\$0.00
4.17 Premium	\$242.31	#DIV/0!	\$242.31

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	1.0700
Rating Area 9	1.0100

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

ACTUARIAL MEMORANDUM

Individual Rates

Effective January 1, 2020

General Information

Company Information

- Company Legal Name: Capital Advantage Insurance Company – CAIC
- State: PA
- HIOS Issuer ID: 82795
- Market: Individual
- Effective Date: 1/1/2020

PID Company Information

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2020
- Average Rate Change Requested: -3.8%
- Range of Requested Rate Change: -3.8% to -3.8%
- Total additional annual revenue generated from the proposed rate change: \$(6,073)
- Product: PPO
- Rating Areas: 6,7,9
- Metal Levels: Catastrophic
- Current Covered Lives and Policyholders: 52/47
- 2020 Number of Plans: 1
- 2019 Number of Plans and Change: 1/No Plan Change
- Contract Form #: CAIC-Ind-PPO-C-v0120
- Form Filing SERFF #: CABC-131915200
- Binder SERFF #: CABC-PA20-125092048
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-1473191712519638017

Company Contact Information

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

Scope and Purpose

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

Rate History and Proposed Variations in Rate Changes

Market	Company	Effective Date	SERFF #	Annual Increase
Individual	CAIC	1/1/2016	CABC-130079084	-2.10%
Individual	CAIC	1/1/2017	CABC-130539588	39.00%
Individual	CAIC	1/1/2018	CABC-131022047	20.20%
Individual	CAIC	1/1/2019	CABC-131454888	-43.20%

Average Rate Change

CAIC is proposing an aggregate annual -3.8% rate change. The rate change does vary by plan. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

The key drivers of the rate change, and approximate impact, are as follows:

Reimplementation of the Health Insurer Fee: 3%
Catastrophic plan performance better than forecasted: -15%
Future Cost and Utilization: 8%

Regulatory Considerations

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

- Individual Mandate: 0.06 added to the morbidity factor.

Membership

Membership is shown in PA Rate Template Part I, Table 1. The average age is 47.

Benefit Changes 2019-2020

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

There are several benefit changes being implemented in 2020. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). Any plan with a benefit change that did not meet the uniform modification of coverage standard was terminated, and a new plan was created in its place. Benefit changes by plan are listed in Exhibit B, highlighted in yellow.

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 individual 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.

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 applied are equal to zero.

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.
- 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 74.67%

Credibility of Data

CAIC individual data is not credible, so CBC subsidiary, Keystone Health Plan Central (KHPC) is used as the credibility manual. KHPC data is relevant to CAIC rate development because KHPC offers off-exchange Bronze and Catastrophic plans, similar to CAIC's 2020 product offering.

Trend Identification

Trend: 7.9%

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. The changes to morbidity is equal to the Department's Individual Adjustment factor discussed above.

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 individual population.

Changes in Network: No network adjustment 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 Projection Factors 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*:

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

The development of completion factors is described in Experience Period Premium and Claims above.

3. Develop the *BEP Paid and Incurred Claim PMPM*:

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

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

Trended Claim PMPM

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

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

$$\begin{aligned}
& \text{Projected Paid and Incurred Claims PMPM} \\
&= [\text{Trended Claim PMPM}] \times [\text{Benefit Adjustment}] \\
&\times [\text{Morbidity Adjustment}] \times [\text{Other Adjustment}]
\end{aligned}$$

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

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

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

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

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

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

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

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

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

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

- b. And to arrive at the *Total Projected Claims PMPM*, CAIC assumes a distribution of members across the benefit plans being offered in 2019. The *Total Projected Claims PMPM* :

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

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

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

See Exhibit G for the development of the *Paid-to-Allowed Ratio*. 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 is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules, 45 CFR Part 156.80(d)(1). So,

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

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

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 individual 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. CBC pays commissions for new business and renewal enrollment received during open enrollment, both on and off exchange, and in all geographic

areas. Commission is less on catastrophic plans due to the lower premium. CBC does not pay commission during Special Enrollment Periods (SEP). 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 Agent Agreement: “Ind_19-41_Initial_CAIC_PPO_WBEBrokerIndRedacted_Supporting_20190521.pdf”
 - b. Redacted Preferred Producer Master Agreement: “Ind_19-41_Initial_CAIC_PPO_PPMABrokerIndRedacted_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 Health Risk Assessment questionnaire and receive a gift card.
 - b. Participate in an 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. Fees are included in overall administrative expense fee discussed above.
 - e. 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 1, “Administrative Load”, 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 1, “Profit and Risk”, 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. 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. The exchange user fee is applied as an adjustment to the Index Rate at the market level. CAIC only offers off-exchanges products, 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. A network factor is applied to adjust HMO base data to PPO (1.6% for OON medical benefits).
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Catastrophic Plans: Applied to catastrophic plans to reflect lower morbidity.
6. Adjustment for distribution and administrative costs: Described in Retention section above.
7. Tobacco Adjustment: Calculated as the average tobacco factor applied across the risk pool.

The development of the Plan Adjusted Index rate is found in Exhibit L, 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 individual enrollment by age in CAIC. 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 Ind_19-42_Initial_CAIC_PPO_List-Billed_Supporting_20190521 for the calculation.

Geographic Factor Calibration: The average geographic rating factor is calculated by taking the CAIC 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: Average tobacco factor is calculated using current month member by smoking status data.

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:

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

2. $[\text{Family Consumer Adjusted Premium Rate}] = \sum [\text{Member} - \text{Level Consumer Adjusted Premium Rate}]$

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 CAIC's actuarial cost model and actuarial judgment as described in section Paid to Allowed 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 moderate growth 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

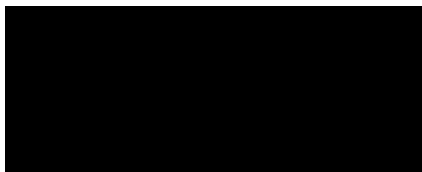
Actuarial Statement


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

I, [REDACTED], ASA, MAAA, do hereby certify that:

1. This filing has been prepared in accordance with the following:
 - a. Actuarial Standard of Practice No. 5, “Health and Disability Claims”
 - b. Actuarial Standard of Practice No. 8, “Regulatory Filings for Rates and Financial Projections for Health Plans”
 - c. Actuarial Standard of Practice No. 12, “Risk Classification”
 - d. Actuarial Standard of Practice No. 23, “Data Quality”
 - e. Actuarial Standard of Practice No. 25, “Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverage”
 - f. Actuarial Standard of Practice No. 26, “Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans”
 - g. Actuarial Standard of Practice No. 41, “Actuarial Communications”.
2. The index rate is:
 - a. Projected in compliance with all applicable state and federal statutes and regulations (45 CFR 156.80(d) (1)).
 - b. Developed in compliance with the applicable Actuarial Standards of Practice.

- c. Reasonable in relation to the benefits provided and the population anticipated to be covered.
 - d. Neither excessive nor deficient.
 - e. Adjusted by only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) to generate plan level rates.
- 3. The percent of total premium that represents essential health benefits 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 Rate Filing Justification.



, ASA, MAAA
Actuarial Associate
Capital BlueCross



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

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

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

2020 Rates Table Template v9.0	All fields with an asterisk (*) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.					
	If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.					
	If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band.					
	If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.					
	To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.					
HIOS Issuer ID*	82795					
Federal TIN*	23-2195219					
Rate Effective Date*	1/1/2020					
Rate Expiration Date*	12/31/2020					
Rating Method*	Age-Based Rates					
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*	Individual Tobacco Rate*	
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Required: Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	Required: Select the age of a subscriber eligible for the rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan	Required: Enter the rate of an Individual tobacco enrollee on a plan	
	82795PA0140001	Rating Area 6	Tobacco User/Non-Tobacco User	0-14	183.20	183.20
	82795PA0140001	Rating Area 6	Tobacco User/Non-Tobacco User	15	199.49	199.49
	82795PA0140001	Rating Area 6	Tobacco User/Non-Tobacco User	16	205.71	205.71
	82795PA0140001	Rating Area 6	Tobacco User/Non-Tobacco User	17	211.94	211.94
	82795PA0140001	Rating Area 6	Tobacco User/Non-Tobacco User	18	218.65	218.65
	82795PA0140001	Rating Area 6	Tobacco User/Non-Tobacco User	19	225.35	225.35
	82795PA0140001	Rating Area 6	Tobacco User/Non-Tobacco User	20	232.30	232.30
	82795PA0140001	Rating Area 6	Tobacco User/Non-Tobacco User	21	239.48	245.47
	82795PA0140001	Rating Area 6	Tobacco User/Non-Tobacco User	22	239.48	245.47
	82795PA0140001	Rating Area 6	Tobacco User/Non-Tobacco User	23	239.48	245.47
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	82795PA0140001	Rating Area 6	Tobacco User/Non-Tobacco User	64 and over	718.43	898.05
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	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	49	437.15	480.87
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	50	457.65	526.30
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	51	477.89	549.58
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	52	500.19	575.22
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	53	522.74	601.15
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	54	547.08	629.14
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	55	571.42	685.71
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	56	597.82	717.38
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	57	624.47	749.36
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	58	652.91	783.49
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	59	667.00	800.40
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	60	695.45	869.31
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	61	720.04	900.06
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	62	736.19	920.23
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	63	756.43	945.54
	82795PA0140001	Rating Area 7	Tobacco User/Non-Tobacco User	64 and over	768.72	960.91
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	0-14	185.03	185.03
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	15	201.48	201.48
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	16	207.77	207.77
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	17	214.06	214.06
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	18	220.83	220.83
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	19	227.60	227.60
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	20	234.62	234.62
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	21	241.87	247.92
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	22	241.87	247.92

	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	23	241.87	247.92
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	24	241.87	247.92
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	25	242.84	248.91
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	26	247.68	253.87
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	27	253.48	259.82
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	28	262.92	269.49
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	29	270.66	277.42
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	30	274.53	281.39
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	31	280.33	287.34
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	32	286.14	293.29
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	33	289.77	297.01
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	34	293.64	300.98
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	35	295.57	302.96
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	36	297.51	304.94
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	37	299.44	306.93
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	38	301.38	308.91
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	39	305.25	312.88
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	40	309.12	332.30
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	41	314.92	338.54
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	42	320.48	344.52
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	43	328.22	352.84
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	44	337.90	363.24
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	45	349.27	384.19
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	46	362.81	399.09
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	47	378.05	415.86
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	48	395.47	435.01
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	49	412.64	453.90
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	50	431.99	496.79
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	51	451.10	518.76
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	52	472.14	542.96
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	53	493.42	567.44
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	54	516.40	593.86
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	55	539.38	647.26
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	56	564.29	677.15
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	57	589.45	707.34
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	58	616.30	739.56
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	59	629.60	755.52
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	60	656.45	820.56
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	61	679.67	849.59
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	62	694.91	868.63
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	63	714.01	892.52
	82795PA0140001	Rating Area 9	Tobacco User/Non-Tobacco User	64 and over	725.61	907.03

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Benefit Summary

INDIVIDUAL PORTFOLIO

Changes	Plan Name	HIOS ID		Deductible (2x Family)	Coinsurance	Out-of-Pocket Maximum	PCP	Specialist	Emergency Room	Urgent Care	IP Hospital per day, maximum of 5 days	Hi-Tech Imaging	Lab Ind Hos	OP Surgery ASC ACH	Small Group: Rx \$0 Individual: Rx	Small Group: Rx \$250 (brand only deductible) Individual: N/A
		Small Group: Rx \$0 Individual: Rx	Small Group: Rx \$250 (brand only deductible) Individual: N/A													
				In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network		
PLATINUM PRODUCTS																
GOLD PRODUCTS																
SILVER PRODUCTS																
BRONZE PRODUCTS																
1 Changes	Catastrophic PPO 8150/0/75	82795PA014000100		\$0	815000%	\$0	\$8,150	\$75	D	D	D	N/A	D D	D D	Rx Ded: \$D, Rx Gen - Ded Applies? Combined, Retail: Y/0/0/0, Mail: 0/0/0/0	

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

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

3 Tiered Lab benefits. Independent labs | Hospital based labs

4 D = Deductible D/S = Deductible applies first then a copay

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

6 CareConnect copays listed are for PCP directed care

Capital Advantage Insurance Company
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Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	AV		Pricing AV		Metal Level		HRA Amount		Deductible(2x Family)		Coinsurance		MOOP	
						2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
1	On Exchange	Existing	45127PA002001301	Gold PPO 2150/10/20	Combined w/Med	76.0%	76.1%	73.9%	71.8%	Gold	Gold	0	0	2,000	2,150	10%	10%	7,350	8,150
2	Off Exchange	Existing	45127PA002002100	Silver PPO 5950/20/40	Combined w/Med	68.3%	66.9%	62.5%	60.4%	Silver	Silver	0	0	4,950	5,950	10%	20%	7,350	8,150
3	On Exchange	Existing	45127PA002000801	Silver PPO 6000/20/40	Combined w/Med	68.2%	66.9%	62.4%	60.1%	Silver	Silver	0	0	5,000	6,000	10%	20%	7,350	8,150
4	On Exchange	Existing	45127PA002000804	Silver PPO 6000 CSR73	Combined w/Med	73.4%	72.3%	62.4%	60.1%	Silver	Silver	0	0	4,500	5,500	8%	15%	5,850	6,500
5	On Exchange	Existing	45127PA002000805	Silver PPO 6000 CSR87	Combined w/Med	86.6%	86.2%	62.4%	60.1%	Gold	Gold	0	0	1,200	1,500	5%	5%	2,450	2,450
6	On Exchange	Existing	45127PA002000806	Silver PPO 6000 CSR94	Combined w/Med	94.2%	93.3%	62.4%	60.1%	Platinum	Platinum	0	0	250	450	0%	0%	1,250	1,250
7	On Exchange	Existing	45127PA002002001	Bronze PPO 8000/0/60	Combined w/Med	62.6%	62.2%	54.4%	53.3%	Bronze	Bronze	0	0	7,350	8,000	0%	0%	7,350	8,150
8	Off Exchange	Existing	53789PA010000800	Bronze HMO 8000/0/60	Combined w/Med	62.6%	62.2%	54.7%	53.3%	Bronze	Bronze	0	0	7,350	8,000	0%	0%	7,350	8,150
9	Off Exchange	Existing	53789PA010000400	Catastrophic HMO 8150/0/75	Combined w/Med	60.0%	60.8%	53.4%	52.5%	Bronze	Bronze	0	0	7,900	8,150	0%	0%	7,900	8,150
10	Off Exchange	Existing	82795PA014000100	Catastrophic PPO 8150/0/75	Combined w/Med	60.0%	60.8%	53.4%	52.5%	Bronze	Bronze	0	0	7,900	8,150	0%	0%	7,900	8,150

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Line	On/Off Exchange	New/Existing	HIOS		Med Description	Rx Description	ACA PCP		Non-ACA PCP		SPC		ER		UC		IP Hosp Copay Per Day		Hi-Tech Imaging		Low End Imaging		Lab Independent		Lab Hospital-Based		OP Surg ASC	
							2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
1	On Exchange	Existing	45127PA002001301	Gold PPO 2150/10/20		Combined w/Med	20	20	20	20	45	45	D/300	D/300	75	75	N/A	N/A	D/25%	D/25%	D/10%	D/10%	25	25	D/75	D/75	250	250
2	Off Exchange	Existing	45127PA002002100	Silver PPO 5950/20/40		Combined w/Med	30	40	30	40	75	85	D/400	D/400	75	100	N/A	N/A	D/25%	D/35%	D/10%	D/20%	25	25	D/75	D/75	250	250
3	On Exchange	Existing	45127PA002000801	Silver PPO 6000/20/40		Combined w/Med	30	40	30	40	75	85	D/400	D/400	75	100	N/A	N/A	D/25%	D/35%	D/10%	D/20%	25	25	D/75	D/75	250	250
4	On Exchange	Existing	45127PA002000804	Silver PPO 6000 CSR73		Combined w/Med	10	10	10	10	20	20	D/200	D/200	45	45	N/A	N/A	D/18%	D/25%	D/8%	D/15%	20	20	D/60	D/60	200	200
5	On Exchange	Existing	45127PA002000805	Silver PPO 6000 CSR87		Combined w/Med	5	5	5	5	10	10	D/75	D/75	35	35	N/A	N/A	D/15%	D/15%	D/5%	D/5%	15	15	D/40	D/40	100	100
6	On Exchange	Existing	45127PA002000806	Silver PPO 6000 CSR94		Combined w/Med	3	3	3	3	5	5	D/50	D/50	20	20	N/A	N/A	D/10%	D/10%	D	D	10	10	D/20	D/20	50	50
7	On Exchange	Existing	45127PA002002001	Bronze PPO 8000/0/60		Combined w/Med	60	60	60	60	85	85	D	D	D	D	N/A	N/A	D	D	D	D	25	25	D	D	250	250
8	Off Exchange	Existing	53789PA010000800	Bronze HMO 8000/0/60		Combined w/Med	60	60	60	60	85	85	D	D	D	D	N/A	N/A	D	D	D	D	25	25	D	D	250	250
9	Off Exchange	Existing	53789PA010000400	Catastrophic HMO 8150/0/75		Combined w/Med	75	75	75	75	D	D	D	D	D	D	N/A	N/A	D	D	D	D	D	D	D	D	D	D
10	Off Exchange	Existing	82795PA014000100	Catastrophic PPO 8150/0/75		Combined w/Med	75	75	75	75	D	D	D	D	D	D	N/A	N/A	D	D	D	D	D	D	D	D	D	D

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Line	On/Off Exchange	New/Existing	HIOS		Med Description	Rx Description	OP Surg AHC		Rx Ded		Rx Gen - Ded Applies?		Rx Gen Pref		Rx Gen Non-Pref		Rx Brand Pref		Rx Brand Non-Pref		Rx Specialty Coin Tier 1		Rx Specialty Max Tier 1		Rx Specialty Coin Tier 2		Rx Specialty Max Tier 2	
							2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
1	On Exchange	Existing	45127PA002001301		Gold PPO 2150/10/20	Combined w/Med	D/10%	D/10%	Combined	Combined	N	N	10	10	0	0	25	25	75	75	40%	40%	800	800	40%	40%	1000	1000
2	Off Exchange	Existing	45127PA002002100		Silver PPO 5950/20/40	Combined w/Med	D/10%	D/20%	Combined	Combined	N	N	10	10	0	0	50	50	100	100	50%	50%	800	800	50%	50%	1000	1000
3	On Exchange	Existing	45127PA002000801		Silver PPO 6000/20/40	Combined w/Med	D/10%	D/20%	Combined	Combined	N	N	10	10	0	0	50	50	100	100	50%	50%	800	800	50%	50%	1000	1000
4	On Exchange	Existing	45127PA002000804		Silver PPO 6000 CSR73	Combined w/Med	D/8%	D/15%	Combined	Combined	N	N	5	5	0	0	25	25	55	55	40%	40%	700	700	40%	40%	800	800
5	On Exchange	Existing	45127PA002000805		Silver PPO 6000 CSR87	Combined w/Med	D/5%	D/5%	Combined	Combined	N	N	3	3	0	0	15	15	40	40	30%	30%	400	400	30%	30%	500	500
6	On Exchange	Existing	45127PA002000806		Silver PPO 6000 CSR94	Combined w/Med	D	D	Combined	Combined	N	N	2	2	0	0	10	10	25	25	10%	10%	200	200	10%	10%	300	300
7	On Exchange	Existing	45127PA002002001		Bronze PPO 8000/0/60	Combined w/Med	D	D	Combined	Combined	Y	Y	0	0	0	0	0	0	0	0	50%	50%	0	0	50%	50%	0	0
8	Off Exchange	Existing	53789PA010000800		Bronze HMO 8000/0/60	Combined w/Med	D	D	Combined	Combined	Y	Y	0	0	0	0	0	0	0	0	50%	50%	0	0	50%	50%	0	0
9	Off Exchange	Existing	53789PA010000400		Catastrophic HMO 8150/0/75	Combined w/Med	D	D	Combined	Combined	Y	Y	0	0	0	0	0	0	0	0	0%	0%	0	0	0%	0%	0	0
10	Off Exchange	Existing	82795PA014000100		Catastrophic PPO 8150/0/75	Combined w/Med	D	D	Combined	Combined	Y	Y	0	0	0	0	0	0	0	0	0%	0%	0	0	0%	0%	0	0

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Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	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		Rx Brand Non-Pref Mail Copay	
						2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
1	On Exchange	Existing	45127PA002001301	Gold PPO 2150/10/20	Combined w/Med	0%	0%	25%	25%	0%	0%	0%	0%	20	20	0	0	50	50	150	150
2	Off Exchange	Existing	45127PA002002100	Silver PPO 5950/20/40	Combined w/Med	0%	0%	25%	25%	0%	0%	0%	0%	20	20	0	0	100	100	200	200
3	On Exchange	Existing	45127PA002000801	Silver PPO 6000/20/40	Combined w/Med	0%	0%	25%	25%	0%	0%	0%	0%	20	20	0	0	100	100	200	200
4	On Exchange	Existing	45127PA002000804	Silver PPO 6000 CSR73	Combined w/Med	0%	0%	18%	18%	0%	0%	0%	0%	10	10	0	0	50	50	110	110
5	On Exchange	Existing	45127PA002000805	Silver PPO 6000 CSR87	Combined w/Med	0%	0%	15%	15%	0%	0%	0%	0%	6	6	0	0	30	30	80	80
6	On Exchange	Existing	45127PA002000806	Silver PPO 6000 CSR94	Combined w/Med	0%	0%	10%	10%	0%	0%	0%	0%	4	4	0	0	20	20	50	50
7	On Exchange	Existing	45127PA002002001	Bronze PPO 8000/0/60	Combined w/Med	0%	0%	0%	0%	0%	0%	0%	0%	0	0	0	0	0	0	0	0
8	Off Exchange	Existing	53789PA010000800	Bronze HMO 8000/0/60	Combined w/Med	0%	0%	0%	0%	0%	0%	0%	0%	0	0	0	0	0	0	0	0
9	Off Exchange	Existing	53789PA010000400	Catastrophic HMO 8150/0/75	Combined w/Med	0%	0%	0%	0%	0%	0%	0%	0%	0	0	0	0	0	0	0	0
10	Off Exchange	Existing	82795PA014000100	Catastrophic PPO 8150/0/75	Combined w/Med	0%	0%	0%	0%	0%	0%	0%	0%	0	0	0	0	0	0	0	0

IP OP Professional	Type of Service
Inpatient	IP - CABG
Inpatient	IP - Cesarean Maternity Delivery
Inpatient	IP - Major Joint Procedures of Lower Extremity
Inpatient	IP - Maternity Non-delivery
Inpatient	IP - Medical
Inpatient	IP - Neonatal
Inpatient	IP - Newborn
Inpatient	IP - Normal maternity delivery
Inpatient	IP - Other Cardiovascular Procedures
Inpatient	IP - Other Surgical
Inpatient	IP - Psychiatric
Inpatient	IP - Substance Abuse
Inpatient	IP - Ungroupable
Outpatient	OP - Blood
Outpatient	OP - Cardiac Rehab
Outpatient	OP - Cardiovascular
Outpatient	OP - Dialysis
Outpatient	OP - Emergency Room
Outpatient	OP - Maternity Non-delivery Care
Outpatient	OP - Observation Room
Outpatient	OP - Other OP Services
Outpatient	OP - PT/OT/ST
Outpatient	OP - Pathology/Lab
Outpatient	OP - Pharmacy
Outpatient	OP - Psychiatric
Outpatient	OP - Radiology - CT/MRI/PET
Outpatient	OP - Radiology - General
Outpatient	OP - Substance Abuse
Outpatient	OP - Surgery
Outpatient	OP - Unmapped
Professional	ADDL Benefits Other
Professional	Hearing Aids
Professional	IP Visits - IP Psychiatric
Professional	IP Visits - IP Substance Abuse
Professional	IP Visits - Medical
Professional	Inpatient Surgery - Primary Surgeon
Professional	Inpatient Surgery - Anesthesia
Professional	Inpatient Surgery - Assistant Surgeon
Professional	Maternity - Cesarean Deliveries
Professional	Maternity - Non Deliveries
Professional	Maternity - Normal Deliveries
Professional	Office Administered Drugs
Professional	Office/Misc - Allergy Immunotherapy
Professional	Office/Misc - Allergy Testing
Professional	Office/Misc - Misc. Medical
Professional	Office/Misc - Office/Home Visits
Professional	Office/Misc - Urgent Care
Professional	Other Physician - Cardiovascular
Professional	Other Physician - Chiropractor
Professional	Other Physician - Consults
Professional	Other Physician - Emergency Room Visits
Professional	Other Physician - Physical Therapy
Professional	Pathology/Lab - IP
Professional	Preventive care - Hearing/Speech Exams
Professional	Preventive care - Immunization
Professional	Preventive care - Other
Professional	Preventive care - Physical Exams
Professional	Preventive care - Well Baby Exams
Professional	Radiology - IP
Professional	Unmapped
Professional	ADDL Benefits Other
Professional	Hearing Aids
Professional	IP Visits - Medical
Professional	Independent Lab
Professional	Maternity - Cesarean Deliveries
Professional	Maternity - Non Deliveries
Professional	Maternity - Normal Deliveries
Professional	OP Visits - OP Psychiatric
Professional	OP Visits - OP Substance Abuse
Professional	Office Administered Drugs
Professional	Office/Misc - Allergy Immunotherapy
Professional	Office/Misc - Allergy Testing
Professional	Office/Misc - Misc. Medical
Professional	Office/Misc - Office/Home Visits
Professional	Office/Misc - Urgent Care
Professional	Other Physician - Cardiovascular
Professional	Other Physician - Chiropractor
Professional	Other Physician - Consults
Professional	Other Physician - Emergency Room Visits
Professional	Other Physician - Physical Therapy
Professional	Outpatient Surgery - Anesthesia
Professional	Outpatient Surgery - Office
Professional	Outpatient Surgery - Outpatient Facility
Professional	Pathology/Lab - OP
Professional	Pathology/Lab - Office
Professional	Preventive care - Hearing/Speech Exams
Professional	Preventive care - Immunization
Professional	Preventive care - Other
Professional	Preventive care - Physical Exams
Professional	Preventive care - Well Baby Exams
Professional	Radiology - OP - CT/MRI/PET
Professional	Radiology - OP - General
Professional	Radiology - Office - CT/MRI/PET
Professional	Radiology - Office - General
Professional	Unmapped
Other Medical	Unmapped
Other Medical	OP - Ambulance
Other Medical	OP - DME
Other Medical	OP - Home Health/PDN
Other Medical	OP - Medical Surgical Supplies
Other Medical	Dental
Other Medical	Other - Ambulance
Other Medical	Other - DME
Other Medical	Other - Glasses/Contacts
Other Medical	Other - PDN/Home Health
Other Medical	Other - Prosthetics
Other Medical	Preventive care - Vision Exams
Other Medical	Dental
Other Medical	Other - Ambulance
Other Medical	Other - DME
Other Medical	Other - Glasses/Contacts
Other Medical	Other - PDN/Home Health
Other Medical	Other - Prosthetics
Other Medical	Preventive care - Vision Exams

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Benefit Mix Changes

Benefit Mix Calculation

	<u>Med Manual Cost</u>	<u>Rx Manual Cost</u>	<u>Manual Cost PMPM</u>
Average in Experience Period			247.26
Average in Rating Period			242.75
Benefit Mix Adjustment			0.98

BEP Manual Cost Calculation

Company	<u>HIOS 14 Digit</u>	<u>Med Plan</u>	<u>Manual Cost PMPM</u>	<u>BEP MM</u>
KHPC	53789PA0100008	HMOIJ840	248.18	17,013
KHPC	53789PA0100004	HMOIJ839	244.4573	5,555

247.26

Projected 2020 Manual C

<u>Mapped 2019 Plan</u>	<u>Total</u>	<u>Proj Member Dist</u>
82795PA0140001	242.75	752

243

752

Capital Advantage Insurance Company

Individual Rates

Effective 1/1/2020

Trend

Trend by Service Category

<u>Category</u>	<u>Year 1</u>		<u>Year 2</u>		<u>Induced Demand</u>	<u>Total Year 1</u>	<u>Total Year 2</u>	<u>Weights</u>
	<u>Cost</u>	<u>Util</u>	<u>Cost</u>	<u>Util</u>				
Inpatient Hospital	5.70%	2.30%	6.30%	2.30%	0.0%	8.1%	8.7%	44.6%
Outpatient Hospital	5.30%	2.30%	6.00%	2.30%	0.0%	7.7%	8.4%	26.1%
Professional	4.00%	1.80%	3.70%	1.80%	0.0%	5.9%	5.6%	26.5%
Other Medical	5.30%	2.00%	6.00%	2.00%	0.0%	7.4%	8.1%	2.8%
Capitation	3.00%	0.00%	3.00%	0.00%	0.0%	3.0%	3.0%	0.0%
Prescription Drug	8.90%	0.40%	8.70%	1.30%	0.0%	9.3%	10.1%	100.0%
Dental & Vision	1.00%	2.00%	1.00%	2.00%	0.0%	3.0%	3.0%	100.0%

<u>Aggregate Pricing Trend Year 1</u>	
Total	7.6%
Medical	7.4%
Drug	9.3%
Agg Med + Rx Trend	7.6%
Dental and Vision	3.0%

<u>Aggregate Pricing Trend Year 2</u>	
Total	8.1%
Medical	7.8%
Drug	10.1%
Agg Med + Rx Trend	8.0%
Dental and Vision	3.0%

<u>URRT Categories</u>	<u>Year 1 Raw Trends</u>			<u>Year 2 Raw Trends</u>		
	<u>Cost</u>	<u>Utilization</u>	<u>Composite</u>	<u>Cost</u>	<u>Utilization</u>	<u>Composite</u>
Inpatient Hospital	5.2%	2.25%	7.6%	5.8%	2.25%	6.5%
Outpatient Hospital	4.8%	2.25%	7.2%	5.5%	2.25%	6.5%
Professional	3.5%	1.75%	5.3%	3.2%	1.75%	4.9%
Other Medical	4.8%	2.00%	6.9%	5.5%	2.00%	5.0%
Capitation	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%
Prescription Drugs	7.6%	0.4%	8.1%	7.4%	1.3%	7.7%
Dental & Vision	1.0%	2.0%	3.0%	1.0%	2.0%	3.0%

*From Hos

Adjustments to Pricing Trend

<u>Medical</u>		<u>Drug</u>	
Intensity	0.5%	Contracting	-0.20%
Leveraging	0.0%	Leveraging	0.00%
Demographics	0.0%	Demographics	0.00%
Buy-Downs	0.0%	Buy-Downs	0.00%
Other	0.0%	Pipeline	1.50%
Total	0.5%	Total	1.30%

*Adjustments in Drug Trend Model

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2020
URRT

Experience Period Member Months 22,568

Section II: Projections

Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims PMPM			
		Cost	Utilization	Cost	Utilization		Incurred	Allowed	PMPM
Inpatient Hospital	\$ 67.21	1.057	1.023	1.063	1.023	79.03	\$ 1,344,383	\$ 1,516,777	\$ 67.21
Outpatient Hospital	\$ 139.39	1.053	1.023	1.060	1.023	162.82	\$ 2,024,374	\$ 3,145,654	\$ 139.39
Professional	\$ 60.13	1.040	1.018	1.037	1.018	67.20	\$ 811,689	\$ 1,357,036	\$ 60.13
Other Medical	\$ 12.09	1.053	1.020	1.060	1.020	14.04	\$ 180,002	\$ 272,854	\$ 12.09
Capitation	\$ 11.33	1.030	1.000	1.030	1.000	12.02	\$ 255,682	\$ 255,682	\$ 11.33
Prescription Drug	\$ 63.98	1.089	1.004	1.087	1.013	77.03	\$ 1,060,099	\$ 1,443,894	\$ 63.98
Total	\$ 354.13					412.15			\$ 354.13

*Subsidiary KHPC Experience is used for Credibility Manual at 100%

Morbidity	0.604
*Other	
Change in Demographics	1.000
Change in Network	1.000
Change in Benefits	1.000
Change in Other	1.000
Projected Index Rate	249.10

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2020
Paid to Allowed Ratio Development

Medical Rate Development		
Base Experience Period:	1/1/2018-12/31/2018	
Data as of	3/1/2019	
Rating Period:	1/1/2020 - 12/31/2020	
Trend Months:	24	
Trend:	7.4%	

Drug Rate Development		
Base Experience Period:	1/1/2018-12/31/2018	
Data as of	3/1/2019	
Rating Period:	1/1/2020 - 12/31/2020	
Trend Months:	24	
Trend:	9.3%	

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

1	Medical Paid and Incurred Claims	4,270,007	1	BEP Paid and Incurred Claims**	1,298,524	1	BEP Paid and Incurred Claims	32,897	1	BEP Paid and Incurred Claims	2,870
2	Completion Factor	0.99	2	Completion Factor	1.00	2	Completion Factor	0.99	2	Completion Factor	0.98
3	BEP Completed Claims (1) / (2)	4,324,138	3	BEP Completed Claims (1) / (2)	1,298,524	3	BEP Completed Claims (1) / (2)	33,380	3	BEP Completed Claims (1) / (2)	2,930
4	BEP Member Months	22,568	4	BEP Member Months	22,568	4	BEP Member Months	22,568	4	BEP Member Months	22,568
5	BEP Completed Claim PMPM (3) / (4)	191.60	5	BEP Completed Claim PMPM (3) / (4)	57.54	5	BEP Completed Claim PMPM (3) / (4)	1.48	5	BEP Completed Claim PMPM (3) / (4)	0.13
6	Trend Factor	1.15	6	Trend Factor	1.20	6	Trend Factor	1.06	6	Trend Factor	1.06
7	Trended Claim PMPM (5) x (6)	221.03	7	Trended Claim PMPM (5) x (6)	68.78	7	Trended Claim PMPM (5) x (6)	1.57	7	Trended Claim PMPM (5) x (6)	0.14
8	Benefit/Network Change Factor	0.998	8	Benefit/Network Change Factor	0.998	8	Benefit Change Factor	1.00	8	Benefit Change Factor	1.00
9	Morbidity Adjustment	0.60	9	Morbidity Adjustment	0.60	9	Morbidity Adjustment	0.60	9	Morbidity Adjustment	0.60
10	Capitation	255,682	10	Rx Rebates	238,425	10			10		
11	Capitation PMPM	11.33	11	Rx Rebates PMPM	10.56	11			11		
12	Other Adjustment	1.000	12	Other Adjustment	1.000	12	Other Adjustment	1.000	12	Other Adjustment	1.000
13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	144.61	13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9)] x (12)	30.91	13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9)] x (12)	0.95	13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9)] x (12)	0.08

Expected Claim PMPM in Rating Period	
Medical	144.61
Drug	30.91
Pediatric Dental	0.95
Pediatric Vision	0.08
Expected Distribution of Embedded Dental Benefit	100%
Total Expected Incurred in Rating Period	176.56
Total Expected Incurred in Rating Period Net RA	176.56
Projected Allowed	249.09
Paid to Allowed Ratio	0.709

*Drug BEP Paid and Incurred Claims are net of Rx rebates

Capital Advantage Insurance Company

Individual Rates

Effective 1/1/2020

Retention

Exhibit H_Ret

	<u>Medical + Rx</u>	<u>Dental</u>	<u>Vision</u>	<u>Total</u>	<u>% of Premium</u>
Reinsurance Contribution	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Risk Adjustment Fee	\$0.18	\$0.00	\$0.00	\$0.18	0.1%
Admin PMPM	\$43.50	\$0.60	\$0.09	\$44.19	18.2%
Broker PMPM	\$3.26	\$0.00	\$0.00	\$3.26	1.35%
Value Based Benefits	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
BCBSA Identity Theft Protection	\$0.02	\$0.00	\$0.00	\$0.02	0.0%
Quality Improvement	0.4%	0.4%	0.4%	0.4%	0.4%
Contingency	2.0%	2.0%	2.0%	2.0%	2.0%
Patient-Centered Outcomes Research Trust Fund:	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Insurer Tax	2.7%	2.7%	2.7%	2.7%	2.7%
Exchange Fee	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Federal Income Tax	0.4%	0.4%	0.4%	0.4%	0.4%
Premium Tax	2.0%	0.0%	0.0%	2.0%	2.0%

Insurer Tax and Admin Fee Calc

Applied HIF to All Quarters		2.65%			
Quarter	% of Enrollees	HIF	2020 assessmen	2020 assessment	
1	100%	2.65%	0	2.7%	3.0%
			3	2.7%	3.0%
			6	2.7%	3.0%
			9	2.7%	3.0%

	<u>Admin</u>	<u>Profit</u>	<u>Taxes</u>
	20.0%	2.0%	5.1%
Claims	18.2%		
Broker	1.3%		
Quality Improvement	0.4%		

Expected Incurred	176.56
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	Catastrophic PPO
Plan	8150/0/75
Deductible	8150
Expected Claim Cost	176.56
Expected Premium PMPM *	\$242.31
<u>Allowed Adjustments to Premium for MLR</u>	
Reinsurance Contribution	0.00
Patient-Centered Outcomes Research Trust Fund:	0.00
Risk Adjustment Fee	0.18
Premium Tax	4.85
Insurer Tax	6.43
Exchange Fee	0.00
Quality Improvement	0.97
Federal Income Tax**	1.02
MLR Adjusted Premium	\$228.87
Expected Member Distribution	100.0%

Unadjusted Premium	\$242.31
Expected MLR Adjusted Premium	\$228.87

MLR	77.1%
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* From Exhibit L
**21% of profit or contingency (assumed to be 2%)

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

Projected Index Rate	\$249.09
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<u>Effective Date</u>	<u>Total Index Rate</u>	<u>Trend</u>	<u>Distribution of Members</u>	<u>Projected Allowed</u>	<u>Market Adjusted Index Rate</u>
January - December	\$249.09		100%	\$249.09	

Average for Projection Period	\$249.09			\$249.09	\$249.09
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* From URRT and Exhibit B

Individual Rates

Effective 1/1/2020

Market Adjusted Index Rate

Development of Market Adjusted Index Rate

Q1 Index Rate	249.09
Paid to Allowed	0.71
Q1 Projected Claims	176.56
Net Projected ACA Reinsurace Recoveries	0.00
Net Projected Risk Adjustments PMPM	0.00
Exchange User Fee Adjustment	0.00
Q1 Market-Adjusted Projected Paid EHB Claims PMPM	176.56
Q1 Market Adjusted Index Rate	249.09

Development of Exchange User Fee

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

Development of Risk Adjustment Projection

Projected 2020 Risk Adjustment Payment	\$0.00
Projected 2018 Risk Adjustment	\$124,618
2018 MemberMonths	2,825
Projected 2018 Risk Adjustment Payment PMPM	\$44.11
Capital Advantage Insurance Company	\$124,618

Adjust Base Experience Period to Base Plan

	<u>Medical</u>	<u>Rx</u>	<u>Ped Dental</u>	<u>Ped Vision</u>	<u>Total</u>
Expected Claim PMPM in Rating Period	144.61	30.91	0.95	0.08	176.56
Adjustment to Base Plan	1.000	1.000	1.000	1.000	1.000
Adjustment for Network	1.000	1.000	1.000	1.000	1.000
Adjustment for Catastrophic	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	144.61	30.91	0.95	0.08	176.56

Rate Development by Benefit Option		Off Exchange
Level of Coverage	HIOS	Catastrophic 82795PA0140001
Med Plan Name:		Catastrophic PPO 8150/0/75
Rx:		Combined
Plan Type:		PPO
	HRA	N
Q1 Market Adjusted Index Rate		249.09
AV and Cost-Sharing Adjustment		0.71
AV and Cost-Sharing Adjustment Step 1		0.52
AV and Cost-Sharing Adjustment Step 2		1.35
Network		1.000
Catastrophic Adjustment		1.000
Induced Demand		1.000
Plan Pricing Relativities:		
Manual PMPM		242.75
Pricing Relativity		1.000
Projected Claims		176.56
Total Projected Claims PMPM + Market Level Adjustments:		176.56
Retention		
Admin PMPM		\$44.19
Broker PMPM		\$3.26
Risk Adjustment User Fee		\$0.18
HRA Admin Fee		\$0.00
Value-Based Benefits		\$0.00
BCBSA Identity Theft		\$0.02
Premium Tax		2.0%
Federal Income Tax		0.4%
Insurer Tax		2.7%
Contingency		2.0%
Quality Improvement		0.4%
Premium Neutrality		1.01
Total Premium Single Rate:		\$239.48
Plan Adjusted Index Rates		\$242.31
Expected Member Distribution		100.0%
Relativity Checks		
Claims		1.00
Premium		1.00
		\$47.47
Admin		20%
Taxes		5.1%

Benefit Plans																										
#	Combo Description	100%	752	New or Existing	Product ID	Plan ID (14)	On/Off Exchange	Metal Level	Metal Value	Pricing Value	Network	Induced Demand	Product	Med Plan Description	Deductible	Drug Plan	Pediatric Dental	Pediatric Vision	Average Plan Adj.	Q1 Plan Adj Index	Q2 Plan Adj Index	Q3 Plan Adj Index	Q4 Plan Adj Index	Annual Trend		
		Projected Membership	Proj MM																Index Rate	Rate	Rate	Rate	Medical & Rx	Dental & Vision	Aggregate Trend	
1	Catastrophic PPO 8150/0/75	100.0%	752	Existing	82795PA014	82795PA0140001	Off Exchange	Bronze	60.8%	70.9%	1.00	1.00	PPO	Catastrophic PPO 8150/0/75	8150	Combined	Embedded	Embedded	\$242.31	\$242.31				7.59%	3.0%	7.62%

Capital Advantage Insurance Company

Individual Rates

Effective 1/1/2020

Calibration

Expected Average Age Factor:	0.982
List-Billed Adjustment for Max 3 Children	1.003
Adjusted Average Age Factor	0.979
Expected Average Region Factor:	1.03
Expected Average Tobacco Factor	1.005
Cumulative Rating Factors (Premium Neutrality):	1.01

Age Factors			Region Factors			Tobacco Factors		
Age	Distribution of Population	Age Factor	Region	Distribution of Population	Factor	PPO	HMO	Final Factor
0-14	13.46%	0.765	6	38%	1.0000	1.005	1.002	1.005
15	3.85%	0.833	7	38%	1.0700			
16	0.00%	0.859	9	25%	1.0100			
17	3.85%	0.885						
18	0.00%	0.913						
19	5.77%	0.941						
20	1.92%	0.970						
21	3.85%	1.000						
22	3.85%	1.000						
23	5.77%	1.000						
24	1.92%	1.000						
25	13.46%	1.004						
26	15.38%	1.024						
27	7.69%	1.048						
28	7.69%	1.087						
29	11.54%	1.119						
30	0.00%	1.135						
31	0.00%	1.159						
32	0.00%	1.183						
33	0.00%	1.198						
34	0.00%	1.214						
35	0.00%	1.222						
36	0.00%	1.230						
37	0.00%	1.238						
38	0.00%	1.246						
39	0.00%	1.262						
40	0.00%	1.278						
41	0.00%	1.302						
42	0.00%	1.325						
43	0.00%	1.357						
44	0.00%	1.397						
45	0.00%	1.444						
46	0.00%	1.500						
47	0.00%	1.563						
48	0.00%	1.635						
49	0.00%	1.706						
50	0.00%	1.786						
51	0.00%	1.865						
52	0.00%	1.952						
53	0.00%	2.040						
54	0.00%	2.135						
55	0.00%	2.230						
56	0.00%	2.333						
57	0.00%	2.437						
58	0.00%	2.548						
59	0.00%	2.603						
60	0.00%	2.714						
61	0.00%	2.810						
62	0.00%	2.873						
63	0.00%	2.952						
64+	0.00%	3.000						

Individual Rates

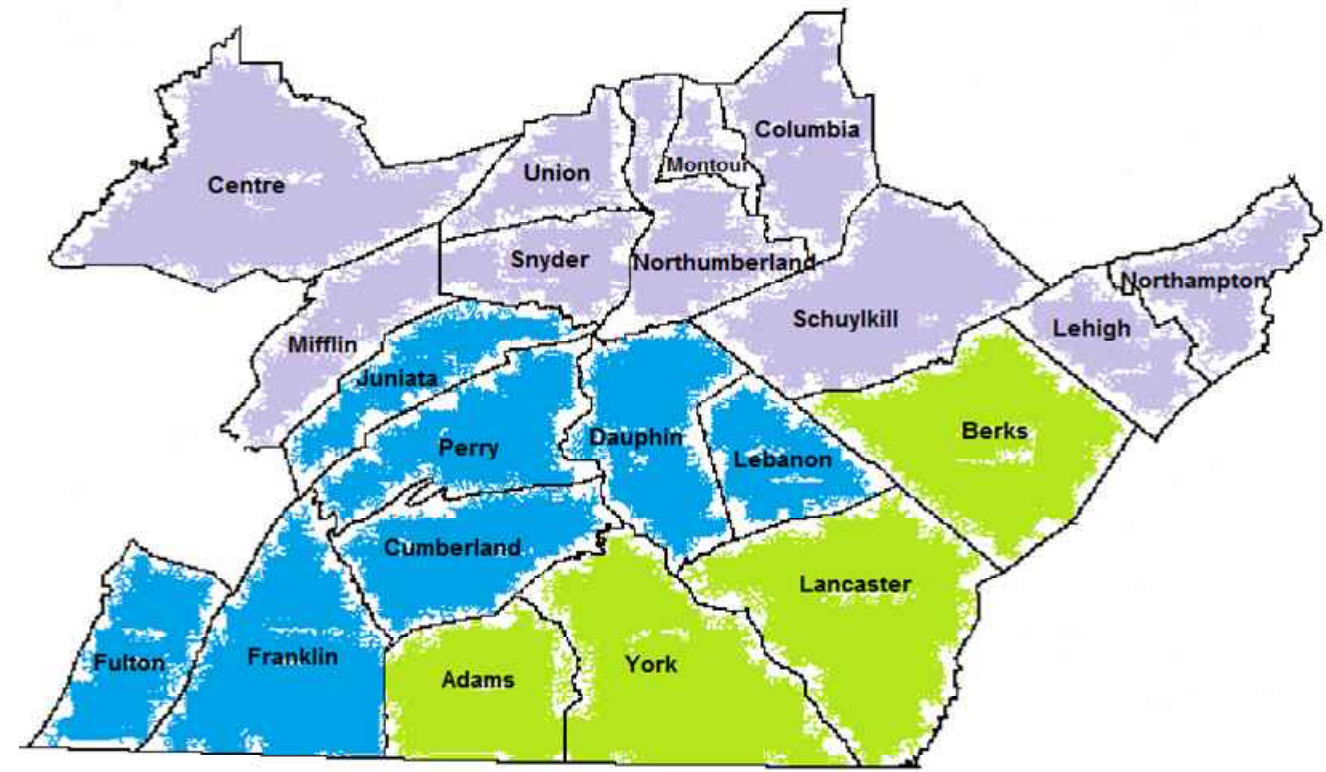
Effective 1/1/2020

Rating Factors

Age Factors

<u>Age</u>	<u>Premium Ratio</u>	<u>Age</u>	<u>Premium Ratio</u>	<u>Age</u>	<u>Premium Ratio</u>	<u>Age</u>	<u>Premium Ratio</u>	<u>Age</u>	<u>Premium Ratio</u>
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
7	1.07
9	1.01

<u>Network</u>	<u>Factor</u>
PPO	1.00

																		Base Rates								
																		1/1/2019 - 12/31/2019				Annual Total				
#	Combo Description	Projected Membership	Proj MM	New or Existing	Product ID	Plan ID	On/Off Exchange	Benefit Plans			Pricing Value	Induced Demand	Product	Medical Plan Description	Deductible	Drug Plan Desc	Pediatric Dental Embedded	Pediatric Vision Embedded	Medical & Rx	Medical	1/1/2019 - 12/31/2019		Annual Total			
								Metal Level	Metal Value												RS	Pediatric Dental	Pediatric Vision	Total	Medical & Rx	Dental & Vision
1	Catastrophic PPO \$100/0/75	100.0%	752	Existing	827959/0014	827959/0014/0001	Off Exchange	Bronze		60.8%	70.9%	1.00	PPO	Catastrophic PPO \$100/0/75	\$100	Combined	Embedded	Embedded	\$257.70	\$194.91	\$42.79	\$1.61	\$0.18	\$259.48	7.6%	3.0%

1	Catastrophic PPO R1501075	100.0%	722	Existing	827359A014	827097A0140001	Off Exchange	Bronze	60.8%	70.0%	1.00	PPO	Catastrophic PPO R1501075	\$150	Combined	Embedded	Embedded	\$537.70	\$118.491	\$42.79	\$1.61	\$0.18	\$239.48	7.6%	1.0%
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Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2020
Regional Analysis

Annual Increase	-3.8%
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Results

<u>By Region</u>	<u>Current Month Members</u>	<u>Enrollment Dist</u>	<u>Projected LR w No Region Factor Change</u>	<u>Target LR</u>	<u>Adjusted for Regional Costs</u>	<u>Current Factors</u>	<u>Adj Factors</u>	<u>Final Rel to Region 6*</u>
6	19,532	42%	81.1%	81.9%	-4.8%	1	0.99	1.0000
7	21,060	45%	90.8%	88.1%	-0.9%	1.03	1.06	1.0700
9	6,462	14%	81.4%	87.6%	-10.6%	1.08	1.00	1.0100
Total	47,054	100%	85.5%	85.5%	-3.9%	1.02	1.02	1.03

Data - Claims and Enrollment for 12 Months Ending December 2018

Total		1	407,399	47,054	401,355,182	265,931,459	(10,060,406)	29,528,708	61.3%
<u>Region</u>	<u>Group County Name</u>	<u>% 2018 Enrollment</u>	<u>MemberMonths</u>	<u>Current Month Members</u>	<u>Premium</u>	<u>Incurred Claims</u>	<u>Rx Rebates</u>	<u>RA Estimate</u>	<u>Loss Ratio</u>
6	Lehigh	13.6%	55,575	7,052	\$51,213,578	\$32,706,781	-\$1,702,559	\$3,010,701	57.2%
6	Northampton	13.8%	56,141	7,014	\$52,215,997	\$32,045,773	-\$1,508,015	\$3,538,122	54.8%
6	Schuylkill	3.1%	12,727	1,902	\$13,503,821	\$6,931,822	-\$499,159	\$715,931	45.2%
6	Centre	0.5%	1,982	786	\$1,793,296	\$2,362,599	-\$253,702	\$2,127,833	53.8%
6	Northumberland	1.1%	4,285	798	\$4,299,782	\$3,559,764	-\$273,143	\$292,617	71.6%
6	Columbia	0.7%	2,761	577	\$2,749,971	\$2,580,302	-\$137,005	\$990,964	65.3%
6	Union	0.7%	2,726	482	\$2,601,251	\$2,189,845	-\$113,940	-\$207,012	86.7%
6	Mifflin	0.4%	1,671	346	\$1,708,413	\$1,814,821	-\$105,319	\$826,927	67.4%
6	Snyder	0.7%	2,703	489	\$2,530,839	\$1,685,333	-\$153,811	\$565,778	49.5%
6	Montour	0.0%	88	86	\$108,824	\$103,171	-\$32,860	\$86,584	36.0%
7	Lancaster	11.5%	46,816	6,664	\$41,811,104	\$32,153,690	-\$1,623,180	\$5,969,631	63.9%
7	Berks	9.8%	39,780	4,404	\$38,487,421	\$27,476,337	-\$831,916	\$4,367,296	62.2%
7	York	20.8%	84,909	8,048	\$90,426,241	\$58,522,445	-\$1,500,115	\$1,492,830	62.0%
7	Adams	5.1%	20,964	1,944	\$23,063,809	\$16,306,585	-\$380,689	\$1,547,243	64.7%
9	Dauphin	4.7%	19,223	1,548	\$17,791,311	\$12,134,360	-\$209,816	\$2,477,934	58.8%
9	Cumberland	6.0%	24,328	1,939	\$22,526,167	\$14,459,915	-\$174,177	\$2,279,943	57.6%
9	Lebanon	0.1%	506	399	\$475,982	\$430,647	-\$117,883	\$163,927	48.9%
9	Franklin	5.5%	22,235	1,902	\$25,630,532	\$13,861,428	-\$278,964	-\$955,079	55.0%
9	Perry	0.9%	3,866	334	\$3,873,757	\$2,626,809	-\$64,579	\$514,471	58.4%
9	Fulton	0.7%	2,986	233	\$3,398,997	\$1,528,011	-\$65,911	-\$172,891	45.3%
9	Juniata	0.3%	1,128	107	\$1,144,089	\$451,021	-\$33,666	-\$105,042	40.2%
6		34.5%	140,657	19,532	\$132,725,772	\$85,980,211	-\$4,779,510	\$11,948,445	56.1%
7		47.2%	192,470	21,060	\$193,788,574	\$134,459,056	-\$4,335,900	\$13,377,000	62.8%
9		18.2%	74,272	6,462	\$74,840,835	\$45,492,192	-\$944,996	\$4,203,264	56.4%



June 25, 2019

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

**Re: Capital Advantage Insurance Company
Individual Rates
Filing No 19-42
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear [REDACTED]:

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
- Q&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).

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

Harrisburg, PA 17177 | capbluecross.com

Sincerely,

[REDACTED]

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

Enclosures

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

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

Question and Answer Individual Rates Effective January 1, 2020

With this response, please find corresponding Q&A Exhibits in Ind_19-42_Initial_CAIC_PPO_Q&AExhibits1_Supporting_20190625.xlsx

Question 1. Page 3 of your actuarial memorandum says, “Transitional membership is included in PA Rate Exhibits Table 2 and is broken out in Exhibit G1”. Please explain the adjustment made for the transitional plans in the base period data when projecting the 2020 rates for non-transitional plans including quantitative support and where the adjustment is made.

Answer 1. Transitional business is not included in base experience period. The Actuarial memo has been corrected to reflect this.

Question 2. Please list and provide the measurement used for each category included in “Other Medical” and the number of units and cost for each.

Answer 2. Please see Q&A Exhibit 1 for the data requested.

Question 3. Please explain where the changes in benefit cost sharing between 2018 and 2020 shown in Exhibit B were reflected.

Answer 3. The changes in benefit cost sharing are reflected in Exhibit D, Benefit Mix. This exhibit measures the benefit change from the Base Experience Period (BEP) to the rating period. The manual cost measurement in both the BEP and rating period reflect the benefits accordingly. Actuarial Memo, pages 6 and 8 further describe adjustments for benefits.

Question 4. Please explain how adjustments were made for large claims in the base period that may not be repeated or that may be increase in 2020.

Answer 4. No explicit adjustment is made for large claims. In a large population, these claims are assumed to reflect future claim costs.

Question 5. Please confirm that there was no private reinsurance for this business or explain how and where it was reflected.

Answer 5. I confirm that there is no private reinsurance for this business.

Question 6. For the manual rate development please:

1. Explain how the experience was adjusted to remove the KHPC bronze experience;
2. Explain how the impact of benefit changes from 2018 to 2020 was accounted for;

3. Explain how differences in provider fees between CAIC and KHPC were accounted for;
4. Explain how differences in the proportion of membership in each region between KHPC and CAIC was accounted for.
5. Confirm that the morbidity of the two populations was the same except for average age;
6. Provide support for the age factors in Exhibit F_URRT.

Answer 6.

1. Bronze experience was adjusted to the catastrophic levels by measuring the distribution of Bronze/Cat in the experience period (75%/25%) and comparing that to the rating period (0%/100%). Using factor of 0.5 for catastrophic plans, and 1.0 for non-Cat, the adjustment is $(0.5 \times 100\% + 1 \times 0\%) / (0.5 \times 25\% + 1 \times 75\%) = .57$.
2. Benefit changes are calculated in Exhibit D, Benefit Mix and discussed in the actuarial memorandum page 6. The average benefit is the experience period 247.26 (from CBC's actuarial cost model). The average benefit in the rating period (Cat plan) is 242.75. The benefit change is $242.75 / 247.26 = 0.98$.
3. KHPC pays capitation on primary care physician visits and mental health. In total, HMO plans are estimated to be approximately 2% less costly (medical cost only) than PPO due to the combination of capitation, physician referrals, and absence of out-of-network coverage. The resulting relativity between KHP and CAIC catastrophic plans reflects this network difference.
4. The differences in membership distribution among regions is not explicitly taken into account. This is because CBC members can choose to buy either a KHP or CAIC catastrophic plan, making the purchasing population equal. In order to align rates across subsidiaries according to network and benefits, the same region calibration is done for both companies.
5. The purchasing population that buys either an off-exchange KHP Catastrophic plan or an off-exchange CAIC catastrophic plan is the same. CAIC only has 52 current members, making its population not credible.
6. The factors used to adjust KHP Bronze/Cat experience to CAIC Cat experience are estimates of the impact of the Catastrophic population compared to that in Bronze plans. The factor of 0.5 is close to the KHP catastrophic adjustment of 0.55.

Please note that the combination of 0.5 factor to adjust KHP experience and \$0 risk adjustment estimate work together to produce final rates that align with KHP Cat rates, with differences explainable by network.

Question 7. Please provide the leveraging impact used in the trend (see page 5 of the actuarial memorandum) and provide support for the leveraging as demonstrated by the paid and allowed claim trends.

Answer 7. Last year's CAIC Individual filing showed the calculation to justify 1.6% for leveraging. This year's filing is requesting 1% leveraging adjustment. I am including last year's exhibit in Q&A Exhibit 2 with the following explanation:

In order to determine the future impact of leveraging, including the impact of increasing cost sharing due to allowed costs rising, I'm showing a claim probability distribution with allowed

amounts by range. The data is for 2017 CBC ACA single risk pool population. I applied an average AV of 70% to the population (note that KHPC average AV is around 62%, making leveraging higher). From that, I can infer that a deductible (applying to all services) of \$5,519 is equal to 70% AV for this population. Using that deductible amount, I can measure incurred claims and member cost-sharing trend, given an allowed trend of 6.5%. Claims are trended in a database in order to move claims into the correct buckets as they trend. You can see that the total allowed amounts are increasing at 6.5% annually (columns O and X). Given the deductible and allowed trend, incurred claims trend at 8.1%, member cost-share at 2.8% and leveraging is $8.1\% - 6.5\% = 1.6\%$.

Question 8. Please explain how you converted the KHP capitations to the CAIC plans that do not have capitations.

Answer 8. While KHP capitations are not explicitly adjusted, the resulting relativity between KHP and CAIC catastrophic rates reflects the network differences. See Answer 6 (3) above.

Question 9. Page 3 of the federal memorandum indicates CAIC does not include capitated services, however, the PAAM indicates a weight of 3.20% for capitation. Please explain why any weight is applied to capitation.

Answer 9. CAIC is using KHP base experience period data, including capitation, for rating purposes. This same approach is used for trend.

Question 10. Please provide quantitative support for the Pricing AV of 0.525 and explain why it is so much different than the projected paid-to-allowed of 71%.

Answer 10. As further explained in answer 14 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 19 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 estimate of 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 "Ind_19-43_Initial_CAIC_PPO_RACalc_Supporting_CONF_20190625.xlsx" for the CBC's best estimate to date of Individual 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:

- Because CAIC Catastrophic plan is new for 2019, CAIC PLRS and all of applicable rating factors are set equal to KHPC 2019 estimated Catastrophic results. The following bullets describe the methodology used to predict KHPC Catastrophic transfer. Please note that although a payable is calculated, \$0 is used in CAIC rating to properly align rates across subsidiaries and benefits.
- 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 CAIC Individual 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 and other factors are assumed flat from 2018.

Question 12. Please explain how you plan to determine the projected 2020 risk adjustment transfer amount once HHS releases them 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 \$0.00 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 and supporting exhibits.

Question 14. Please provide support for the benefit richness factor of 2.663.

Answer 14. Due to changes in Network factor = 1.0 and Catastrophic factor = 1.0 (please see answers 15 and 16 below), benefit richness is now 1.35 and is calculated as follows:

1. Calculate projected claim cost + market level adjustments by plan. For example, the projected claim cost PMPM for plan 82795PA0140001 is \$179.87.
 - a. Total Projected Claim Cost is \$179.87 at an average projected medical and Rx benefit level (value for relativity purposes only) of 242.75. See Exhibit D_BenMix.
 - b. Plan 82795PA0140001 medical and Rx benefit level is 242.75. Benefit relativity to average projection period is 1.0 (because 82795PA0140001 is the only plan offered in the rating period). See Exhibit L_RateDev cell F10.
 - c. Plan 82795PA0140001 projected claim cost PMPM is $\$179.87 / 1.0 = \179.87
 - d. Plan 82795PA0140001 projected claim cost PMPM + market level adjustments = $179.97 - \text{RA PMPM} + \text{Exchange Fee PMPM} = 179.87 - (-0) + 0 = 179.87$
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. $\text{Plan 82795PA0140001 MAIR} \times \text{Pricing AV} \times \text{Network} = 253.68 \times .52 \times 1.0 = 133.17$
 - c. $\text{Induced Demand} = 179.87/133.17 = 1.35$
- 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 15. Please justify benefit richness factor when there is only one plan and would have to be normalized to 1.000.

Answer 15. Please see answer 14 above. Benefit richness is a result of my standard approach to pricing AV and is not used to inflate projected claims. Projected claims for the Catastrophic plan equals projected claims in Exhibit G, Paid-to-Allowed Ratio Development.

Question 16. Please provide support for the provider network factor of 1.016 since there is only one plan.

Answer 16. With this submission, the network factor has been removed. This does not impact the final answer as the impact was already normalized to 1.0.

Question 17. Please provide support for the catastrophic adjustment of 0.5 since there is only one plan included in the filing and it was based on a manual rate.

Answer 17. With this submission, the network factor has been removed. This does not impact the final answer as the impact was already normalized to 1.0

Question 18. Please provide the development of the health insurer fee of 2.65%.

Answer 18. Please see “Ind_19-42_Initial_CAIC_PPO_HIFCalc_Supporting_CONF_20190625.xlsx” for the requested data. Tab 1 contains actual amounts for 2018 and 2016.

Also, please see “Ind_19-42_Initial_CAIC_PPO_HIFCalcMemo_CONF_Supporting_20190625.pdf for a detailed explanation of the HIF calculation provided by CBC’s Accounting Department.

Question 19. 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 19. 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 20. Please explain the changes in the regional factors in Exhibit N from the prior filing.

Answer 20. 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 21. The rates for an age 21 non-smoker on the rate template are a lot higher (\$367.49 for area 6) than the rates in the URRT (\$243.20 WS2 F62) or the PA template (\$243.19 Table 10 aa18). Please explain.

Answer 21. With this submission, age 21 region 6 rates match Table 10 and are consistent with URRT, WS2.

Question 22. The PCORI fee should not be used in the 2020 MLR calculation. Please revise the MLR calculation.

Answer 22. Exhibit I, Projected Loss Ratio has been corrected to remove PCORI fee.

Question 23. Please explain the large drop in membership that you are projecting.

Answer 23. Effective 1/1/2019, CAIC offers an off-exchange Catastrophic plan only. Projected membership reflects current membership as of 2/15/2019.

Question 24. Please explain how your Accrued medical incentive pool and bonus amounts and policy reserves from your financial statement were taken into account in your rate development.

Answer 24. Accrued medical incentive pool and bonus amounts are not explicitly considered in the rate development. But quality incentive amounts are added to retention, which would include these amounts. CBC does not accrue for policy reserves in this market segment.

Question 25. 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 25. The actuarial certification has been updated to include the requested statement.

Question 26. 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 26. The actuarial memo, page 2, has been updated to include the primary cost drivers and their approximate impact.

The following additional questions or comments are from PID.

Question 27. URRT versus PAAM Exhibit Tables – Please explain and correct the following discrepancies:

- a. The cost sharing is \$496,744 in Tables 2 and 4 of PAAM but \$460,868 on WKST 2, Section II of URRT (cell D28)
- b. Incurred claims are 1,924,633 in Table 2 of PAAM and WKST 1 of URRT but \$1,960,509 in WKST 2, Section II (cell D30)

Answer 27.

- 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 28. 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 28. 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. Individual allowed trend is running at 7.8%, compared to filed trend of 8.7%. The difference between 7.8% actual and 8.7% can be justified by leveraging impact. Last year's CAIC Individual filing, CABC-131454888, justified leveraging of 1.6%, which would put actual + leveraging = 9.4%. You can also see a year prior the trend was 20.6%.

Question 29. 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 29. 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 30. 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 30. Please see “Ind_19-42_Initial_CAIC_PPO_HIFCalc_Supporting_CONF_20190625.xlsx” for the requested data. Tab 1 contains actual amounts for 2018 and 2016.

Also, please see “Ind_19-43_Initial_KHP_HMO_HIFCalcMemo_CONF_Supporting_20190625.pdf for a detailed explanation of the HIF calculation provided by CBC’s Accounting Department.

Question 31. Age Calibration Factor – Please explain the discrepancy between the List-Billed Adjustment for Max 3 Children of 1.003697 in the PAAM support Tab “Exhibit N_Calibration” and 1.00294 in the workbook “Ind_19-42_Initial_CAIC_PPO_List-Billed_Supporting_20190521”.

Answer 31. With this submission, the List Billed data has been corrected, and the result matches the factor applied in Exhibit N. See “IND_19-42_Revised_CAIC_PPO_List-Billed_Supporting_20190625.xlsx”

Question 32. 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 member-months, after you replace the current place-holder of \$0.00. 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 32. Please see Answer 11 above and corresponding exhibits for the calculation of the risk adjustment transfer. While \$19.60 is the calculated transfer payable, \$0 is used in rating for market and rate staging with other CBC subsidiaries purposes.

Question 33. 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 33. Please see updated Exhibit B, Benefit Change Summary, that now includes the change in Pricing AVs.

Question 34. 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 34.

- 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 CBCI 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. Due to these findings, CBC would likely submit a non-zero estimate for the impact of RADV.

Question 35. 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 35. Table B was provided with the original submission (file updated with Q&A response). Please see "IND_19-43_Revised_KHP_HMO_RateDev_Supporting_20190625.xlsx"

- a. Column (9) represents the pure induced utilization for each plan.
- b. Provided in Table B.
- c. Please see Answer 14 above.
- d. Please see Answer 14 above. Induced demand is normalized so that projected claims are not overstated.
- e. Provided in Table 8 and Answer 14 above.
- f. With this submission, Table 7 is corrected to show the average induced utilization and ties to Table B.

Question 36. 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 36. Please see “Ind_19-42_Initial_CAIC_PPO_FinancialStatements_Supporting_20190625.xlsx” for the requested data. This is taken directly from CBC’s Annual Financial Statements.

Question 37. 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 37. Individual broker commissions amounts are expected to be unchanged between 2019 and 2020. The broker PMPM applied in rating is equal to the actual Individual 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:

- Ind_19-42_Initial_CAIC_PPO_PPMABrokerIndRedacted_Supporting_20190521.pdf
- Ind_19-42_Initial_CAIC_PPO_WBEBrokerIndRedacted_Supporting_20190521.pdf

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

Question 38. 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 38. The changes have been made to our calculations and PAAM Exhibits are updated with this submission.

Question 39. 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 39. 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 40. 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 40. Please see Q&A Exhibit 4 for the requested data.

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

<u>URRT - Other Category</u>		<u>Services</u>	<u>Incurred</u>	<u>Allowed</u>	<u>Incurred per Service</u>	<u>Allowed per Service</u>
OP - DME	Outpatient	0	0	0	0	0
Other - DME	Professional	185	11,638	19,372	63	105
Other - Prosthetics	Professional	0	0	0	0	0
OP - Home Health/PDN	Outpatient	0	0	0	0	0
Other - PDN/Home Health	Professional	13	3,931	3,931	302	302
OP - Medical Surgical Supplies	Outpatient	23	8,551	8,933	372	388
Preventive care - Vision Exams	Professional	83	4,197	7,848	51	95
Dental	Professional	0	0	0	0	0
OP - Ambulance	Outpatient	8	5,313	8,354	664	1,044
Other - Ambulance	Professional	34	7,183	8,022	211	236
Other - Glassess/Contacts	Professional	0	0	0	0	0
Other Med		346	40,813	56,460	118	163
Embedded Dental		80	2,838	4,068	35	51
Embedded Vision		23	365	365	16	16

Individual AV
Member Pays 30%
CBC Pays 70%

Deductible Equivalent 5,519
Allowed Trend 6.5%

2017 ACA Member Data							Trended 2018							Trended 2019							Leveraging			1.6%			6.5%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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Capital Advantage Insurance Company
Individual Rates
Q&A Exhibit 3
Capital BlueCross Monthly Medical Trend Report

Individual

For 12 Month Periods Ended

	12 Months Ended:			% Change	
	201905	201805	201705	2019/2018	2018/2017
<u>Allowed PMPM</u>					
Medical + Pharmacy	<u>\$ 732.49</u>	<u>\$ 679.67</u>	<u>\$ 563.80</u>	7.8%	20.6%

Small Group Insured

For 12 Month Periods Ended

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

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

Year	Paid		Risk Adjustment		Exchange User Fees		Market Adjusted Paid	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
2015	\$358.32	---	-\$0.08	---	\$6.77	---	\$365.17	---
2016	\$349.49	\$41.45	-\$0.21	-\$325.42	\$6.65	\$0.00	\$356.35	\$366.88
2017	\$516.23	\$455.51	\$0.13	-\$312.61	\$0.00	\$0.00	\$516.10	\$768.12
2018	\$660.32	\$681.29	\$28.09	\$45.34	\$0.00	\$0.00	\$632.23	\$635.94



July 12, 2019

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

**Re: Capital Advantage Insurance Company
Individual Rates
Filing No 19-42
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear [REDACTED]:

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
- Q&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, as well as a change to filed trend.

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

Harrisburg, PA 17177 | capbluecross.com

Sincerely,

[REDACTED]

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

Enclosures

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

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

Question and Answer Individual Rates Effective January 1, 2020

With this response, please find corresponding Q&A Exhibits in Ind_19-42_Initial_CAIC_PPO_Q&AExhibits2_Supporting_20190712.xlsx

Question 1. Follow-up to question 3: Where are the benefit adjustments reflected on the PAAM and on the URRT?

Answer 1. The benefit adjustment is reflected in the paid-to-allowed ratio. The paid-to-allowed ratio is developed in Exhibit G, Paid-to-Allowed Ratio Development. The calculation includes the benefit change factor (line 8).

Question 2. Follow-up to questions 10, 14, 15, and 29: 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 (in this case catastrophic experience)?
- 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 in 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 15: according to the URR 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 15. The same calculation is performed but the results of 2c are now an interim step in the pricing AV calculation. 2c factor is applied to the pricing AV previously reported. Induced demand is 1.0.

Question 4. Follow-up to question 19: 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 26: the updated actuarial memorandum page 2 shows a rate decrease of 2.4% due to Reimplementation of the Health Insurer Fee: 3.0% and Catastrophic plan performance better than forecasted: -5%. Why isn't trend and other factors in the PAAM Table 8 included in the rate change drivers?

Answer 5. The actuarial memorandum has been updated to include cost and utilization as a driver.

Question 6. Follow-up to questions 7 and 28: to support the leveraging factor, please provide your paid claim trends and allowed claim trends for the last 5 years showing that the paid trends are 1% higher than the allowed trends.

Answer 6. With this submission, the trend leveraging adjustment has been removed.

Question 7. Follow-up to question 32: please explain market and rate staging with other CBC subsidiaries.

Answer 7. CBC offers catastrophic plans under both CAIC and subsidiary, Keystone Health Plan Central (KHPC). From a customer's viewpoint, the difference in price between the two plans should be explainable by network and utilization management differences between the plans. CBC strives to align prices of similar plans across subsidiaries.

Question 8. Follow-up to question 35.e: Why is the average benefit richness in Table 7 0.74 when the benefit richness for the one plan is 1.351. 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 2 above.

Answer 8. With this submission, induced demand is 1.0.

Question 9. Follow-up to question 36: 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 9. Please see Q&A Exhibit 1 for projected 2019 and 2020 results.

Question 10. 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 10. With this submission, the correct template is being used.

Question 11. 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 11. With this submission, we have updated all exhibits and memos to reflect actual 2018 risk adjustment results released on June 28, 2019. While the updated projected risk adjustment calculation shows a slight payable amount (-\$0.83 PMPM), the projected risk adjustment amount applied is unchanged at \$0. The updated risk adjustment calculation is found in Ind_19-42_Initial_CAIC_PPO_RACalc201905_Supporting_CONF_20190712.xlsx.

Question 12. 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 12. CBC has not included the impact of RADV and therefore no modification is necessary.

Capital Advantage Insurance Company
Individual 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*	254	\$13,192	\$32,652	\$64,023	\$2,560	\$15,619	\$15,619	\$737.92
2020	752	\$36,427	\$132,772	\$182,220	\$9,377	\$3,644	\$3,644	\$58.16

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

Market: Individual



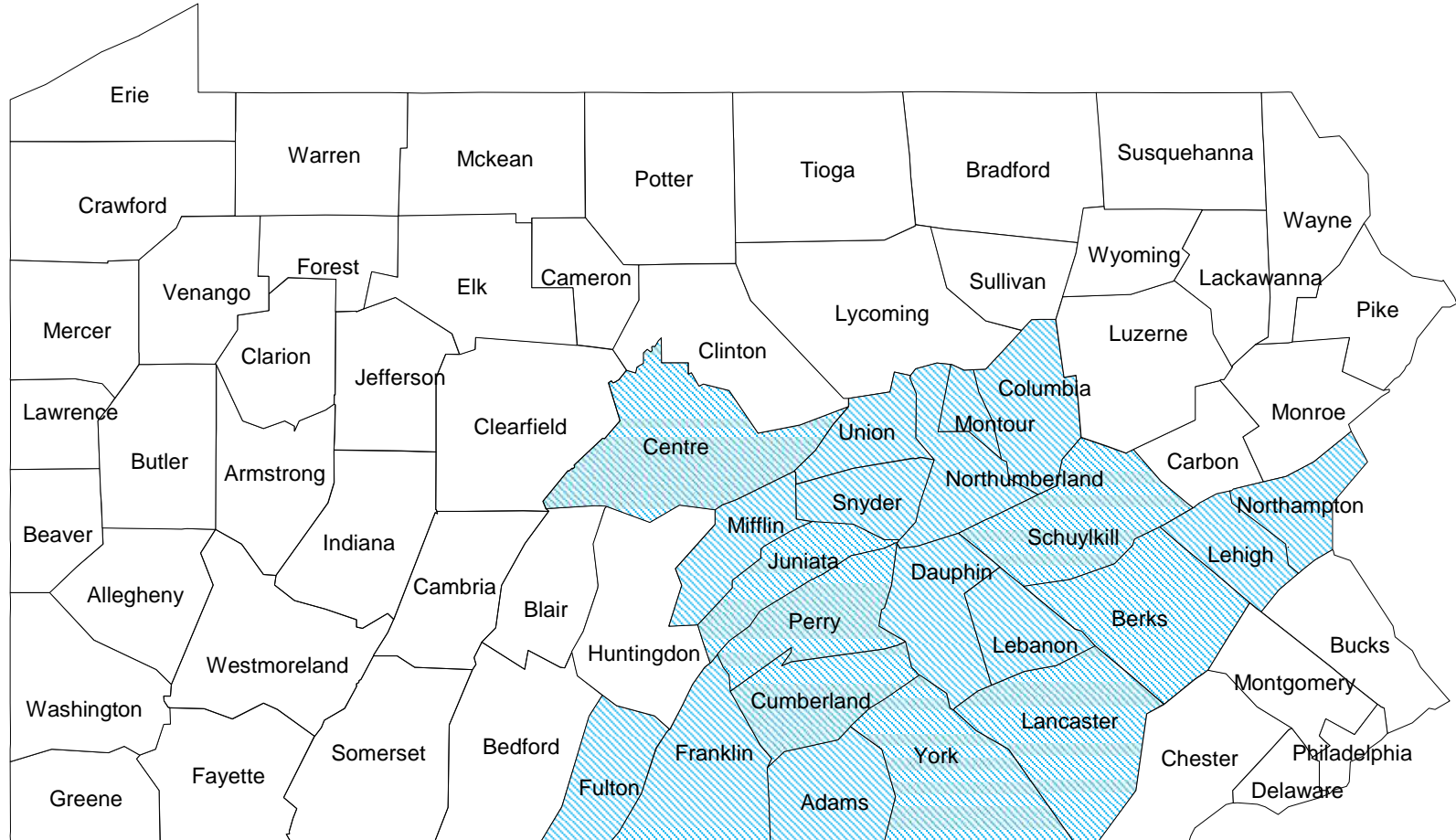
 : 2019 on-exchange service area

 : 2019 off-exchange only service area

2020 Service Area


Issuer: 82795

Market: Individual



Key *(modify as needed)*

 : 2020 on-exchange service area

 : 2020 off-exchange only service area