

State: Pennsylvania Filing Company: First Priority Health
TOI/Sub-TOI: H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense
Product Name: 1A-DP-19-FPH
Project Name/Number: 1A-DP-19-FPH/1A-DP-19-FPH

Supporting Document Schedules

Satisfied - Item:	ACA Public Rate Filing PDF
Comments:	A redacted version of the rate filing is attached for public disclosure. Two files are required due to file size limitations.
Attachment(s):	1A-DP-19-FPH Public Rate Filing 071919 Part 1 of 2.pdf 1A-DP-19-FPH Public Rate Filing 071919 Part 2 of 2.pdf
Item Status:	
Status Date:	



**BlueCross
BlueShield**

First Priority Health

May 21, 2019

Ms. Tracie Gray, Director
Bureau of Life, Accident & Health Insurance
Commonwealth of Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

Re: First Priority Health 2020 ACA Rate Filing (Individual Market)
Filing # 1A-DP-19-FPH (SERFF # HGHM-131904476)

This constitutes Notice pursuant to Section 707 of the Pennsylvania Right-to-Know Law that the attached First Priority Health (FPH) 2020 Individual Market Rate Filing contains Trade Secret and Confidential Proprietary Information. Therefore, FPH must, prior to the release of any portion of this Filing, be notified of any request by a third party for access to this Filing, and the Trade Secret and/or Confidential Proprietary Information identified by FPH should be redacted before release.

Dear Ms. Gray:

This Filing includes the First Priority Health's ("FPH", "Company") Individual Market rates and the supporting rate development for policies with effective dates on or after January 1, 2020.

In the event the Department decides to publish this Filing in the PA Bulletin, the company information requested in the Department's 2020 ACA-Compliant Health Insurance Rate Filing Guidance, Section B, is provided below:

Requested Company Information

1. Company Name & NAIC #: **First Priority Health, NAIC # 96601**
2. Market: **Individual**
3. On or Off Exchange: **This filing reflects that the Company anticipates selling one plan on the off exchange.**
4. Effective date of coverage: **January 1, 2020**
5. Average rate change requested: **0.7% decrease**

6. Range of rate change requested: **-1.7% to 1.4%**
7. Total additional annual revenue generated from the proposed rate change: **(\$2,899)**
8. Product(s): **HMO**
9. Rating Areas and the change from 2019: **Rating Area 3**

There are no changes in our covered Rating Areas from the 2019 rate filing.

10. Metal Levels and Catastrophic Plans: This filing reflects that the Company anticipates selling only a **Gold** plan in the indicated Market.
11. Current number of covered lives and of policyholders as of February 1, 2019: **11,730 covered lives; 8,499 policyholders**
12. Number of plans offered in 2020 and the change this represents from 2019: **1**

The Company offered 11 plans in 2019. For 2020, the Company is continuing 1 plan in the Market and removing 10 plans from the Market.

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

13. Corresponding contract form #, SERFF and Binder ID#s: **The corresponding SERFF binder number is HGHM-PA20-125092161 affecting the following Company products and forms:**

Product Name / Type	Contract Form & SERFF#
My Lehigh Valley Flex Blue HMO	LV/HMO/FPH/DP-1; HGHM-131922348

14. HIOS Issuer ID # and submission tracking number: **HIOS Issuer ID #83731, Company Filing #1A-DP-19-FPH (SERFF Filing # HGHM-131904476)**

Additional Filing Disclosures

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

format. To assist in the Department's review, the Excel files have retained their formulas to the extent possible.

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

Potential Changes to Federal Regulations

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. We have accounted for the elimination of the Individual Mandate penalty and the lack of CSR funding in 2020 by using the factors prescribed in the Department's guidance. Additional assumptions include that advance payment of premium credits (APTCs) will continue until the end of 2020, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2020. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, FPH reserves the right to submit a revised filing.

Request for Confidentiality

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

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

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

Furthermore and pursuant to the Pennsylvania Right-to-Know Law ("RTKL"), FPH must be notified prior to release of information contained in this Filing and be given the opportunity to

Ms. Tracie Gray, Director
FPH 2020 Individual Market Rates
May 21, 2019
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respond to requests for such information. Should the Department receive such request or require the release of information contained in this Filing for its own purposes, FPH asserts its right to release a redacted version of the Filing. In accordance with the RTKL, please contact the FPH RTKL representative identified below prior to release of any information contained in this Filing:

[REDACTED]
RTKL Representative
VP Chief Privacy Officer
Highmark Health
120 Fifth Avenue, Suite 2114
Pittsburgh, PA 15222

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

Should you have any questions regarding the attached Filing, please feel free to contact me at [REDACTED] or via e-mail at: [REDACTED]

Sincerely,

[REDACTED]
[REDACTED]
[REDACTED]

Highmark Inc.

cc:

[REDACTED]
[REDACTED]
[REDACTED]

Rate Change Summary

First Priority Health – Individual Plans

Rate request filing ID # 1A-DP-19-FPH (SERFF # HGHM-131904476) - 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:	-0.7% ¹
Revised requested average rate change:	N/A ¹
Range of requested rate change:	-1.7% to 1.4%
Effective date:	January 1, 2020
People impacted:	11,730
Available in:	Rating Area 3

Key information

Jan. 2018-Dec. 2018 financial experience

Premiums	\$105,685,090
Claims	\$66,718,288
Administrative expenses	\$9,460,288
Taxes & fees	\$5,626,506
<hr/>	
Company made (after taxes)	\$23,880,008

How it plans to spend your premium

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

Claims:	90%
Administrative:	7%
Taxes & fees:	3%
Profit:	0%

The company expects its annual medical costs to increase **9.52%**.

Explanation of requested rate change

The proposed average rate decrease is being driven by unanticipated improvement in the base claims experience.

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

Actuarial Memorandum

1. Basic Information and Data

A. Company Information

The appropriate company information has been provided in Table 0. General information pertaining to this rate filing is summarized below:

- Company Name: First Priority Health (“FPH”)
- NAIC #: 96601
- HIOS Issuer ID: 83731
- State: Pennsylvania
- Market: Individual
- Effective Date: 1/1/2020
- SERFF Rate Filing #: HGHM-131904476

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. We have accounted for the elimination of the Individual Mandate penalty and the lack of CSR funding in 2020 by using the factors prescribed in the Department’s guidance. Additional assumptions include that advance payment of premium credits (APTCs) will continue until the end of 2020, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2020. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, the Company reserves the right to submit a revised filing.

B. Rate History and Proposed Variations in Rate Changes

The three most recent rate changes in Pennsylvania for First Priority Health (FPH) are as follows:

Year	Avg. Increase	SERFF ID#
2019	1.1%	HGHM - 131475735
2018	13.9%	HGHM - 131020597
2017	Initial Filing	HGHM - 130536973

Historical rate changes varied by plan due to updated cost sharing levels to meet federal AV requirements as well as updates to AV and other pricing factors.

The proposed 2020 rate changes vary by plan. This is primarily due to updates in the pricing AV factors. The plan level increases can be found in Table 10.

C. Average Rate Change

The average rate changes as presented in the filing are:

- Table 10: -0.7%
- Table 11: -0.7%

Table 10 calculates the percentage change in the member weighted average rate for 2019 and the member weighted average rate for 2020. Table 11 calculates the percentage increase for each plan and then member weights the percentage increases.

Worksheet 2 of the URRT also shows a submission level rate changes. This values is used in the development of the average rate change shown in the Federal Part II justification. A demonstration of this calculation is included in Attachment F.

D. Membership Count

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

E. Benefit/Cost Sharing Changes

FPH is offering one renewing 2020 plan with cost sharing that differs from the 2019 offering.

The screenshots from the HHS AV calculator, showing the plan benefits and the resulting actuarial values, can be found as a separate attachment within the *Supporting Documentation* section in SERFF. Also, the PA Plan Design Summary and Rate Tables along with the HIOS Plan IDs can be found within the *Rate/Rule Schedule* section in SERFF.

F. Experience Period Claims and Premium

Please see Table 2 for the experience period data for the most recent calendar year. The experience period paid claims data represents the 2018 calendar year results for all policies in the single risk pool, with run out through February 2019. This data is consistent with the data reported in Section I of Worksheet I of the URRT.

Table 2 is populated with the experience period data as follows:

- The Earned Premium represents actual revenues earned in the experience period.
- Incurred Claims represent claims paid by FPH. Note that the URRT includes capitated services and is net of Rx Rebates. Those values are not included here as they are listed as separate items.
- The Allowed Claims represent our best estimate of the total claims prior to member cost sharing incurred during the experience period. The Allowed Claims include:
 - Two months of run out from the end of the experience period,
 - Claims processed outside of the Company's claims system (e.g., claim settlement costs), and
 - Our best estimate of claims incurred but not paid as of the end of the run out period.

Note that allowed claims in the URRT include capitation and are net of drug rebates. They are not included here as they are called out separately in the exhibit.

- Allowed Charges for non EHB services are included in column G. The amount of non EHB included is shown in column H.
- Prescription Drug Rebates are used to reduce the level of Incurred Claims in the experience period.
- Total EHB capitation includes amounts for the pediatric vision benefit (\$0.34 PMPM).
- The Estimated Risk Adjustment for the experience period represents our best estimate of the year end risk adjustment transfer payment that FPH will incur. This amount is developed based on an analysis of FPH data (risk scores as defined in the HHS Notice of Benefit and Payment Parameters, as well as other risk transfer formula components), and an estimate as to the Market-wide risk profile. This Market-wide risk profile is developed from available Market data, including prior years' risk adjustment transfer results, publicly available data (such as MLR reports), and outside expertise from actuarial consultants. The total amount shown here includes an estimate for the impact of the High Cost Risk Pool during the experience period.

G. Credibility of Data

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

H. Trend Identification

Table 3 identifies the annual medical and prescription drug allowed claims cost and utilization trends. The underlying total annual trend is 7.50%. Additionally, there is an induced utilization adjustment of 2.03% per year applied to reach the overall trend of 9.52% shown in Table 3 column G. The definitions of service categories, cost, and utilization in Table 3 are consistent with the URRT instructions. The numbers entered in the Cost and Utilization columns are consistent with those entered in Worksheet I, Section 2 of the URRT, except as noted below.

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

The significant changes observed in the volume, demographics and morbidity of the ACA population from 2015 to 2018 yields component trends that are not directly applicable for trend analysis. The trend components in Table 3 therefore represent the same blended average for all types of service and are applied to the aggregate experience for pricing. Component data was not used in the development of the trend.

A separate regression study was developed by the Company's valuation team to analyze the ACA trend levels of enrolled cohorts of ACA members. The enrollment period covers a significant portion of both 2017 and 2018. The analysis took into consideration seasonality and adjusted for step changes that

were included in the network factors in the two periods. Resulting r-squared levels were compared to determine confidence levels of the resulting regression trends to develop a reasonable range of trend assumptions.

The regression study resulted in a composite trend in line with the requested composite trend of 7.5%. This trend level was also compared to the Highmark group business for reasonability.

I. Historical Experience

Table 4 presents the most recent 48 months (4 calendar years) of FPH data with run-out through February 2019. This data was not used to develop the trend in Table 3. Please see section H for further details.

2. Rate Development & Change

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

The development of the Projected Index Rate, Projected Market-Adjusted Index Rate, and Projected Total Allowed Claims, shown in Table 5, closely follows the methodologies discussed in the Part III Actuarial Memorandum submitted in the Rate Filing Justification. Please refer to the Part III Memorandum for further details.

Some of the items separately identified in Table 5 include:

- The Change in Morbidity adjustment of 1.736 reflects the change in the population mix/claim levels from the experience period to the projection period. This factor also takes into consideration the effects of adverse selection inherent to guaranteed issue markets. The Individual ACA risk pool continues to have a significantly higher proportion of older members than the group business with a high prevalence of chronic conditions. This remains a national concern and questions the long-term viability of this guaranteed issue market which adds to the uncertainty of any future claim projections.

Impact of Health Insurance Coverage Mandate Elimination

In accordance with the Department's guidance, the morbidity factor was increased by 6.0% to reflect the market uncertainty from the elimination of the health insurance coverage mandate. This deterioration is reflected in the filing by multiplying the original morbidity factor of 1.637 by 1.06 to arrive at a final morbidity factor of 1.736.

- The Change in Demographics adjustment of 0.998 reflects the change in age and geography factors we expect from the experience period to the projection period.
- There is no Change in Network adjustment.
- There is no Change in Benefits adjustment.

- The Change in Other adjustment of 0.991 reflects changes in pharmacy rebates and expected changes in hospital/physician settlements.

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

The projected paid-to-allowed ratio is 0.927. The formula found in Table 5 cell C28 was overwritten because, unlike the average factor found in Table 10 cell K15, the Company's paid-to-allowed factor accounts for the projected enrollment by plan and is dampened by items such as capitation.

The quantitative development of the projected risk adjustment transfer amount for the Company is shown in Attachment B and included in the accompanying spreadsheet. The transfer amount is developed based on an analysis of the claims data underlying the rate development for this filing (risk scores as defined in the HHS Notice of Benefit and Payment Parameters, as well as other risk transfer formula components) and an estimate as to the market-wide risk profile. This market-wide risk profile is developed from available market data, including prior years' risk adjustment transfer results, publicly available data (such as MLR reports), outside expertise from actuarial consultants, and results from the PA Insurance Department's RATEE analysis. Applying the federally prescribed transfer formula at the level of granularity available in Attachment B yields a projected gross risk adjustment transfer of \$279.10 PMPM on a *billable* member month basis. This amount is then converted to a *total* member month basis of \$279.10 PMPM in order to be used in the rate development. The expected risk adjustment receivable reflects that the Company anticipates its average risk score (net of allowable rating factors) to be higher than the statewide average.

The \$279.10 PMPM value in cell C31 of Table 5 equals the \$279.10 PMPM value from Attachment B. Please note that, pursuant to the revised URRT instructions for 2020, the risk adjustment user fee is no longer included here but is now captured in the taxes and fees portion of administrative costs.

The exchange user fee in cell C32 of Table 5 is developed by taking the required user fee percentage of 3.0% and multiplying by the percentage of total members expected to be on exchange of 0%. This results in a percentage of 0%.

B. Retention Items

Table 6 has been completed with the requested retention elements for the proposed rates for the rating period. The amounts presented separately sum to the total administrative expenses and taxes and fees presented in the rate development.

Administrative costs reflect internal costs that FPH is projected to incur in the projected experience period, and are developed from standard expense allocation methods.

The proposed rate development assumes an average broker commission of \$1.32 PMPM for 2020. The assumed broker commission schedule and the development of the average value are included in Attachment D.

Expenses for Quality Improvement initiatives are assumed to be 0.81%.

The following is a summary of the Taxes and Fees included in the rate development:

- Pennsylvania Premium Tax is not applicable to this issuer and thus is set to 0.0%.
- Federal Income Tax is set to 0.0%.
- Health Insurance Provider Fee is estimated to be 2.8%.
- Risk Adjustment User Fee is set to \$0.18 PMPM consistent with Federal regulations.
 - Please note that, pursuant to the revised URRT instructions for 2020, the risk adjustment user fee should be captured in the taxes and fees portion of administrative costs. Table 10, column S thus captures this fee.

The Profit/Contingency for all plans is set to 0%. FPH has voluntarily refrained from adding a risk and contingency factor in this filing. By this voluntary action, FPH is not waving any right to include a risk and contingency factor which FPH believes is consistent with historical and legal interpretations of FPH and the Pennsylvania Insurance Department.

C. Normalized Market-Adjusted Projected Allowed Total Claims

The normalization factors presented in Table 7 are each determined from the underlying membership demographics expected in the projected rating period. The 2019 values are pulled from the prior year's filing, while the 2020 values represent our projection for 2020 assumed in the 2020 rate development.

D. Components of Rate Change

Table 8 presents the components of change in the proposed 2020 Calibrated Plan Adjusted Index Rate (PMPM). Cell C72 is populated with the base period allowed charges found in the 2019 plan year rate filing (\$572.43).

Table 9 presents the data elements supporting the calculations in Table 8. The 2019 values are populated using the 2019 filed factors adjusted for the membership mix as of February 1, 2019.

3. Plan Rate Development

Table 10 shows the plan rate development for 2020. This table shows the plan that the Company intends to offer in 2020. The 2020 rating factors are consistent with the factors found on Worksheet 2 of the URRT. The pricing effect on Table 10 is further broken out into Pricing AV, Benefit Richness, and Non-Funding of CSR Adjustment. Similar to the URRT, the admin effect on Table 10 is broken out into Admin Costs, Taxes and Fees, and Profit or Contingency.

The benefit richness factors in column L are populated with the factors found in Attachment C. The table in Attachment C can also be found in the attached spreadsheet. The derivation of the AV and Cost Sharing factors can also be found in Attachment C. The values in column 8 of the attachment represent the pure induced utilization for each plan. FPH's utilization factors are consistent with those used in the Federal Risk Adjustment program. Each plan's factor was then normalized by the average utilization factor. The average is a weighted average using projected membership as the weight. After normalization the average factor as shown in Attachment C is 1.000.

Note that the HHS Actuarial Value Calculator was unable to accommodate all of FPH's benefit designs. Plans needing certification are marked in column I of Table 10. Screen shots of all of the AV calculations and the appropriate certifications are included as a separate attachment within the *Supporting Documentation* section in SERFF.

For discontinuing plans where members are being mapped into a new plan, an effective rate increase is calculated by comparing the 2019 rate of the discontinuing plan to the 2020 rate of the plan to which the member is being mapped. As requested, some plans are being listed multiple times since these plans have different mappings based on the exchange status.

Columns AG through AP are populated with the February 1, 2019 enrollment by 2020 plan and rating area.

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

Table 11 presents FPH's 21-year-old non-tobacco premium in the Individual Market. As mentioned in Section 1.C above, the change in 21-year-old non-tobacco premium PMPM calculated in this table is -0.7%.

5. Plan Factors

A. Age and Tobacco Factors

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

B. Geographic Factors

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

C. Network Factors

Please see Table 14 for Highmark's network rating factors. The current factors represent the medical network adjustment factors from the prior approved rate filing. The projected factors are shown in Table 14.

D. Service Area Composition

FPH is offering the 2020 product in one service area. The Plan Design Summary exhibit uploaded as a separate document contains the service areas related to this filing. As requested, service area maps are included.

6. Actuarial Certifications

I, [REDACTED], am a member of the American Academy of Actuaries and meet its qualification standards for actuaries issuing statements of actuarial opinions in the United States. This filing is

prepared on behalf of FPH to accompany its rate filing (for calendar year 2020) for the Individual Market on and off the Pennsylvania Exchange.

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

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

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

I certify that all factors, benefit and other changes from the prior approved filing have been disclosed in the 2020 PA Actuarial Memorandum Rate Exhibits.

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

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

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

I certify that the information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2020 Rate Filing Justification.

[Redacted Signature]

[Redacted Title]

[Redacted Title]

Date: 07/12/2019

First Priority Health
Individual Market Product Portfolio
Supplemental Exhibits

Attachment A	Change in Morbidity and Change in Other Calculations
Attachment B	Risk Adjustment Calculation
Attachment C	Induced Demand Calculations
Attachment D	Broker Commission Schedule
Attachment E	Demographics Calculation
Attachment F	URRT Average Increase

First Priority Health

Individual Market

Attachment A - "Change in Morbidity" & "Change in Other" Calculations

Components of 'Change in Morbidity'	2018 Member Distribution	2018 Normalized Allowed PMPM	2020 Member Distribution	2018 Normalized Allowed PMPM	Morbidity Change Relative to Total
<u>Population Source</u>					
FPH ACA	100.0%	\$270.69	85.0%	\$452.67	1.672
Other Highmark			3.0%	\$339.11	1.253
Prior ACA			2.0%	\$126.84	0.469
New-to-Blue			10.0%	\$475.30	1.756
Morbidity Factor	100.0%	\$270.69	100.0%	\$445.01	1.644
Capitation and Dental Dampening Factor					0.996
Dampened Morbidity Factor					1.637
Individual Mandate Load					1.060
Morbidity Factor with Individual Mandate Load					1.736

Components of 'Change in Other'	Factor
CY2018 Demographic Factor	1.908
<u>CY2020 Demographic Factor</u>	<u>1.905</u>
Change in Demographics	0.998
CY2018 Network Factor	1.000
<u>CY2020 Network Factor</u>	<u>1.000</u>
Change in Network	1.000
Change in Benefits	1.000
Change in Other	0.991
URRT and Table 5 'Change in Other'	0.989

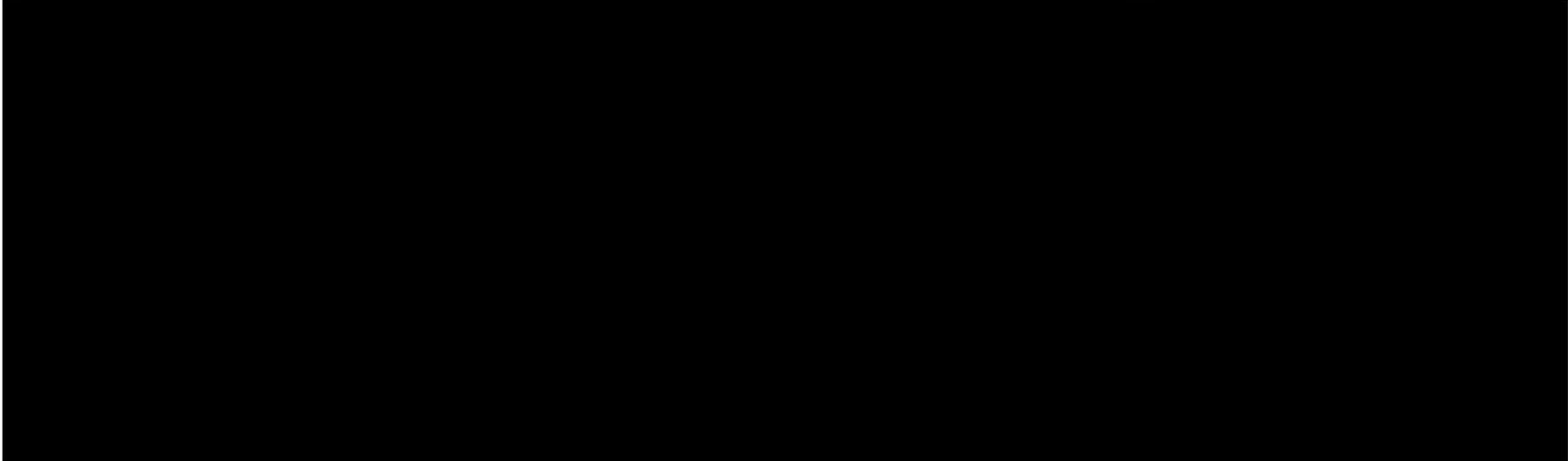
First Priority Health

Individual Market

Attachment B - Risk Adjustment Calculation

2020 Total State Development

2020 Calculated Results



Non-Catastrophic Pool

Catastrophic Pool

Composite

First Priority Health

Individual Market

Attachment C - Induced Demand Calculations

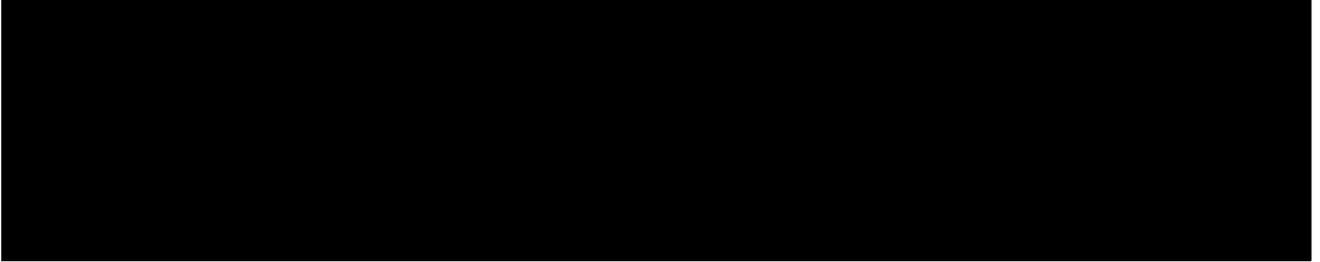
Induced Utilization Exhibit							
Plan ID (1)	Metal Level (2)	Projected Membership (3)	Projected Allowed Claims (4)	Projected Paid Claims (5)	Paid to Allowed Factor (6)	AV & Cost Sharing Factor (7)	(7)/(6) (8)
83731PA0070002	Gold	516	\$558,473.01	\$517,507.64	0.927	0.927	1.000
Total		516	\$558,473.01	\$517,507.64	0.927	0.927	1.000

Components of AV & Cost Sharing Factor					
HIOS Plan ID	Metal Level	Paid-to- Allowed Ratio	Induced Utilization Factor	Avg. Benefit Richness	AV & Cost Sharing Factor
83731PA0070002	Gold	0.927	1.080	1.080	0.927

First Priority Health

Individual Market

Attachment D - Broker Commission Schedule



First Priority Health

Individual Market

Attachment E - 'Change in Demographics' Calculation

Table E.1 - Age & Tobacco Factors

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

Table E.2 - Experience Period Membership

Membership Mix		
Non-Tobacco	Tobacco	Total
0.30%	0.00%	0.30%
0.21%	0.00%	0.21%
0.32%	0.00%	0.32%
0.31%	0.00%	0.31%
0.27%	0.00%	0.27%
0.36%	0.00%	0.36%
0.44%	0.00%	0.44%
0.28%	0.00%	0.28%
0.40%	0.00%	0.40%
0.31%	0.00%	0.31%
0.47%	0.00%	0.47%
0.37%	0.00%	0.37%
0.43%	0.00%	0.43%
0.65%	0.00%	0.65%
0.50%	0.00%	0.50%
0.52%	0.00%	0.52%
0.58%	0.00%	0.58%
0.47%	0.00%	0.47%
0.57%	0.00%	0.57%
0.89%	0.00%	0.89%
0.87%	0.01%	0.88%
0.94%	0.02%	0.96%
0.99%	0.04%	1.03%
0.70%	0.01%	0.70%
0.74%	0.03%	0.77%
0.62%	0.08%	0.69%
1.26%	0.13%	1.38%
1.30%	0.17%	1.46%
1.25%	0.17%	1.42%
1.23%	0.22%	1.45%
1.07%	0.12%	1.19%
1.16%	0.09%	1.25%
1.05%	0.11%	1.16%
1.06%	0.13%	1.19%
0.99%	0.13%	1.12%
0.93%	0.08%	1.00%
1.02%	0.18%	1.20%
0.97%	0.16%	1.13%
1.05%	0.13%	1.19%
1.10%	0.13%	1.22%
1.08%	0.16%	1.24%
1.16%	0.14%	1.30%
1.21%	0.15%	1.35%
1.36%	0.09%	1.45%
1.27%	0.14%	1.42%
1.27%	0.14%	1.41%
1.60%	0.15%	1.75%
1.78%	0.19%	1.97%
1.81%	0.17%	1.98%
1.79%	0.18%	1.97%
2.02%	0.14%	2.16%
2.05%	0.23%	2.28%
2.18%	0.17%	2.36%
2.53%	0.21%	2.75%
2.48%	0.20%	2.67%
2.93%	0.25%	3.18%
2.79%	0.21%	2.99%
3.37%	0.26%	3.63%
3.38%	0.25%	3.62%
3.48%	0.35%	3.83%
3.70%	0.25%	3.95%
4.45%	0.38%	4.83%
4.79%	0.37%	5.15%
5.75%	0.41%	6.17%
3.38%	0.18%	3.55%
92.53%	7.47%	100.00%

Table E.3 - Projection Period Membership

Membership Mix		
Non-Tobacco	Tobacco	Total
0.08%	0.00%	0.08%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%
0.31%	0.00%	0.31%
0.31%	0.00%	0.31%
0.27%	0.00%	0.27%
1.22%	0.00%	1.22%
0.58%	0.00%	0.58%
0.58%	0.00%	0.58%
0.00%	0.00%	0.00%
0.58%	0.00%	0.58%
0.31%	0.00%	0.31%
0.31%	0.00%	0.31%
0.00%	0.00%	0.00%
0.34%	0.00%	0.34%
1.45%	0.00%	1.45%
0.34%	0.00%	0.34%
0.58%	0.00%	0.58%
0.20%	0.00%	0.20%
0.97%	0.00%	0.97%
2.32%	0.00%	2.32%
1.06%	0.00%	1.06%
1.91%	0.00%	1.91%
0.82%	0.00%	0.82%
0.66%	0.31%	0.97%
1.22%	0.00%	1.22%
0.61%	0.00%	0.61%
1.55%	0.00%	1.55%
1.22%	0.00%	1.22%
0.61%	0.00%	0.61%
0.61%	0.00%	0.61%
0.00%	0.28%	0.28%
2.19%	0.00%	2.19%
1.53%	0.00%	1.53%
1.83%	0.00%	1.83%
0.58%	0.00%	0.58%
1.22%	0.00%	1.22%
0.79%	0.00%	0.79%
1.20%	0.00%	1.20%
1.22%	0.00%	1.22%
1.78%	0.00%	1.78%
0.58%	0.25%	0.84%
0.61%	0.31%	0.92%
0.74%	0.31%	1.04%
2.11%	0.37%	2.48%
1.01%	0.00%	1.01%
1.10%	0.00%	1.10%
1.50%	0.00%	1.50%
1.20%	0.00%	1.20%
1.78%	0.00%	1.78%
3.64%	0.12%	3.76%
1.53%	0.00%	1.53%
2.88%	0.00%	2.88%
4.69%	0.00%	4.69%
4.45%	0.00%	4.45%
3.41%	0.61%	4.02%
3.87%	0.31%	4.17%
3.23%	0.31%	3.54%
4.30%	0.15%	4.45%
7.75%	0.00%	7.75%
4.52%	0.00%	4.52%
96.68%	3.32%	100.00%

Table E.4 - Area Factors

Rating Area	Experience Period		Projection Period	
	Enrollment	Area Factor	Enrollment	Area Factor
3	100.0%	1.000	100.0%	1.000
Total	100.0%	1.000	100.0%	1.000

Table E.5 - 'Change in Demographics' Calculation

	Experience Period	Projection Period	Change in Demographics
Average Age Factor	1.896	1.906	
Average Tobacco Factor	1.011	1.005	
<u>Average Area Factor</u>	<u>1.000</u>	<u>1.000</u>	
Average Demographic Factor	1.918	1.915	
Child Capping Adjustment		1.000	
Adjusted Demographic Factor		1.915	
<u>Capitation Dampening</u>	<u>0.995</u>	<u>0.995</u>	
Final Demographic Factor	1.908	1.905	0.998

First Priority Health

Individual Market

Attachment F - URRT Average Increase

HIOS Plan ID	URRT Plan Category	URRT Current Enrollment	Current Enrollment in Renewing Plans	Current Avg Rate	Projected Avg Rate	Cumulative Rate Change %
83731PA0060001	Terminated	2,940	0	\$ 589.74	\$ -	0.00%
83731PA0060002	Terminated	1,635	0	\$ 825.53	\$ -	0.00%
83731PA0060004	Terminated	2,314	0	\$ 859.96	\$ -	0.00%
83731PA0060006	Terminated	0	0	\$ -	\$ -	0.00%
83731PA0060009	Terminated	0	0	\$ -	\$ -	0.00%
83731PA0070001	Terminated	84	0	\$ 817.51	\$ -	0.00%
83731PA0070002	Renewing	275	275	\$ 843.91	\$ 829.14	-1.75%
83731PA0080001	Terminated	31	0	\$ 498.58	\$ -	0.00%
83731PA0090001	Terminated	2,418	0	\$ 732.56	\$ -	0.00%
83731PA0090002	Terminated	0	0	\$ -	\$ -	0.00%
Total		9,697	275	\$ 843.91	\$ 829.14	-1.75%

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	FPHCO		
Product(s):	HMO		
Market Segment:	Individual		
Rate Effective Date:	01/01/2020	to	12/31/2020
Base Period Start Date:	01/01/2019	to	12/31/2019
Date of Most Recent Membership	02/01/2019		

Table 1. Number of Members

	Member-months	Members	Member-months
	Experience Period	Current Period (as of 02-01-2019)	Projected Rating Period
Average Age	45.7	46.9	45.5
Total	157,728	11,730	516
<18	11,344	682	37
18-24	9,156	643	42
25-29	10,100	709	27
30-34	9,315	713	33
35-39	9,048	655	28
40-44	10,649	770	38
45-49	14,321	1,027	34
50-54	19,275	1,438	63
55-59	27,217	2,013	91
60-63	31,701	2,308	103
64+	5,602	772	23

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

Table 2. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment
\$ 114,835,367.87	\$ 67,217,125.80	\$ 69,312,913.51	157,728	\$ 16,173,717.15	\$ 85,486,630.66	\$ -	\$ (3,594,621.12)	\$ 999,995.52	\$ -	\$ (9,150,278.18)
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)										\$ 525.54
Loss Ratio										63.13%

*Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weight*
Inpatient Hospital	4.50%	2.87%	2.03%	9.68%	21.04%
Outpatient Hospital	4.50%	2.87%	2.03%	9.68%	36.35%
Professional	4.50%	2.87%	2.03%	9.68%	20.56%
Other Medical	4.50%	2.87%	2.03%	9.68%	2.07%
Capitation				-3.95%	1.21%
Prescription Drugs	4.50%	2.87%	2.03%	9.68%	18.77%
Total Annual Trend				9.52%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.200	

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

** Should = URRY 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				#DIV/0!		#DIV/0!				#DIV/0!
Feb-15				#DIV/0!		#DIV/0!				#DIV/0!
Mar-15				#DIV/0!		#DIV/0!				#DIV/0!
Apr-15				#DIV/0!		#DIV/0!				#DIV/0!
May-15				#DIV/0!		#DIV/0!				#DIV/0!
Jun-15				#DIV/0!		#DIV/0!				#DIV/0!
Jul-15				#DIV/0!		#DIV/0!				#DIV/0!
Aug-15				#DIV/0!		#DIV/0!				#DIV/0!
Sep-15				#DIV/0!		#DIV/0!				#DIV/0!
Oct-15				#DIV/0!		#DIV/0!				#DIV/0!
Nov-15				#DIV/0!		#DIV/0!				#DIV/0!
Dec-15				#DIV/0!		#DIV/0!				#DIV/0!
Jan-16				#DIV/0!		#DIV/0!				#DIV/0!
Feb-16				#DIV/0!		#DIV/0!				#DIV/0!
Mar-16				#DIV/0!		#DIV/0!				#DIV/0!
Apr-16				#DIV/0!		#DIV/0!				#DIV/0!
May-16				#DIV/0!		#DIV/0!				#DIV/0!
Jun-16				#DIV/0!		#DIV/0!				#DIV/0!
Jul-16				#DIV/0!		#DIV/0!				#DIV/0!
Aug-16				#DIV/0!		#DIV/0!				#DIV/0!
Sep-16				#DIV/0!		#DIV/0!				#DIV/0!
Oct-16				#DIV/0!		#DIV/0!				#DIV/0!
Nov-16				#DIV/0!		#DIV/0!				#DIV/0!
Dec-16				#DIV/0!		#DIV/0!				#DIV/0!
Jan-17		\$ 5,860,545.20	0.9999	\$ 5,861,163.47	20,482	\$ 286.16	\$ (252,530.33)	\$ 8,487,591.97	\$ 414.39	
Feb-17		\$ 6,577,675.44	1.0000	\$ 6,577,834.34	21,806	\$ 301.65	\$ (250,231.83)	\$ 9,002,532.70	\$ 412.85	
Mar-17		\$ 7,839,986.25	0.9997	\$ 7,842,055.50	22,400	\$ 350.09	\$ (338,745.19)	\$ 10,314,843.75	\$ 460.48	
Apr-17		\$ 8,053,385.48	0.9998	\$ 8,054,875.74	22,142	\$ 363.78	\$ (310,777.11)	\$ 10,071,501.84	\$ 454.86	
May-17		\$ 9,166,215.59	0.9993	\$ 9,172,481.08	21,705	\$ 422.60	\$ (337,411.20)	\$ 11,296,365.24	\$ 520.45	
Jun-17		\$ 8,613,646.59	0.9992	\$ 8,620,308.31	21,369	\$ 403.40	\$ (333,415.91)	\$ 10,479,781.98	\$ 490.42	
Jul-17		\$ 7,066,983.15	0.9923	\$ 7,122,081.36	21,018	\$ 338.86	\$ (324,603.94)	\$ 8,720,903.98	\$ 414.93	
Aug-17		\$ 7,974,949.83	0.9941	\$ 8,022,233.42	20,737	\$ 386.86	\$ (339,443.29)	\$ 9,620,874.62	\$ 463.95	
Sep-17		\$ 8,254,176.68	0.9923	\$ 8,318,110.01	20,414	\$ 407.47	\$ (323,094.78)	\$ 9,923,705.50	\$ 486.12	
Oct-17		\$ 7,791,431.51	0.9916	\$ 7,857,337.02	20,108	\$ 390.76	\$ (344,111.57)	\$ 9,402,734.32	\$ 467.61	
Nov-17		\$ 7,840,642.54	0.9908	\$ 7,913,586.07	19,665	\$ 402.42	\$ (326,520.84)	\$ 9,283,890.96	\$ 472.10	
Dec-17	\$ 141,637,343.65	\$ 7,053,596.53	0.9898	\$ 7,126,467.00	19,069	\$ 373.72	\$ (353,967.28)	\$ 8,589,338.47	\$ 450.43	
Jan-18		\$ 4,491,294.62	0.9877	\$ 4,549,696.51	14,484	\$ 314.12	\$ (272,042.81)	\$ 6,336,284.47	\$ 437.47	
Feb-18		\$ 4,798,211.91	0.9887	\$ 4,853,174.14	13,981	\$ 347.13	\$ (281,358.54)	\$ 6,231,023.48	\$ 445.68	
Mar-18		\$ 5,346,011.13	0.9893	\$ 5,403,808.96	13,779	\$ 392.18	\$ (298,611.17)	\$ 6,786,485.15	\$ 492.52	
Apr-18		\$ 5,525,666.75	0.9892	\$ 5,585,895.98	13,616	\$ 410.25	\$ (303,091.43)	\$ 6,816,377.68	\$ 500.62	
May-18		\$ 6,024,385.53	0.9883	\$ 6,085,786.98	13,307	\$ 458.09	\$ (318,861.46)	\$ 7,272,402.63	\$ 546.51	
Jun-18		\$ 5,238,658.04	0.9851	\$ 5,317,823.35	13,161	\$ 404.06	\$ (301,752.42)	\$ 6,211,400.97	\$ 471.96	
Jul-18		\$ 6,238,273.02	0.9844	\$ 6,336,864.55	13,011	\$ 487.04	\$ (295,855.39)	\$ 7,124,395.62	\$ 547.57	
Aug-18		\$ 5,817,607.54	0.9782	\$ 5,947,123.56	12,783	\$ 465.24	\$ (303,638.61)	\$ 6,815,358.20	\$ 533.16	
Sep-18		\$ 5,509,758.71	0.9694	\$ 5,683,794.08	12,644	\$ 449.52	\$ (278,406.49)	\$ 6,467,743.38	\$ 511.53	
Oct-18		\$ 6,766,853.05	0.9903	\$ 7,046,769.85	12,492	\$ 564.10	\$ (301,126.73)	\$ 7,959,200.07	\$ 637.14	
Nov-18		\$ 5,843,868.17	0.9407	\$ 6,212,304.27	12,314	\$ 504.49	\$ (316,158.96)	\$ 6,918,530.27	\$ 561.84	
Dec-18	\$ 114,836,190.83	\$ 5,616,537.81	0.8935	\$ 6,285,967.07	12,156	\$ 517.11	\$ (323,717.10)	\$ 6,922,367.26	\$ 569.46	

* Express Completion Factor as a percentage

** Express Prescription Drug Rebates as a negative number

Carrier Name: FPHCO
 Product(s): HMO
 Market Segment: Individual
 Rate Effective Date: 01/01/2020

Table 2b. Manual Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment
							\$ -			\$ -
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)										\$ -
Loss Ratio										0.00%

*Express Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Induced Utilization*	Composite Trend	Weight*
Inpatient Hospital				0.00%	
Outpatient Hospital				0.00%	
Professional				0.00%	
Other Medical				0.00%	
Capitation					
Prescription Drugs				0.00%	
Total Annual Trend				0.00%	0.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.000	

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

Table 4b. Historical Manual Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-15				#DIV/0!		#DIV/0!				#DIV/0!
Feb-15				#DIV/0!		#DIV/0!				#DIV/0!
Mar-15				#DIV/0!		#DIV/0!				#DIV/0!
Apr-15				#DIV/0!		#DIV/0!				#DIV/0!
May-15				#DIV/0!		#DIV/0!				#DIV/0!
Jun-15				#DIV/0!		#DIV/0!				#DIV/0!
Jul-15				#DIV/0!		#DIV/0!				#DIV/0!
Aug-15				#DIV/0!		#DIV/0!				#DIV/0!
Sep-15				#DIV/0!		#DIV/0!				#DIV/0!
Oct-15				#DIV/0!		#DIV/0!				#DIV/0!
Nov-15				#DIV/0!		#DIV/0!				#DIV/0!
Dec-15				#DIV/0!		#DIV/0!				#DIV/0!
Jan-16				#DIV/0!		#DIV/0!				#DIV/0!
Feb-16				#DIV/0!		#DIV/0!				#DIV/0!
Mar-16				#DIV/0!		#DIV/0!				#DIV/0!
Apr-16				#DIV/0!		#DIV/0!				#DIV/0!
May-16				#DIV/0!		#DIV/0!				#DIV/0!
Jun-16				#DIV/0!		#DIV/0!				#DIV/0!
Jul-16				#DIV/0!		#DIV/0!				#DIV/0!
Aug-16				#DIV/0!		#DIV/0!				#DIV/0!
Sep-16				#DIV/0!		#DIV/0!				#DIV/0!
Oct-16				#DIV/0!		#DIV/0!				#DIV/0!
Nov-16				#DIV/0!		#DIV/0!				#DIV/0!
Dec-16				#DIV/0!		#DIV/0!				#DIV/0!
Jan-17				#DIV/0!		#DIV/0!				#DIV/0!
Feb-17				#DIV/0!		#DIV/0!				#DIV/0!
Mar-17				#DIV/0!		#DIV/0!				#DIV/0!
Apr-17				#DIV/0!		#DIV/0!				#DIV/0!
May-17				#DIV/0!		#DIV/0!				#DIV/0!
Jun-17				#DIV/0!		#DIV/0!				#DIV/0!
Jul-17				#DIV/0!		#DIV/0!				#DIV/0!
Aug-17				#DIV/0!		#DIV/0!				#DIV/0!
Sep-17				#DIV/0!		#DIV/0!				#DIV/0!
Oct-17				#DIV/0!		#DIV/0!				#DIV/0!
Nov-17				#DIV/0!		#DIV/0!				#DIV/0!
Dec-17				#DIV/0!		#DIV/0!				#DIV/0!
Jan-18				#DIV/0!		#DIV/0!				#DIV/0!
Feb-18				#DIV/0!		#DIV/0!				#DIV/0!
Mar-18				#DIV/0!		#DIV/0!				#DIV/0!
Apr-18				#DIV/0!		#DIV/0!				#DIV/0!
May-18				#DIV/0!		#DIV/0!				#DIV/0!
Jun-18				#DIV/0!		#DIV/0!				#DIV/0!
Jul-18				#DIV/0!		#DIV/0!				#DIV/0!
Aug-18				#DIV/0!		#DIV/0!				#DIV/0!
Sep-18				#DIV/0!		#DIV/0!				#DIV/0!
Oct-18				#DIV/0!		#DIV/0!				#DIV/0!
Nov-18				#DIV/0!		#DIV/0!				#DIV/0!
Dec-18				#DIV/0!		#DIV/0!				#DIV/0!

*Express Completion Factor as a percentage

**Express Prescription Drug Rebates as a negative number

PA Rate Template Part II
Rate Development and Change

Carrier Name:	FPHCO
Product(s):	HMO
Market Segment:	Individual
Rate Effective Date:	01/01/2020

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 EHB Claims + EHB Capitation PMPM (net of prescription drug rebates) PMPM	\$ 525.54	\$ -	<- Actual Experience PMPM should be consistent with the Index Rate for Experience Period
Two year trend projection Factor	1.200	1.000	
Unadjusted Projected Allowed EHB Claims PMPM	\$ 630.41	\$ -	
Single Risk Pool Adjustment Factors			
Change in Morbidity	1.736	1.000	<- See URRT Instructions
Change in Other	0.989	1.000	
Change in Demographics	0.998	1.000	<- See URRT Instructions
Change in Network	1.000	1.000	
Change in Benefits	1.000	1.000	<- See URRT Instructions
Change in Other	0.991	1.000	<- See URRT Instructions
Total Adjusted Projected Allowed EHB Claims PMPM	\$ 1,082.31	\$ -	
Credibility Factors	100%	0%	<- See Instructions
Blended Projected EHB Claims PMPM		\$ 1,082.31	<- Projected Index Rate
Development of the Market-Adjusted Index Rate and Total Allowed Claims			
Adjusted Projected Allowed EHB Claims PMPM	\$ 1,082.31		<- Index Rate for Projection Period on URRT - Individual or First Quarter Small Group
Adjusted Projected Allowed EHB Claims PMPM [will only populate for small group filings]	-		
Projected Paid to Allowed Ratio	0.927		
Projected Paid EHB Claims PMPM	\$ 1,002.92		
Market-wide Adjustments			
Projected Risk Adjustment PMPM	\$ 279.10		
Projected Paid Exchange User Fees PMPM	\$ -		
Market-Adjusted Projected Paid EHB Claims PMPM	\$ 723.82		
Market-Adjusted Projected Allowed EHB Claims PMPM	\$ 781.12		<- Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM	\$ -		
Market-Adjusted Projected Paid Total Claims PMPM	\$ 723.82		
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 781.12		

Table 6. Retention

Retention Items - Express in percentages	Percentages	PMPM Amounts
Administrative Expenses	7.07%	\$56.80
General and Claims	6.10%	\$48.97
Agent/Broker Fees and Commissions	0.16%	\$1.32
Quality Improvement Initiatives	0.81%	\$6.51
Taxes and Fees	2.82%	\$22.67
RA User Fee	0.02%	\$0.18
PA Premium Tax (if applicable)	0.00%	\$0.00
Federal Income Tax	0.00%	\$0.00
Health Insurance Providers Fee (Prorated for Small Groups only)	2.80%	\$22.49
Profit/Contingency (after tax)	0.00%	\$0.00
Total Retention	9.89%	\$79.47
Projected Required Revenue PMPM		\$ 803.29

Table 8. Components of Rate Change

Rate Components	2019	2020	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$ 422.40	\$ 419.46	-\$2.93	-0.7%
B. Base period allowed claims before normalization	\$ 572.43	\$ 525.54	-\$46.89	-11.1%
C. Normalization factor component of change	\$ (286.48)	\$ (271.44)	\$15.05	3.6%
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 285.95	\$ 254.10	\$(31.85)	-7.5%
D2. URRT Trend	\$ 52.22	\$ 50.71	\$(1.51)	-0.4%
D3. URRT Morbidity	\$ 31.91	\$ 224.23	\$ 192.32	45.5%
D4. URRT Other	\$ 5.86	\$(5.74)	\$(11.59)	-2.7%
D5. Normalized URRT RA/Rl on an allowed basis	\$ 84.11	\$(145.63)	\$(229.74)	-54.4%
D6. Normalized Exchange User Fee on an allowed basis	\$ 12.91	\$ -	\$(12.91)	-3.1%
D7. Subtotal - Sum(D1:D6)	\$ 472.95	\$ 377.67	\$(95.28)	-22.6%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ -	\$ -	\$ -	0.0%
E2. Pricing AV	\$ -129.2205495	\$ (27.70)	\$ 101.52	24.0%
E3. Benefit Richness	\$ 10.51	\$ 28.00	\$ 17.49	4.1%
E4. Catastrophic Eligibility	\$ 27.09	\$ -	\$(27.09)	-6.4%
E5. Subtotal - Sum(E1:E4)	\$ (91.62)	\$ 0.29	\$ 91.92	21.8%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 41.00	\$ 29.66	\$(11.34)	-2.7%
F2. Taxes and Fees	\$ 0.10	\$ 11.84	\$ 11.74	2.8%
F3. Profit and/or Contingency	\$ -	\$ -	\$ -	0.0%
F4. Subtotal - Sum(F1:F3)	\$ 41.09	\$ 41.50	\$ 0.41	0.1%
G. Change in Miscellaneous Items			\$ -	0.0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 422.42	\$ 419.46	\$(2.96)	-0.7%

od on URR

For Informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 525.54	<- Index Rate of Experience Period on URRT
Blended Earned Premium	\$ 114,835,367.87	
Blended Loss Ratio	63.13%	

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

Effective Date	01/01/2020	04/01/2020	07/01/2020	10/01/2020	Total Single Risk Pool
# of Member Months Renewing in Quarter					-
Adjusted Projected Allowed EHB Claims PMPM Q1	\$ 1,082.31	\$ 1,082.31	\$ 1,082.31	\$ 1,082.31	\$ 1,082.31
Months of Trend	-	3	6	9	
Annual Trend	9.52%	9.52%	9.52%	9.52%	
Single Risk Pool Projected Allowed Claims	\$ 1,082.31	\$ 1,107.21	\$ 1,132.68	\$ 1,158.74	\$ -
Quarterly Trend Factor	100.0%	102.3%	104.7%	107.1%	0.0%
2020 Trend Factors by Quarter	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2019	2020
Average Age Factor	1.904	1.906
Average Geographic Factor	1.000	1.000
Average Tobacco Factor	1.012	1.005
Average Benefit Richness (induced demand)	1.039	1.080
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 812.69	\$ 781.12
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 405.96	\$ 377.67

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

	2019	2020	
Paid-to-Allowed	0.770	0.927	
URRT Trend (Total Applied Trend Factor)	1.183	1.200	<- URRT W1, S2
URRT Morbidity	1.094	1.736	<- URRT W1, S2
URRT "Other"	1.016	0.989	<- URRT W1, S2
Risk Adjustment	\$ 129.69	\$ (279.10)	<- URRT W1, S3
Exchange User Fee	\$ 19.90	\$ -	<- URRT W1, S3
Capitation	\$ -	\$ 6.20	<- URRT W1, S2
Network	1.000	1.000	
Pricing AV	0.727	0.927	<- For 2019 in cell J81, please include a factor equal to the product of the average Pricing AV and the Non-Funding of CSR Adjustment
Benefit Richness	1.031	1.080	
Catastrophic Eligibility	1.076	1.000	
Administrative Expenses	9.71%	7.07%	
Taxes and Fees	0.02%	2.82%	
Profit and/or Contingency	0.00%	0.00%	

Company Name:	First Priority Health
Market:	Individual
Product:	HMO
Effective Date of Rates:	January 1, 2020

Ending date of Rates: December 31, 2020

HIOS Plan ID (On Exchange)=>	N/A	
HIOS Plan ID (Off Exchange)=>	83731PA0070002	
Plan Marketing Name =>	my Lehigh Valley Flex Blue HMO Gold 500 - 2 Free PCP	
Form # =>	LV/HMO/FPH/DP-1	
Rating Area =>	Area 3	
Network =>	Q	
Metal =>	Gold	
Deductible =>	500	
Coinsurance =>	80%	
Copays =>	\$0 (Visits 1-2); then \$20 PCP	
OOP Maximum =>	6000	
Pediatric Dental (Yes/No) =>	Yes	
Age Band	Non-Tobacco	Tobacco
0 - 14	\$320.89	\$320.89
15	\$349.41	\$349.41
16	\$360.32	\$360.32
17	\$371.22	\$371.22
18	\$382.97	\$382.97
19	\$394.71	\$394.71
20	\$406.88	\$406.88
21	\$419.46	\$429.95
22	\$419.46	\$429.95
23	\$419.46	\$429.95
24	\$419.46	\$429.95
25	\$421.14	\$431.67
26	\$429.53	\$440.27
27	\$439.59	\$450.58
28	\$455.95	\$467.35
29	\$469.38	\$481.11
30	\$476.09	\$487.99
31	\$486.15	\$498.30
32	\$496.22	\$508.63
33	\$502.51	\$515.07
34	\$509.22	\$521.95
35	\$512.58	\$525.39
36	\$515.94	\$528.84
37	\$519.29	\$532.27
38	\$522.65	\$535.72
39	\$529.36	\$542.59
40	\$536.07	\$589.68
41	\$546.14	\$603.48
42	\$555.78	\$618.03
43	\$569.21	\$638.08
44	\$585.99	\$663.34
45	\$605.70	\$693.53
46	\$629.19	\$729.86
47	\$655.62	\$771.66
48	\$685.82	\$820.24
49	\$715.60	\$870.89
50	\$749.16	\$917.72
51	\$782.29	\$958.31
52	\$818.79	\$1,003.02
53	\$855.70	\$1,048.23
54	\$895.55	\$1,097.05
55	\$935.40	\$1,145.87
56	\$978.60	\$1,198.79
57	\$1,022.22	\$1,252.22
58	\$1,068.78	\$1,309.26
59	\$1,091.85	\$1,337.52
60	\$1,138.41	\$1,394.55
61	\$1,178.68	\$1,443.88
62	\$1,205.11	\$1,476.26
63	\$1,238.25	\$1,516.86
64+	\$1,258.38	\$1,541.52

**First Priority Health
Individual
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 500 - 2 Free PCP Visits	HMO	Gold	Off	Q	3	Monroe

Company Name First Priority Health
 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 1								RATING AREA 2		
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	0	0	0	0	0	0	0	0	0	0	0
					Crawford	Clarion	Erie	Forest	McKean	Mercer	Venango	Warren	Elk	Cameron	Potter
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 500 - 2 Free PCP Visits	HMO	Gold	Off											

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

02-01-2019 Number of Covered Lives by Rating County				
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 500 - 2 Free PCP Visits	HMO	Gold	Off

RATING AREA 3

1,367	961	78	2,021	2,594	71	1,985	857	114	563	263	550	306
Bradford	Carbon	Clinton	Lackawanna	Luzerne	Lycoming	Monroe	Pike	Sullivan	Susquehanna	Tioga	Wayne	Wyoming

\$419.46

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

					RATING AREA 4										RATING AREA 5								
02-01-2019 Number of Covered Lives by Rating County					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Allegheny	Armstrong	Beaver	Butler	Fayette	Greene	Indiana	Lawrence	Washington	Westmoreland	Bedford	Blair	Clearfield	Cambria	Huntingdon	Jefferson	Somerset		
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 500 - 2 Free PCP Visits	HMO	Gold	Off																			

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

					RATING AREA 6										RATING AREA 7			
02-01-2019 Number of Covered Lives by Rating County					0	0	0	0	0	0	0	0	0	0	0	0	0	0
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Centre	Columbia	Lehigh	Mifflin	Montour	Northampton	Northumberland	Schuylkill	Snyder	Union	Adams	Berks	Lancaster	York
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 500 - 2 Free PCP Visits	HMO	Gold	Off														

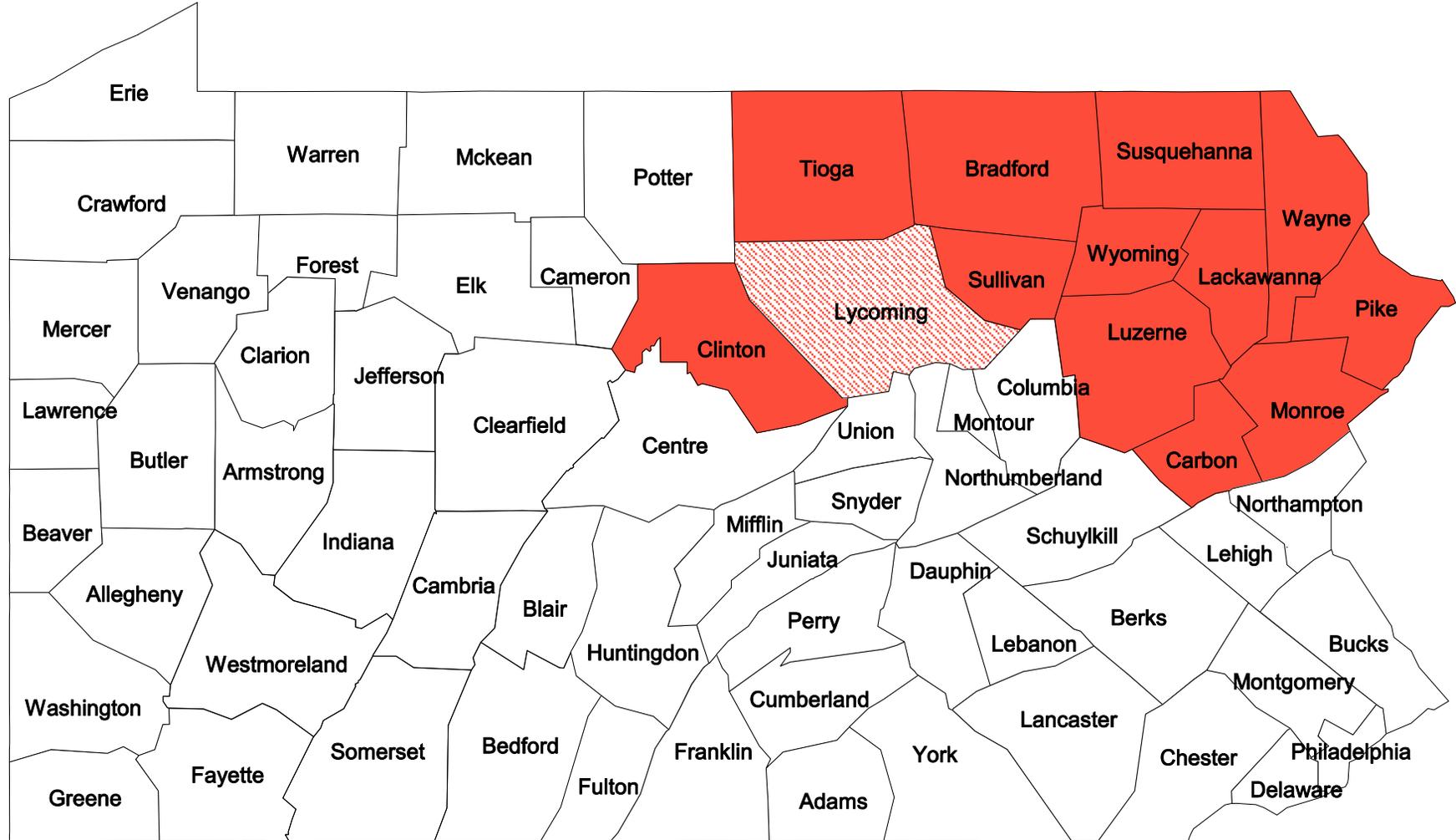
Company Name First Priority Health
 Market Individual
 RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2019 Number of Covered Lives by Rating County					RATING AREA 8					RATING AREA 9						
					0	0	0	0	0	0	0	0	0	0	0	0
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Bucks	Chester	Delaware	Montgomery	Philadelphia	Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 500 - 2 Free PCP Visits	HMO	Gold	Off												

2019 Service Area

Issuer: First Priority Health (FPH)

Market: Individual



Key (*modify as needed*)

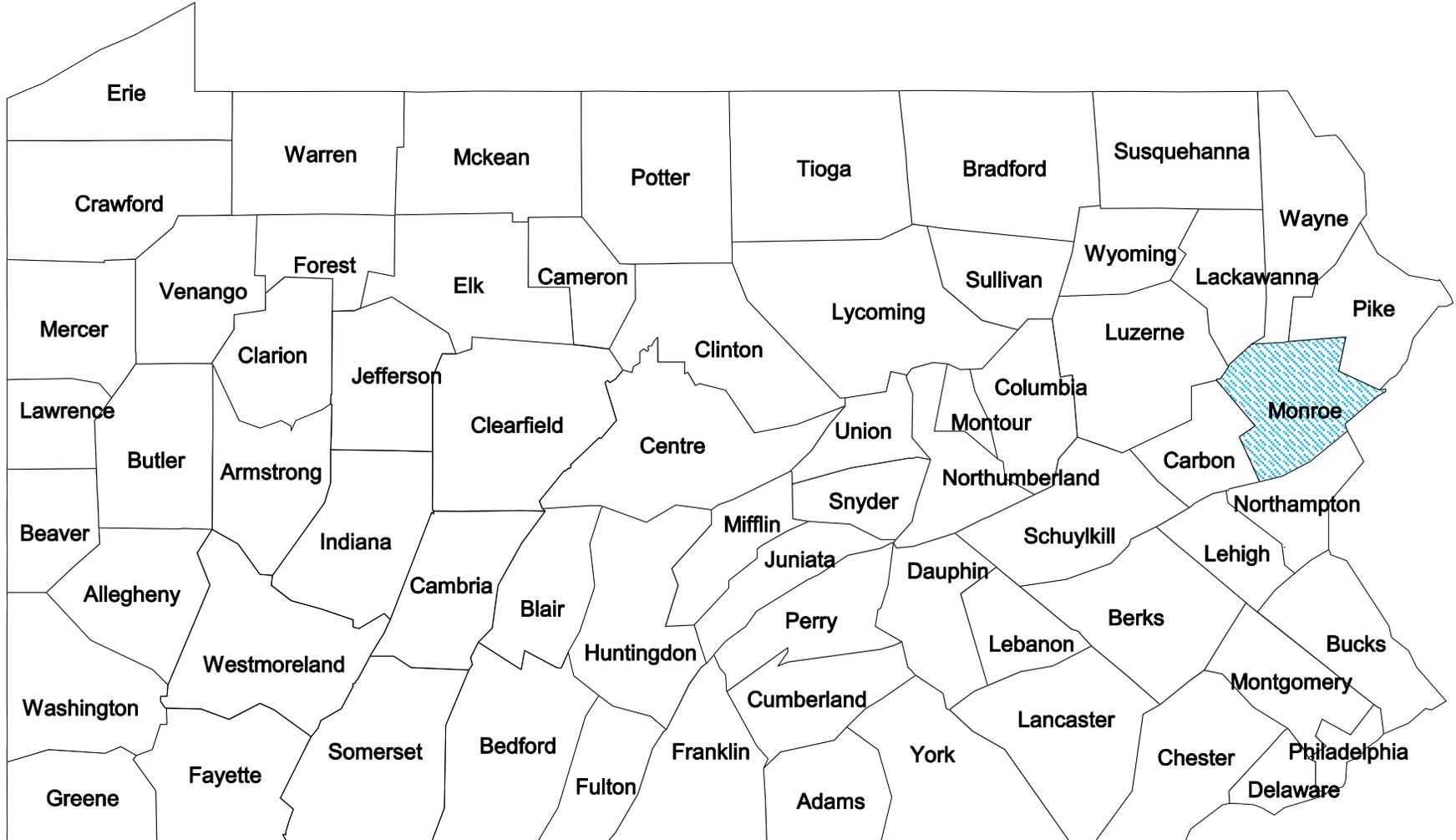
 : 2019 on-exchange service area

 : 2019 off-exchange only service area

2020 Service Area

Issuer: First Priority Health (FPH)

Market: Individual



Key (*modify as needed*)

 : 2020 on-exchange service area

 : 2020 off-exchange only service area



**BlueCross
BlueShield**
First Priority Health

June 25, 2019

Mr. James Lavery, Actuary
Bureau of Life, Accident & Health Insurance
Commonwealth of Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

Re: First Priority Health 2020 ACA Rate Filing (Individual Market)
Filing # 1A-DP-19-FPH (SERFF # HGHM-131904476)

Dear Mr. Lavery:

Enclosed are responses to your June 18, 2019 questions regarding SERFF Filing # HGHM-131904476. We have included your questions along with our responses for your convenience. Since the questions did not require changes to the originally submitted content, the Filing has not been revised at this time.

Should you have any further questions regarding this Filing, please feel free to contact me at [REDACTED] or via e-mail at: [REDACTED]

Sincerely,

[REDACTED]

[REDACTED]

Manager, Actuarial Services
Highmark Inc.

cc:

[REDACTED]

Enclosures

1. For both the allowed and incurred claims in the experience period, please provide the three components referenced in the Part III memo: the amount of claims which were processed through the claims system, processed outside of the Company's claims system, and the best estimate of claims incurred but not paid as of the paid through date.

Response:

Please see the attached exhibit labeled Q1 Response.

2. Please explain why the ultimate incurred claims in Table 2 of the PAAM (69,312,913) does not match the sum of 2018 ultimate incurred claims in Table 4 (69,319,009).

Response:

The ultimate incurred claims in Table 2 apply an annual completion factor; whereas, the ultimate incurred claims in Table 4 is applied at the monthly level. Hence, the minimal difference between the two amounts.

3. Was the volume of large claims during the experience period unusually high or low? If so, was any adjustment made to reflect this?

Response:

The volume of large claims was assumed to be reasonably consistent from year to year. Due to the level of population changes that typically occur in the ACA individual market, it would be unreliable to explicitly make an adjustment based on current data. The morbidity factor adjustments implicitly account for large claim volume differences between populations.

4. Considering the current date of the URRT is February 1, 2019, please explain why the current enrollment on the URRT (9,697) does not match the PAAM Table 1 (11,730).

Response:

FPH has some plans that were offered only in 2019 (not offered in the experience period or in the projection period). These plans are not captured in the URRT; therefore, the enrollment is excluded as well.

5. In Attachment A to the PAAM, columns C and E are both labeled 2018 Normalized Allowed PMPM. Should column E say 2020? Please correct or explain. Also, please provide a narrative and quantitative explanation of how these two columns are determined.

Response:

Please see the attached exhibit labeled Q5 Response.

The claims PMPM in column C is the FPH allowed claims from the 2018 base experience period and is normalized for demographic, network, and benefit richness factors.

The label on column E is appropriate since the claims PMPMs for the projected population are on a 2018 basis. The change in morbidity is to be calculated at time parameter or trend = 0 per page 17 of the URRT instructions.

The claims PMPMs in column E are derived from the 2/1/2019 enrollment profile which is categorized into the following categories:

Renewal

- This represents our 2018 ACA members that reenrolled in FPH which is a subset of the 2018 overall base experience. The normalized allowed PMPM was calculated by normalized the allowed PMPM for demographic, network, and benefit richness factors.

Other Highmark

- This represents the 2018 members from other Highmark markets such as group markets that enrolled in FPH. The normalized allowed PMPM was calculated by reviewing its allowed, adjusting for benefit differential if needed and then normalized for demographic, network, and benefit richness factors.

Prior ACA

- This represents our 2017 ACA members that lapsed in 2018 and now reenrolled in FPH. We reviewed its 2017 ACA claims, trended to 2018, and used this as starting point to approximate the 2018 allowed claims. The normalized allowed PMPM was calculated by normalized the allowed PMPM for demographic, network, and benefit richness factors.

New

- This represents the catch-all category of the remaining members that enrolled in FPH. The 2018 normalized allowed PMPM was set equal the “Renewal” FPH segment. The normalized allowed PMPM was calculated by normalized the allowed PMPM for demographic, network, and benefit richness factors.

6. Please explain how the 2020 member distribution was determined and why you expect the member months to approximately 43 members when February 2019 membership is almost 12,000. Include discussion of effect of mapping members.

Response:

The February 1, 2019 enrollment snapshot was used to approximate 2020 member distribution. The majority of the 12,000 members will be cross-walked to the new HBG entity. Thus, the 43 projected members reflected just the one remaining Gold plan.

7. Please provide support for the 2.03% induced demand factors applied to the trend in the PAAM Table 3.

Response:

The induced demand factors are a function of the change in average metal distribution between the experience period and the projection period. Please see the attached exhibit labeled Q7 Response for the calculation of the 2.03% value found in Table 3.

8. Page 6 of the Part III memorandum and the URRT show a 3.1% Other adjustment, while the PAAM shows and Attachment A show -0.9%. Please explain this discrepancy.

Response:

The Other adjustment on the URRT includes the components listed in question 9’s response. Whereas, the Other adjustment in the PAAM and Attachment A only include the change in Rx Rebates and the change in Hospital/Physician Settlements.

9. Please breakout all the factors included in the ‘Other’ factor on the URRT and provide quantitative support for each.

Response:

Please see the attached exhibit labeled Q9 Response for a breakout of the components of the ‘Other’ factor.

10. Regarding the risk adjustment attachment B:

- a) **Please provide quantitative support for the [REDACTED] HHS Risk Score**
- b) **Please explain the FPH Actuarial Value of [REDACTED], considering the 0.819 factor included on the PAAM Table 10.**
- c) **Considering the PLRS and ARF from the PA RATEE file was used without adjustment, why was the actuarial value of [REDACTED] adjusted to [REDACTED] for the state.**
- d) **The URRT WS 1 estimates a risk adjustment payment of \$9 million while the PA RATEE template estimates less than \$2 million. Please explain this discrepancy and why the PA estimate was not used.**
- e) **Please explain how you plan to determine the projected 2020 risk adjustment transfer amount once HHS releases the actual amount for 2018.**

Response:

- a) The [REDACTED] FPH HHS risk score shown in Attachment B was developed for the population of members that comprised the rate development discussed in the response to Question 5 above. For sources of members where we had 2018 (or 2017) claims experience and diagnosis data, we utilized their risk scores in the calculation. For the “New” source of members where we did not have claims experience, we made an assumption regarding this category’s risk score based on a review of the claim level and risk score relativities of the other sources.
- b) The [REDACTED] FPH actuarial value shown in Attachment B was developed for the population of members that comprised the rate development discussed in the response to Question 5 above. It represents a weighted average of the standard actuarial values used in the risk adjustment transfer formula (i.e. 0.9 for platinum, 0.8 for gold, 0.7 for silver, 0.6 for bronze, and 0.57 for catastrophic). On the other hand, the 0.819 value from the PAAM Table 10 represents a weighted average of actuarial values from the actuarial value calculator using the current snapshot membership distribution for this issuer.
- c) The statewide average actuarial value and induced demand factors were developed using the enrollment mix by metal level from the PID’s 1Q2019 Enrollment Survey released on April 23, 2019. FPH believes this metal level mix is more representative of the 2020 population because it reflects additional benefit ‘buy-down’ that has occurred since 2018.
- d) The URRT Worksheet 1 value represents the Company’s estimated calendar year 2018 risk adjustment transfer payment with two months of run-out. This particular estimate was chosen for reporting on URRT Worksheet 1 in order to align the timing of the risk adjustment and the claim values displayed. The URRT value also includes an estimate for the expected impact of the High Cost Risk Pool (HCRP) component of the program. The PA RATEE results did not include an estimate for the impact of the HCRP.
- e) Once HHS releases the actual transfer amounts for 2018, Highmark will reassess its initial projected 2020 risk adjustment transfer amount. At this point in time, it would be difficult to speculate how or to what degree actual results may influence current assumptions.

11. Please provide quantitative support for the paid to allowed of 92.7% as shown in Table 10 of the PAAM exhibits.

Response:

The 92.7% pricing factor relative to last year's factor of 87.7% reflects overall richer benefits for this plan. For example, the deductible is decreasing from \$800 to \$500 and the out-of-pocket maximum is decreasing from \$7000 to \$6000. The directional change in the pricing factor is further supported by the observed increase in the HHS AV factor (0.8187 for this year versus the 0.7924 for last year).

12. Please provide quantitative support for the Projected MLR of 93.5%.

Response:

Please see the attached exhibit labeled Q12 Response for the development of the 93.5% Projected MLR.

- 13. a) Please provide quantitative support for the health insurer fee**
b) Provide the actual paid HIT fees on a pmpm and percent of premium for calendar years 2018 and 2016.

Response:

- a) The first step in calculating the health insurer fee is estimating the industry-wide fee to be collected as well as the industry-wide eligible premium in billions of dollars based on historical amounts. The ratio of these two estimates produces an estimated percentage of premium. Second, this percentage of premium is multiplied by our company-specific projected 2019 premium to derive an estimate of the dollars expected to be assessed in 2020. Finally, these estimated dollars are then divided by our company-specific projected 2020 premium to derive an estimate of the percentage of premium need to be built into the rate filing. This amount is 2.14%, which is further divided by (1 - 0.21) to account for the income tax rate. The resulting value is 2.71%. The pricing assumption was set at 2.8% given the potential fluctuation in the estimates outlined above.
- b) The HIT paid in 2018 was \$14.25 PMPM or 2.7% of premium. This issuer did not offer individual market plans in 2016.

The following are additional questions or comments from the PID:

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

Response:

We have tested and confirmed that the rates in Table 11 of the Actuarial Memorandum Exhibits, the PA Plan Design Summary and Rate Tables, the Federal Rates Template, and in the binder are identical.

2. Regarding 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.**

Response:

- a) The Company did consider whether or not any adjustment to projected experience was warranted due to the RADV process. However, since this process was only recently implemented, with 2017 results only recently released, we believe that it is too soon to make any assumptions in our projections regarding the anticipated level of payments or recoveries from this program.
- b) We provide the following additional considerations in assessing whether or not future adjustments would be practicable:
- Overall, this program is designed to be revenue neutral across the market. So absent any reliable market-wide analysis, it would be equally likely that a company would receive a payment or would be required to make a contribution.
 - The consideration of risk score adjustments from the RADV process is dependent upon the entirety of market participants, and each participant's ultimate condition profile. These risk profiles are generally not known and could fluctuate from year to year.
 - The Individual market results for 2017 in Pennsylvania showed that a small risk score adjustment would be made for the 2018 risk adjustment transfer results. However, it has not been demonstrated that such an adjustment would tend to persist year over year. Furthermore, an adjustment could be made in the opposite direction in a future year.
 - Although we have not adjusted for the RADV process in our 2020 experience projection, we believe that such an adjustment may be warranted in future rate development periods if the process exhibits a reasonable level of predictability and recurrence. This may not be known until several years beyond the initial implementation.

3. We have repurposed row 54 of Table 6 to capture RA User Fees. Please provide the RA User Fee percentage and pmpm amount in cells C54 and D54, respectively.

Response:

We intend to make this update to the template later in the review process so that if there are other subsequent updates needed, the number of document versions produced can be minimized.

First Priority Health

Individual Market

Response to Objection 1 - Question 1

2018 Base Experience Period Claims	Allowed Claims	Incurred Claims
Processed Through the Issuer's Claim System	\$82,380,252	\$66,722,173
Processed Outside the Issuer's Claim System	\$0	\$0
Incurred But Not Paid	\$2,585,495	\$2,094,068
Total Medical Claims	\$84,965,747	\$68,816,241
Rx Rebates	(\$3,594,621)	(\$3,594,621)
Total Medical Claims after Rx Rebates	\$81,371,126	\$65,221,620
Pediatric Dental Claims	\$80,719	\$56,508
Pediatric Vision Capitation	\$999,996	\$999,996
Professional Settlements	\$431,177	\$431,177
Hospital Settlements	\$8,987	\$8,987
Total Claims	\$82,892,005	\$66,718,288
Total From URRT, WS1 Section 1	\$82,892,005	\$66,718,288

First Priority Health

Individual Market

Response to Objection 1 - Question 5

	2018	Projected 2020 ACA Segment				
	Total	Renewal	Other HMRK	Prior ACA	New	Total
Member Months	157,728	439	15	10	52	516
Member Months%		85%	3%	2%	10%	100%
Risk Score	■	■	■	■	■	■
Completed Allowed Claims	\$84,965,747	\$412,295	\$8,168	\$2,767	\$44,874	\$468,104
Completed Allowed PMPM	\$538.69	\$940.02	\$527.66	\$268.16	\$869.64	\$907.18
Demographic Factor	1.918	1.943	1.441	2.053	1.776	1.915
Network	1.000	1.000	1.000	1.000	1.000	1.000
Benefit Richness Factor	1.038	1.069	1.080	1.030	1.030	1.064
Normalized Allowed PMPM	\$270.69	\$452.67	\$339.11	\$126.84	\$475.30	\$445.01

First Priority Health**Individual Market****Response to Objection 1 - Question 7**

Description	Factor
2018 Average Benefit Richness	1.0375
<u>2020 Projected Benefit Richness</u>	<u>1.0800</u>
Change in Benefit Richness	4.09%
Annualized Change in Benefit Richness	2.03%

First Priority Health**Individual Market****Response to Objection 1 - Question 9**

Description	Factor
Change in Rx Rebates	0.9937
Change in Hospital/Physician Settlements	0.9970
Change in Network	1.0000
Change in Benefit Richness	1.0407
Total 'Other' Factor	1.0311

First Priority Health

Individual Market

Response to Objection 1 - Question 12

Description	Source	Calculation
Numerator		
Projected Paid EHB Claims PMPM	Table 5, C29	\$1,002.92
Projected Required Revenue PMPM	Table 6, C63	\$803.29
Quality Improvement Factor	CMS Default	0.80%
<u>Projected Risk Adjustment PMPM</u>	<u>Table 5, C31</u>	<u>\$279.10</u>
Adjusted Claims		\$730.25
Denominator		
Projected Required Revenue PMPM	Table 6, C63	\$803.29
Projected Exchange User Fee	Table 5, C32	\$0.00
Risk Adjustment User Fee	CMS	\$0.18
<u>Health Insurer Fee</u>	<u>Table 6, D57</u>	<u>\$22.49</u>
Adjusted Premium		\$780.62
Projected MLR		93.5%

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U		
1	Unified Rate Review v5.0																					
2	To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P.																					
3	To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L.																					
4	Company Legal Name:	First Priority Health																State:	PA	To validate, select the Validate button or Ctrl + Shift + I.		
5	HIOS Issuer ID:	83731																Market:	Individual	To finalize, select the Finalize button or Ctrl + Shift + F.		
6	Effective Date of Rate Change(s):	01/01/2020																				
7																						
8	Market Level Calculations (Same for all Plans)																					
9																						
10																						
11	Section I: Experience Period Data																					
12	Experience Period:	01/01/2018	to	12/31/2018																		
13			Total	PMPM																		
14	Allowed Claims		\$82,892,005.06		\$525.54																	
15	Reinsurance		\$0.00		\$0.00																	
16	Incurred Claims in Experience Period		\$66,718,287.91		\$423.00																	
17	Risk Adjustment		-\$9,150,278.18		-\$58.01																	
18	Experience Period Premium		\$114,835,367.87		\$728.06																	
19	Experience Period Member Months		157,728																			
20																						
21	Section II: Projections																					
22																						
23	Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims PMPM															
24			Cost	Utilization	Cost	Utilization																
25	Inpatient Hospital	\$110.58	1.045	1.029	1.045	1.029	\$127.86															
26	Outpatient Hospital	\$191.05	1.045	1.029	1.045	1.029	\$220.91															
27	Professional	\$108.06	1.045	1.029	1.045	1.029	\$124.95															
28	Other Medical	\$10.87	1.045	1.029	1.045	1.029	\$12.57															
29	Capitation	\$6.34	0.930	1.000	0.992	1.000	\$5.85															
30	Prescription Drug	\$98.64	1.045	1.029	1.045	1.029	\$114.06															
31	Total	\$525.54					\$606.19															
32	Morbidity Adjustment				1.735																	
33	Demographic Shift				0.998																	
34	Plan Design Changes				1.000																	
35	Other				1.031																	
36	Adjusted Trended EHB Allowed Claims PMPM for	01/01/2020			\$1,082.17																	
37	Manual EHB Allowed Claims PMPM				\$0.00																	
38	Applied Credibility %				100.00%																	
39																						
40																						
41	Projected Period Totals																					
42	Projected Index Rate for	01/01/2020			\$1,082.17	\$558,399.72																
43	Reinsurance				\$0.00	\$0.00																
44	Risk Adjustment Payment/Charge				\$301.19	\$155,414.04																
45	Exchange User Fees				0.00%	\$0.00																
46	Market Adjusted Index Rate				\$780.98	\$402,985.68																
47	Projected Member Months				516																	
48																						
49																						
50	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.																					
51																						
52																						
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56																						
57																						

Product-Plan Data Collection

Company Legal Name: **First Priority Health**
 HIOS Issuer ID: **83731**
 Effective Date of Rate Change(s): **01/01/2020**

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

Product/Plan Level Calculations

Section I: General Product and Plan Information

Field #	Section I: General Product and Plan Information	my Priority Blue Flex HMO				my Lehigh Valley Flex Blue HMO		my Blue Major Event	my Priority Blue Flex HMO HSA		
1.1	Product Name	83731PA006				83731PA007		83731PA008	83731PA009		
1.2	Product ID	83731PA0060001				83731PA0060002		83731PA0070001	83731PA0080001		
1.3	Plan Name	my Priority Blue Flex HMO Bronze 4000	my Priority Blue Flex HMO Silver 2100 - 2 Free PCP Visits	my Priority Blue Flex HMO Gold 1000 - 2 Free PCP Visits	my Priority Blue Flex HMO 7150B	my Priority Blue Flex HMO 6900S	my Lehigh Valley Flex Blue HMO Silver 1900 - 2 Free PCP Visits	my Lehigh Valley Flex Blue HMO Gold 500 - 2 Free PCP Visits	my Priority Blue Major Events HMO 7900	my Priority Blue Flex HMO Silver 4450 HSA	my Priority Blue Flex HMO 6200BCE
1.4	Plan ID (Standard Component ID)	83731PA0060001	83731PA0060002	83731PA0060004	83731PA0060006	83731PA0060009	83731PA0070001	83731PA0070002	83731PA0080001	83731PA0090001	83731PA0090002
1.5	Metal	Bronze	Silver	Gold	Bronze	Silver	Silver	Gold	Catastrophic	Silver	Bronze
1.6	AV Metal Value	0.640	0.720	0.792	0.649	0.661	0.718	0.819	0.575	0.660	0.607
1.7	Plan Category	Terminated	Terminated	Terminated	Terminated	Terminated	Terminated	Renewing	Terminated	Terminated	Terminated
1.8	Plan Type	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO
1.9	Exchange Plan?	No	No	No	No	No	No	No	No	No	No
1.10	Effective Date of Proposed Rates	01/01/2020	01/01/2020	01/01/2020	01/01/2020	01/01/2020	01/01/2020	01/01/2020	01/01/2020	01/01/2020	01/01/2020
1.11	Cumulative Rate Change % (over 12 mos prior)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.75%	0.00%	0.00%	0.00%
1.12	Product Rate Increase %			0.00%			-1.76%		0.00%		0.00%
1.13	Submission Level Rate Increase %						-1.76%				

Worksheet 1 Totals

Section II: Experience Period and Current Plan Level Information

2.1	Plan ID (Standard Component ID)	Total	83731PA0060001	83731PA0060002	83731PA0060004	83731PA0060006	83731PA0060009	83731PA0070001	83731PA0070002	83731PA0080001	83731PA0090001	83731PA0090002
2.2	Allowed Claims	\$82,892,005	\$13,362,400	\$2,540,934	\$32,236,871	\$455,072	\$22,532,873	\$270,346	\$6,175,342	\$13,263	\$1,051,435	\$4,253,480
2.3	Reinsurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.4	Member Cost Sharing	\$16,173,717	\$3,876,590	\$739,558	\$6,012,698	\$131,518	\$2,493,588	\$99,103	\$1,024,547	\$15,567	\$302,576	\$1,477,973
2.5	Cost Sharing Reduction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.6	Incurred Claims	\$66,718,288	\$9,485,810	\$1,801,375	\$26,224,174	\$323,554	\$20,039,284	\$171,244	\$5,150,795	-\$2,303	\$748,849	\$2,775,507
2.7	Risk Adjustment Transfer Amount	-\$9,150,278	-\$8,327,477	\$390,881	-\$2,132,648	-\$272,942	\$4,877,021	-\$252,364	-\$50,676	-\$47,194	-\$564,036	-\$2,770,844
2.8	Premium	\$114,835,368	\$23,789,618	\$3,319,301	\$41,178,104	\$676,653	\$29,546,922	\$464,008	\$7,032,902	\$84,971	\$1,547,232	\$7,195,657
2.9	Experience Period Member Months	157,728	42,170	5,383	49,356	1,246	34,084	790	8,615	333	2,416	13,335
2.10	Current Enrollment	9,697	2,940	1,835	2,114	0	0	84	275	31	2,418	0
2.11	Current Premium PMPM	\$738.48	\$589.74	\$825.53	\$859.96	\$0.00	\$0.00	\$817.51	\$843.91	\$498.58	\$732.56	\$0.00
2.12	Loss Ratio	63.13%	61.35%	48.55%	67.16%	80.14%	58.21%	80.91%	73.77%	-6.10%	76.16%	62.73%
Per Member Per Month												
2.13	Allowed Claims	\$525.54	\$316.87	\$472.03	\$653.15	\$365.23	\$661.10	\$342.21	\$716.81	\$39.83	\$435.19	\$318.97
2.14	Reinsurance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2.15	Member Cost Sharing	\$102.54	\$91.93	\$137.39	\$121.82	\$105.55	\$73.16	\$125.45	\$118.93	\$46.75	\$125.24	\$110.83
2.16	Cost Sharing Reduction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2.17	Incurred Claims	\$423.00	\$224.94	\$334.64	\$531.33	\$259.67	\$587.94	\$216.76	\$587.89	-\$6.92	\$309.95	\$208.14
2.18	Risk Adjustment Transfer Amount	-\$58.01	-\$197.47	\$72.61	-\$43.21	-\$219.05	\$143.09	-\$319.45	-\$5.88	-\$141.72	-\$233.46	-\$207.79
2.19	Premium	\$728.06	\$564.14	\$616.63	\$834.31	\$543.06	\$866.89	\$587.35	\$816.36	\$255.17	\$640.41	\$539.61

Section III: Plan Adjustment Factors

3.1	Plan ID (Standard Component ID)	83731PA0060001	83731PA0060002	83731PA0060004	83731PA0060006	83731PA0060009	83731PA0070001	83731PA0070002	83731PA0080001	83731PA0090001	83731PA0090002
3.2	Market Adjusted Index Rate						5780.98				
3.3	AV and Cost Sharing Design of Plan	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.9266	0.0000	0.0000	0.0000
3.4	Provider Network Adjustment	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000
3.5	Benefits in Addition to EHB	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000
Administrative Costs											
3.6	Administrative Expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.07%	0.00%	0.00%
3.7	Taxes and Fees	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.82%	0.00%	0.00%	0.00%
3.8	Profit & Risk Load	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3.9	Catastrophic Adjustment	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000
3.10	Plan Adjusted Index Rate	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$803.08	\$0.00	\$0.00	\$0.00
3.11	Age Calibration Factor	0.5248					0.5248				
3.12	Geographic Calibration Factor	1.0000					1.0000				
3.13	Tobacco Calibration Factor	0.9951					0.9951				
3.14	Calibrated Plan Adjusted Index Rate	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$419.39	\$0.00	\$0.00	\$0.00

Section IV: Projected Plan Level Information

4.1	Plan ID (Standard Component ID)	Total	83731PA0060001	83731PA0060002	83731PA0060004	83731PA0060006	83731PA0060009	83731PA0070001	83731PA0070002	83731PA0080001	83731PA0090001	83731PA0090002
4.2	Allowed Claims	\$558,473	\$0	\$0	\$0	\$0	\$0	\$0	\$558,473	\$0	\$0	\$0
4.3	Reinsurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.4	Member Cost Sharing	\$40,965	\$0	\$0	\$0	\$0	\$0	\$0	\$40,965	\$0	\$0	\$0
4.5	Cost Sharing Reduction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.6	Incurred Claims	\$517,508	\$0	\$0	\$0	\$0	\$0	\$0	\$517,508	\$0	\$0	\$0
4.7	Risk Adjustment Transfer Amount	\$144,016	\$0	\$0	\$0	\$0	\$0	\$0	\$144,016	\$0	\$0	\$0
4.8	Premium	\$414,390	\$0	\$0	\$0	\$0	\$0	\$0	\$414,390	\$0	\$0	\$0
4.9	Projected Member Months	516	0	0	0	0	0	0	516	0	0	0
4.10	Loss Ratio	92.68%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	92.68%	#DIV/0!	#DIV/0!	#DIV/0!
Per Member Per Month												
4.11	Allowed Claims	\$1,082.31	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$1,082.31	#DIV/0!	#DIV/0!	#DIV/0!
4.12	Reinsurance	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!
4.13	Member Cost Sharing	\$79.39	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$79.39	#DIV/0!	#DIV/0!	#DIV/0!
4.14	Cost Sharing Reduction	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!
4.15	Incurred Claims	\$1,002.92	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$1,002.92	#DIV/0!	#DIV/0!	#DIV/0!
4.16	Risk Adjustment Transfer Amount	\$279.10	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$279.10	#DIV/0!	#DIV/0!	#DIV/0!
4.17	Premium	\$803.08	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$803.08	#DIV/0!	#DIV/0!	#DIV/0!

Rating Area Data Collection

Rating Area	Rating Factor
Rating Area 3	1.0000

Part II of the Preliminary Justification

First Priority Health – Individual Market

Scope and Range:

First Priority Health is requesting an average rate decrease of 1.75% for the 2020 ACA-qualifying individual product with effective dates from January 1, 2020 to December 31, 2020. This is projected to affect 275 members, of which 53 members are in renewing plans.

These premium rates are being set at a level that is required to adequately cover rising costs. The proposed average rate decrease is being driven by unanticipated improvement in the base claims experience.

Historical Financial Experience:

First Priority Health incurred an underwriting gain in its Individual ACA programs in 2018.

Change in Medical Service Costs:

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

Change in Benefits and Cost Sharing:

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

Administrative Costs and Anticipated Operating Results:

The anticipated administrative costs and operating results are not excessive or unreasonable. In accordance with regulations, the projected medical loss ratio is over 80%.

Part III Actuarial Memorandum

First Priority Health

Individual Rate Filing

Effective January 1, 2020

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I. General Information

Document Overview

This document contains the Part III Actuarial Memorandum for First Priority Health's (FPH) individual block of business rate filing, for products with an effective date of January 1, 2020. This actuarial memorandum is submitted in conjunction with the Part I Unified Rate Review Template.

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

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

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

I.1 Company Identifying Information:

- Company Legal Name: First Priority Health.
- State: The Commonwealth of Pennsylvania has regulatory authority over these policies.
- HIOS Issuer ID: 83731
- Market: Individual
- Effective Date: January 1, 2020

I.2 Company Contact Information:

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

II. Proposed Rate Change(s)

For all rate increases by plan, see the 'Cum'tive Rate Change % (over 12 mos prior)' found in Worksheet 2, line 1.11 of the URRT. The rate increase varies by plan due to an update in several of our pricing factors and changes in cost sharing required to meet Actuarial Value and other cost sharing restrictions under the Affordable Care Act as well as mappings between discontinued and new plans.

The proposed average rate decrease is being driven by unanticipated improvement in the base claims experience.

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. We have accounted for the elimination of the Individual Mandate penalty and the lack of CSR funding in 2020 by using the factors prescribed in the Department's guidance. Additional assumptions include that advance payment of premium credits (APTCs) will continue until the end of 2020, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2020. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, FPH reserves the right to submit a revised filing.

III. Experience and Current Period Premium, Claims, and Enrollment

III.1 Paid through Date:

Experience Period claims were based on incurred calendar year 2018, paid through February 2019. This includes 2018 experience in Affordable Care Act compliant plans. FPH did not offer any transitional plans in 2018.

III.2 Current Date:

The current date shown represents a snapshot of February 1, 2019.

III.3 Premiums in Experience Period:

The premiums shown for the experience period were based on calendar year 2018 actual revenues with no MLR rebates.

As it is instructed on page 15 of the "Draft 2020 Unified Rate Review Instructions" (May 2019 released), the MLR rebates should not be reflected in the premium.

III.4 Allowed and Paid Claims Incurred During the Experience Period:

- **Historical Experience:** We chose FPH's current experience for the individual block of business for the period January 1, 2018 through December 31, 2018, with claims paid through February 1, 2019 as the basis for the 2020 projected individual market pricing.
- **Claims Incurred During the 12-month Experience Period:** Worksheet 1, Section I shows our best estimate of the amount of claims that were incurred during the 12-month experience period for FPH's individual book-of-business. This section includes:
 - The amount of claims which were processed through Company's claims system,
 - Claims processed outside of the Company's claims system, and
 - Our best estimate of claims incurred but not paid as of the paid through date stated above.
- **Method for Determining Allowed Claims:** For non-capitated claims, the allowed charges are summarized from FPH's detailed claim-level historical data. This experience includes 2018 claims for Affordable Care Act compliant business. For capitated and other off-system claims, historical capitations and experience were tabulated and added to the claims.
- **Paid Claims:** We also summarized the paid claims from detailed member records. The paid-to-allowed ratio for the experience period reflects the 2018 plan designs chosen by each member.
- **Incurred but Not Paid (IBNR) Claims Estimate:** FPH is using a completion factor of 0.970 to include IBNR claims in allowed charges. The IBNR completion factor was developed using our corporate reserving system for FPH's individual business. We applied it equally to both paid and allowed total claims (as a change to utilization) to complete the experience.

IV. Benefit Categories

The index rate of the experience period was summarized at the defined benefit categories included in Worksheet 1, Section II of the URRT.

The data provided in this section closely adheres to the preferred definitions of the Benefit Categories included in the URRT instructions, including the "Other Medical" category. The "Other Medical" category units reflect visits for PDN/home health, trips for ambulance and procedures for DME/prosthetics. Prescription drugs utilization were converted to a "per 30-day" script count.

V. Projection Factors

V.1 Trend Factors

This development of the CY2020 rates reflects an annual trend rate of 7.5% (4.5% cost, 2.9% utilization). These trends reflect FPH's expectations regarding increases in in-network contractual reimbursement and out-of-network costs. These estimates measure and normalize for benefit leverage, population aging, and historical changes for fee schedules, as well as company-wide utilization management programs, and external trend drivers.

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

V.2 Changes in the Morbidity of the Population Insured

We applied an adjustment of approximately 73.5% to reflect the anticipated changes in the average morbidity of the covered population (beyond allowable rating factors). This morbidity adjustment reflects multiple changes including blending of the ACA business with new members from multiple sources including uninsured and the employer markets.

Impact of Health Insurance Coverage Mandate

In accordance with the Department's guidance, the morbidity factor was increased by 6.0% to reflect the market uncertainty from the elimination of the health insurance coverage mandate. This deterioration is reflected in the filing by multiplying the original morbidity factor of 63.7% by 6.0% to arrive at a final morbidity factor of 73.5%.

V.3 Changes in Demographics

We project that the average rating factor (age, tobacco load and area combined) will decrease by about 0.2% due to the change in the population. This is primarily due to the expectation that the new members from the group and/or uninsured populations to be slightly younger than the population in the underlying experience. This decreases the projected allowed claims (utilization) by the same amount.

V.4 Changes in Benefits

There is no change in benefits related to the essential health benefit (EHB) categories so the factor is set to 1.0. The cost sharing changes for the EHBs are captured in the paid to allowed ratio factors discussed in the AV and Cost Sharing Design of Plan section XIV.1.

V.5 Changes in Others

The 1.031 factor represents the changes in utilization due to cost sharing requirements, network, Rx rebates, and hospital/physician settlements.

VI. Manual Rate Adjustments

FPH's individual experience is fully credible. No manual rate is developed or used in this projection.

VII. Credibility of Experience

The experience is from FPH's individual book of business in 2018. It is large enough to be fully credible. Our results are based 100% on the experience rate, as adjusted.

VIII. Index Rate

The index rates as shown on Worksheet 1 of the URRT are simply the single risk pool average allowed claims for the Essential Health Benefits for the experience and projected populations, respectively, for FPH. For the experience period, only non-grandfathered plans are included. The projection period Index Rate is not adjusted for reinsurance or risk adjustment programs or any other fee.

IX. Market Adjusted Index Rate [MAIR]

The Market Adjusted Index Rate is the Projected Index Rate further adjusted for risk adjustment and the exchange fee.

IX.1 Projected Reinsurance PMPM

There is no reinsurance program for FPH.

IX.2 Projected Risk Adjustments PMPM:

The estimated average risk score for FPH's projected 2020 population was developed by using FPH's 2018 claim diagnoses and the risk adjustment coefficients as finalized in the Notice of Benefit and Payment Parameters. Similarly, allowable rating factors, actuarial value factors and induced demand factors were estimated for FPH based upon its projected 2020 population.

We estimated the statewide average risk transfer factors based on current market assumptions. We estimated the statewide average premium using current market premium assumptions with adjustments for anticipated rate changes for 2020.

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

The analysis resulted in FPH receiving from the risk adjustment pool. The \$301.19 PMPM value shown in worksheet 1 of the URRT is developed by taking the expected risk transfer amount and adjusting it to an equivalent allowed claims basis by dividing it by the paid-to-allowed factor and the composite effect of catastrophic eligibility.

For the purposes of this rate filing, Highmark has assumed that projected High Cost Risk Pool (HCRP) charges are offset by projected HCRP reimbursements. Thus, no adjustment has been made to the projected risk adjustment transfer discussed above for the HCRP component of the program. Similarly, we have not included an adjustment to the projected risk adjustment transfer for the Risk Adjustment Data Validation (RADV) program.

IX.3 The Exchange User Fee %

FPH is offering one 2020 plan off of the exchange and therefore will not have any projected members enroll through the exchange. The exchange use fee is set to 0%.

X. Plan Adjusted Index Rate [PAIR]

The Plan Adjusted Index Rates can be found on line 3.10, Worksheet 2 of the URRT. The PAIR rates calculated by applying the allowable rating factors as described below to the Market Adjusted Index Rate.

X.1 AV and Cost Sharing Design of Plan

The AV and cost sharing allowable rating factor is comprised of the following components:

- The utilization due to differences in cost sharing is based on the factors adopted by the risk adjustment methodology relative its weight average. No differences due to health status are in these adjustments.
- The pricing AV for the benefits and cost sharing of the plan and a CSR load for the on exchange silver plan.

X.2 Provider Network Adjustment

The provider network adjustments are developed by dividing the plan level network factor by the overall weighted average from all plans.

X.3 Benefits in Addition to EHB

There are no benefits in addition to EHB.

X.4 Administrative Expense

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

X.5 Taxes and Fees:

The following fees were added:

- \$0.18 PMPM for Risk Transfer User Fee,
- 2.8% for the Health Insurance Provider Fee
- 0.0% for the PA Premium Tax

X.6 Profit (or Contribution to Surplus) & Risk Margin:

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

X.7 Catastrophic Adjustment

FPH is not offering any Catastrophic plans in 2020, therefore a specific eligibility adjustment was not used.

XI. Calibration

XI.1 Age Curve Calibration:

The projected weighted average age factor for billable members is 1.906. This factor is calculated by dividing the all members age factor of 1.906 by the ratio of billable members to total members 1.000. The age curve calibration factor is $1/1.906 = 0.5248$.

XI.2 Geographic Calibration Factor:

The projected weighted average geographic factor is 1.0. Each Plan Adjusted Index Rate represents the rate for an average member with a geographic factor of 1.0. The geographic calibration factor is $1/1.0 = 1.0$.

XI.3 Tobacco Calibration Factor:

The projected weighted average tobacco factor is 1.005. Each Plan Adjusted Index Rate represents the rate for an average member with a tobacco factor of 1.005. The tobacco calibration factor is $1/1.005 = 0.9951$.

XI.4 Consumer Adjusted Premium Rate Development:

The calibrated plan adjusted index rate represents the base rate for an age factor of 1.0, geographic rating factor of 1.0 and tobacco rating factor of 1.0. Thus, the approximate premium for a specific member can be derived by multiplying this rate by the HHS age curve factor, the rating area factor on Worksheet 3 of the URRT, and the appropriate tobacco factor. Please note that this method will only produce approximate rates due to URRT rounding constraints

XII. Projected Loss Ratio

The projected loss ratio for 2020 using the federally-prescribed MLR methodology is 93.5%.

XIII. AV Metal Values

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

XIV. Membership Projections

Membership projections reflect FPH's expectations for 2020. These projections reflect expected changes in market share due to market competition and changes in FPH's plan offerings, relative price levels, and changes in plan offerings (where applicable).

FPH is offering only a Gold plan off of the exchange in 2020.

XV. Terminated Plans and Products

Plans in the 2018 experience period that will no longer be available in 2020 can be found in Exhibit I.

FPH also has some plans that were offered only in 2019 (not offered in the experience period or in the projection period). For these plans, the members will not be mapped to a renewing plan or new plan. These plans are shown in Exhibit I. In instances where there are multiple plans being mapped to a single HIOS ID, the increases are weighted by the mapped members and the experience period information is populated with zeros.

XVI. Plan Type

The Plan types listed in Worksheet 2, Section I of the Part I Unified Rate Review Template describe FPH's plans adequately.

XVII. Actuarial Certification

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

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

- In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102),

- Developed in compliance with the applicable Actuarial Standards of Practice
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Neither excessive nor deficient.

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

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

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

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

Signed: [REDACTED]

Title: [REDACTED]

Date: May 21, 2019

XVIII.**Exhibit I****First Priority Health****Terminated Experience Period Plans**

HIOS ID	Metal	Plan Name	2020 Mapping
83731PA0070001	Silver	my Lehigh Valley Flex Blue HMO 1850S	83731PA0070002
83731PA0060001	Bronze	my Priority Blue Flex HMO 7150B	N/A
83731PA0060002	Silver	my Priority Blue Flex HMO 2100S	N/A
83731PA0060004	Gold	my Priority Blue Flex HMO 1000G	N/A
83731PA0060006	Bronze	my Priority Blue Flex HMO 7150B	N/A
83731PA0060009	Silver	my Priority Blue Flex HMO 6900S	N/A
83731PA0090001	Silver	my Priority Blue Flex HMO 2750SQE	N/A
83731PA0090002	Bronze	my Priority Blue Flex HMO 6200BQE	N/A
83731PA0080001	Catastrophic	my Priority Blue Major Events HMO 7350	N/A

Terminated Plans Offered in 2019 Only

HIOS ID	Metal	Plan Name	2020 Mapping
83731PA0060010	Bronze	my Priority Blue Flex HMO Bronze 7900	
83731PA0060011	Bronze	my Priority Blue Flex HMO Bronze 7900	
83731PA0060012	Silver	my Priority Blue Flex HMO Silver 0	
83731PA0060013	Silver	my Priority Blue Flex HMO Silver 3500 - 2 Free PCP Visits	

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*	83731				
Federal TIN*	23-2413324				
Rate Effective Date*	01/01/2020				
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
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	0-14	320.89	320.89
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	15	349.41	349.41
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	16	360.32	360.32
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	17	371.22	371.22
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	18	382.97	382.97
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	19	394.71	394.71
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	20	406.88	406.88
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	21	419.46	429.95
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	22	419.46	429.95
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	23	419.46	429.95
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	24	419.46	429.95
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	25	421.14	431.67
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	26	429.53	440.27
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	27	439.59	450.58
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	28	455.95	467.35
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	29	469.38	481.11
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	30	476.09	487.99
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	31	486.15	498.30
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	32	496.22	508.63
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	33	502.51	515.07
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	34	509.22	521.95
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	35	512.58	525.39
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	36	515.94	528.84
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	37	519.29	532.27
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	38	522.65	535.72
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	39	529.36	542.59
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	40	536.07	589.68
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	41	546.14	603.48
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	42	555.78	618.03
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	43	569.21	638.08
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	44	585.99	663.34
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	45	605.70	693.53
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	46	629.19	729.86
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	47	655.62	771.66
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	48	685.82	820.24
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	49	715.60	870.89
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	50	749.16	917.72
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	51	782.29	958.31
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	52	818.79	1003.02
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	53	855.70	1048.23
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	54	895.55	1097.05
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	55	935.40	1145.87
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	56	978.60	1198.79
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	57	1022.22	1252.22
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	58	1068.78	1309.26
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	59	1091.85	1337.52
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	60	1138.41	1394.55
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	61	1178.68	1443.88
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	62	1205.11	1476.26
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	63	1238.25	1516.86
83731PA0070002	Rating Area 3	Tobacco User/Non-Tobacco User	64 and over	1258.38	1541.52