

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Geisinger Health Plan
<b>TOI/Sub-TOI:</b>	H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only		
<b>Product Name:</b>	HMO/POS		
<b>Project Name/Number:</b>	SG HMO 2017 ACA Filing/SGHMO		

## Correspondence Summary

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Additional Information Needed	Rashmi Mathur	07/21/2016	07/21/2016
Additional Information Needed	Rashmi Mathur	07/13/2016	07/13/2016
Data Request Sent	Rashmi Mathur	06/15/2016	06/15/2016

#### Response Letters

Responded By	Created On	Date Submitted
Vicki Bardsley	07/27/2016	07/27/2016
Everard Riley	07/14/2016	07/14/2016
Everard Riley	06/23/2016	06/23/2016

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**State:** Pennsylvania **Filing Company:** Geisinger Health Plan  
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## Objection Letter

Objection Letter Status	Additional Information Needed
Objection Letter Date	07/21/2016
Submitted Date	07/21/2016
Respond By Date	07/26/2016

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Dear Vicki Bardsley,

### **Introduction:**

The Pennsylvania Insurance Department has conducted a review of the responses received from you on the above captioned filing, and at this time additional information is needed. To facilitate a timely review, we request this information be provided by close of business on July 26, 2016. If you have any questions or difficulties in providing the data within this time frame, please call me.

1.As you know, on 7/15/16, the Department advised insurers that they could revise the projected risk adjustment transfer amount in small group filings, and that this revision is due Thursday 7/21. If you are going to or have filed a revised risk adjustment transfer estimate, you may ignore the following objection.

Given the difference between the Company's estimated risk adjustment for 2015 and actual 2015 amount, please provide narrative and quantitatively show the development of the pmpm impact this will have on the projected 2017 risk adjustment pmpm amount and the rate impact. Do not revise your filing because of this request; just provide the information requested.

Upon receipt of your response to the above requested data, the Department will continue to review your filing. Please note that there may be additional questions and/or requirements as the Department conducts a more in-depth review.

Should you have any questions regarding this correspondence, please contact me at (717) 783-0675 or e-mail at [rmathur@pa.gov](mailto:rmathur@pa.gov).

Sincerely,

Rashmi Mathur, ASA, MAAA  
Actuary  
Bureau of Life, Accident & Health Insurance  
Office of Insurance Product Regulation & Administration

### **Conclusion:**

Sincerely,  
Rashmi Mathur

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**State:** Pennsylvania **Filing Company:** Geisinger Health Plan  
**TOI/Sub-TOI:** H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only  
**Product Name:** HMO/POS  
**Project Name/Number:** SG HMO 2017 ACA Filing/SGHMO

## Objection Letter

Objection Letter Status	Additional Information Needed
Objection Letter Date	07/13/2016
Submitted Date	07/13/2016
Respond By Date	07/19/2016

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Dear Vicki Bardsley,

**Introduction:**

Please see the attachment that has additional questions on induced Utilization and AV of the plans. Please respond to these questions by close of business on Tuesday, July 19, 2016.  
Thank you.

**Conclusion:**

Sincerely,  
Rashmi Mathur

1. Induced Utilization

- a. Please complete the table below for all plans, and confirm that the ratio in column (8) represents the AV and Cost Sharing for each plan in your filing.<sup>1</sup>

Plan ID (1)	Metal Level (2)	Projected Membership (3)	Projected Allowed Claims (4)	Projected Paid Claims (5)	Company Determined AV Factor (6)	Induced Utilization <sup>2</sup> (7)	AV & Cost Sharing (6)*(7) (8)
xxxxxx							
xxxxxx							
xxxxxx							
Total							

- b. Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of each, the AV and the cost sharing factors for each plan. Also, provide narrative that explains the derivation.
- c. Please provide justification for relative induced utilization assumptions in the Company's pricing that exceed the federal factors used in the risk adjustment model proving that morbidity is not reflected.<sup>3</sup>
- d. Please confirm that each plan's induced utilization factor was normalized by an aggregate factor, and that the resulting sumproduct (against projected membership) produces a factor of 1.000. Please show the steps that demonstrate this.
2. Please show quantitatively that plan premiums are in proportion to the plan AV Pricing Values.

<sup>1</sup> If a tobacco factor is used in the AV and Cost Sharing please add a column for that amount and modify the formula.

<sup>2</sup> The Induced Demand is the amount used by the company to reflect increased demand. This may be called by another name in the filing

<sup>3</sup> The federal factors relative to the Bronze factors are Silver 1.03, Gold 1.08 and Platinum 1.15.

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## Objection Letter

Objection Letter Status	Data Request Sent
Objection Letter Date	06/15/2016
Submitted Date	06/15/2016
Respond By Date	06/23/2016

Dear Vicki Bardsley,

### Introduction:

The Pennsylvania Insurance Department has received and conducted a review of the above captioned filing. In order to complete the review, we are requesting the following information. To facilitate a timely review, we request this information be provided within 7 days of the date of this letter. If you have any questions or difficulties in providing the data within this time frame, please call me.

1. Please explain why a manual rate was used considering over 189,000 experience period member months is typically considered fully credible.
2. Please provide a quantitative development of the manual rate resulting in the projected allowed claims of \$492.21 PMPM. This should include any adjustments made to the manual data to bring it in line with GHP's projected population and should include at least the adjustments on Worksheet 1 of the URRT. In addition, please explain how you adjusted for morbidity differences between the data used for the manual rate and the projected population since the projected population will not include Geisinger Quality Options members.
3. Page 4 of the Actuarial Memorandum described Pediatric Dental as additional EHB benefits. Please explain where the adjustment for this benefit is included on the URRT. Note Table 5 shows an "Other" Adjustment of 0.4%.
4. Please explain why there is no demographic adjustment for the population being 2 years older than the base period.
5. Please explain what adjustments were made to the large group data in the development of trends for the individual versus small group market and HMO versus PPO product.
6. Please provide the January 1, 2016 through April 30, 2016 emerging experience in an Excel worksheet formatted similar to Table 2.
7. In Tables 2 and 4, does the premium include HHS cost sharing, estimated risk adjustment or revenue generated from transitional business? If so, please provide the dollar amount of HHS cost sharing and estimated risk adjustment and the number of transitional members.
8. Were changes in provider contracting considered in the development of cost trends?
9. Please provide the quantitative development of the projected paid-to-allowed ratio of 90.7%. (Include excel worksheet with formulas to support the calculation). Please explain why this ratio differs so significantly from the weighted average AV from WS2 of the URRT of 86.8%.
10. Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the \$27.47 'Projected Risk adjustments PMPM' found in Section III, Worksheet 1 of the URRT. Please provide a detailed narrative that describes the development of the estimated risk adjustment transfer payment. In demonstrating the development of the transfer payment, please show all risk transfer formula components, the estimated market-wide average risk assumptions as well as support for those assumptions. When responding to this data call, you may redact this response as it will contain proprietary information.
11. Please provide your current estimate of the risk adjustment for 2015.
12. Please provide the development of the 1.76% of QI expenses as shown on page 5 of the Actuarial Memorandum.
13. Please explain why the weighted average in Table 10 of the Benefit Richness in Column L is not 1.000.
14. Please provide the quantitative development of the age and area calibration factors.
15. Please provide AV screenshots and Unique Plan Design Justification (if applicable) for all plans being offered.
16. Administrative Expenses (AE) – The proposed AE is \$52.07 and the approved AE in the 2016 filing is \$37.61. To support this increase in AE, please document and quantify any unusual expenses that have incurred or are expected to incur in the rating period. Please list any actions that your company is taking to control the AE on various products.
17. Please provide the actual and projected (according to the approved rate filing) general administrative expense, claims expense, agent/broker fees and commissions, and Quality Improvement Initiatives for calendar years 2014 and 2015 and the year to date 2016. If aggregate numbers were provided and approved in prior year filings, show the allocated amount of each.
18. Please show quantitatively with an Excel spreadsheet with formulas that the Table 11 Consumer Adjusted Premium Rates match

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the rates shown in the Rates Table template.

19. Please indicate if the Company included an adjustment to account for the regulation that prohibits charging for more than three children per family, and, if applicable, demonstrate how the adjustment was derived and where it is included in the filing.

20. Regarding broker commissions:

a. Under what circumstances and in what geographic locations will commissions be paid?

b. Are commissions paid for Special Enrollment Periods?

c. Provide a copy of the broker agreement – current and 2017.

d. Show the calculation of the average commission – current and 2017.

(When responding to this question, you may provide a redacted version of the response as it contains proprietary information).

21. Please be advised that each time the URRT is changed in SERFF, the URRT in HIOS must also be updated. Please acknowledge your understanding and certify that you are in compliance.

**Conclusion:**

Upon receipt of your responses to the above requested data, the Department will continue to review your filing. Please note that there may be additional questions as the Department conducts a more in-depth review.

Should you have any questions regarding this correspondence, please contact me at (717) 783-0675 or e-mail at [rmathur@pa.gov](mailto:rmathur@pa.gov).

Sincerely,

Rashmi Mathur, ASA, MAAA

Actuary

Bureau of Life, Accident & Health Insurance

Office of Insurance Product Regulation & Administration

Sincerely,

Rashmi Mathur

<b>SERFF Tracking #:</b>	GSHP-130558378	<b>State Tracking #:</b>	GSHP-130558378	<b>Company Tracking #:</b>	SGHMO
<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Geisinger Health Plan		
<b>TOI/Sub-TOI:</b>	H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only				
<b>Product Name:</b>	HMO/POS				
<b>Project Name/Number:</b>	SG HMO 2017 ACA Filing/SGHMO				

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	07/27/2016
Submitted Date	07/27/2016

Dear Rashmi Mathur,

### **Introduction:**

The following is in response to the Department's 7/21/16 request:

### **Response 1**

#### **Comments:**

The first 2 years of the ACA risk adjustment program have shown a wide variation in risk adjustment transfer payments. Unfortunately, little confidence was gained with the second data point. Our projected risk adjustment transfer payment for 2015 was, in general, very close to our estimated transfer payment used in our originally proposed rates. Replacing our originally estimate risk adjustment transfer payment with the actual risk adjustment transfer payment would actually increase our proposed rates very slightly (1% for PPO and 2% for HMO). Given this minimal difference, we remain comfortable with our originally proposed increases.

### **Changed Items:**

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	7/27/16 Response to PID question
<b>Comments:</b>	
<b>Attachment(s):</b>	GHP SG Risk Adjustment 20160722.xlsx

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### **Conclusion:**

Please let us know if you have any questions regarding this response. Thank you!

Vicki Bardsley

Sincerely,

Vicki Bardsley

<b>SERFF Tracking #:</b>	GSHP-130558378	<b>State Tracking #:</b>	GSHP-130558378	<b>Company Tracking #:</b>	SGHMO
<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Geisinger Health Plan		
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<b>Project Name/Number:</b>	SG HMO 2017 ACA Filing/SGHMO				

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	07/14/2016
Submitted Date	07/14/2016

Dear Rashmi Mathur,

### Introduction:

Geisinger Health Plans has received and reviewed the questions from the PID regarding the small group HMO/POS rate filing.

### Response 1

#### Comments:

#### 1. Induced Utilization

- a. The table requested is provided in the attached file: GHP SG Responses 20160714.xlsx. I have added column (8) and modified the formula in column (9) to show the tobacco normalization factor as requested. We did not project allowed and paid claims at the plan level because it is not credible or meaningful based on benefit design changes and plan mapping.
- b. A confidential internal pricing model is used to determine the AV and cost sharing factors based on the member cost sharing for each plan.
- c. The induced utilization factors were determined from an analysis of our market position by metallic level. The federal factors used in the risk adjustment model were not reflective of the differential in metallic premium rates in the market in Pennsylvania. Morbidity was not considered in determining the premium differential between metallic levels.
- d. The weighted average induced utilization factor is 1.000 as demonstrated in cell G31 of the attached file referenced in 1a above.
2. The plan premiums are calculated from the 2017 Calibrated Plan Adjusted Index Rate PMPM shown in the PA Act Memo Exhibits Table 10. The plan premiums vary by rating area, age, tobacco and quarter and will retain the same proportional relationship for each unique member as the 2017 Calibrated Plan Adjusted Index Rate PMPM. The AV Pricing Values include all plan specific factors allowed by 45 CFR 156.80(d)(2). The AV Pricing Values and 2017 Calibrated Plan Adjusted Index Rate PMPM are shown in the file referenced in 1a above in columns (10) and (11). Columns (12) and (13) then show the proportion of each of these to the first plan to demonstrate that the plan premiums are in proportion to the plan AV Pricing Values. The plan AV Pricing Values displayed on the URRT and the attached file are calculated from the PA Act Memo Exhibits Table 10 2017 Calibrated Plan Adjusted Index Rate PMPM removing the calibration and dividing by the Market Adjusted Index Rate. These are rounded to 3 decimal places to be displayed in the URRT and cause some differences in the comparison because of this rounding.

#### Changed Items:

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	7/14/2016 Responses to PID questions
<b>Comments:</b>	
<b>Attachment(s):</b>	GHP SG Response 20160714.xlsx



<b>SERFF Tracking #:</b>	GSHP-130558378	<b>State Tracking #:</b>	GSHP-130558378	<b>Company Tracking #:</b>	SGHMO
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<b>State:</b>	Pennsylvania			<b>Filing Company:</b>	Geisinger Health Plan
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<b>Product Name:</b>	HMO/POS				
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No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Conclusion:**

Please feel free to contract either Everard Riley at 570-214-8849 or Vicki Bardsley at 570-271-7842.

Sincerely,

Vicki Bardsley

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Geisinger Health Plan
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<b>Project Name/Number:</b>	SG HMO 2017 ACA Filing/SGHMO		

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	06/23/2016
Submitted Date	06/23/2016

Dear Rashmi Mathur,

### Introduction:

Geisinger Health Plans has received and reviewed the questions from the PID regarding the small group HMO/POS rate filing.

### Response 1

#### Comments:

Geisinger Health Plans has provided the responses in the Supporting Documentation section outlined below. The file titled "GHP SG Responses.pdf" provides each question and response. Due to the character limitation in place in this section of SERFF we are unable to provide the responses in this comment section.

#### Changed Items:

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	6/23/2016 Response to PID questions
<b>Comments:</b>	
<b>Attachment(s):</b>	Projected Paid to Allowed Ratio - 2017 ACA Filings.xlsx GHP SG Area Calibration.xlsx GHP SG Emerging Experience Table 2.xlsx GHP SG Manual Rate Development.xlsx GHP SG Rate Calculation.xlsx Age Calibration 2017 ACA Filings.xlsx GHP SG Responses.pdf

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Geisinger Health Plan
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Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	6/23/2016 Response to PID questions
<b>Comments:</b>	
<b>Attachment(s):</b>	Projected Paid to Allowed Ratio - 2017 ACA Filings.xlsx GHP SG Area Calibration.xlsx GHP SG Emerging Experience Table 2.xlsx GHP SG Manual Rate Development.xlsx GHP SG Rate Calculation.xlsx Age Calibration 2017 ACA Filings.xlsx GHP SG Responses.pdf
<b>Satisfied - Item:</b>	CONFIDENTIAL 6/23/2016 Responses to PID questions
<b>Comments:</b>	Confidential and not to be released to the public.
<b>Attachment(s):</b>	GHP SG Risk Adjustment.xlsx GHP SG Admin Expense.xlsx

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Conclusion:**

*Please feel free to contract either Everard Riley at 570-214-8849 or Vicki Bardsley at 570-271-7842.*

*Sincerely,*

*Everard Riley*