State: *Pennsylvania* **Filing Company:** *Highmark Choice Company*
TOI/Sub-TOI: *H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only*
Product Name: *HCC Small Group 2017 ACA Rate Filing*
Project Name/Number: *HCC SG Filing 2017/1A-SG-HCC-2016*

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Cherri Sanders-Jones	07/21/2016	07/21/2016
Pending Industry Response	Cherri Sanders-Jones	06/17/2016	06/17/2016

Response Letters

Responded By	Created On	Date Submitted
Justin DeCroo	07/26/2016	07/26/2016
Justin DeCroo	06/29/2016	06/29/2016

State:	*Pennsylvania*	**Filing Company:**	*Highmark Choice Company*
TOI/Sub-TOI:	*H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only*		
Product Name:	*HCC Small Group 2017 ACA Rate Filing*		
Project Name/Number:	*HCC SG Filing 2017/1A-SG-HCC-2016*		

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	07/21/2016
Submitted Date	07/21/2016
Respond By Date	07/26/2016

Dear Justin Decroo,

Introduction:

As you know, on 7/15/18, 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. Provide by Tuesday July, 26, 2016

Cherri Sanders-Jones
(717) 787-5172

Conclusion:

Sincerely,
Cherri Sanders-Jones

State:	*Pennsylvania*	**Filing Company:**	*Highmark Choice Company*
TOI/Sub-TOI:	*H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only*		
Product Name:	*HCC Small Group 2017 ACA Rate Filing*		
Project Name/Number:	*HCC SG Filing 2017/1A-SG-HCC-2016*		

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	06/17/2016
Submitted Date	06/17/2016
Respond By Date	06/24/2016

Dear Justin Decroo,

Introduction:

June 16, 2016
Justin Decroo,
120 Fifth Ave Place
Pittsburgh, PA 15222

RE: Highmark Choice Company – 2017 Small Group ACA Compliant Plans
Received: May 11, 2016SERFF Tracking# HGHM-130535987

Dear Mr. Decroo:

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 information within this time frame, please call me.

General

1.Please ensure that all tables, exhibits, etc. supporting the actuarial memorandum are in Excel and formulas for each entry.
2.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.
3.Please provide the 2015 Statutory Annual Statement Five-Year Historical Data Exhibit.
4.Please provide a copy of the Supplemental Health Care Exhibit (SHCE) and describe the reason(s) for any differences between the SHCE and Worksheet 1, Section 1 of the Uniform Rate Review Template.

Federal

5.Please show quantitatively including an Excel spreadsheet the derivation of the Utilization per 1,000 and Average Cost/Service costs for each Benefit Category in Section II of Worksheet.
6.Please describe quantitatively, including an Excel spreadsheet with formulas, the derivation of the population risk morbidity and the "Other" factor as found in Worksheet 1, Section II of the URRT. Please provide the derivative of each of the components of the "Other" factor found in Table 5 of the Actuarial Memorandum Rate Exhibits.
7.Please reconcile the population risk morbidity factor in the URRT (1.075) and the factor shown in Table 5 (1.308).
8.In Table 5, please explain why the change in "Other" (1.075) differs from the amount in the URRT (.982).
9.The Part III memorandum, Section V.2., indicates that the additional cost for pediatric dental and vision benefits is $7.91 and autism benefits +0.24%. Please show the derivation of these costs.
10.The Part III AM indicates that the proposed utilization trend is 3%; however, the URRT shows a utilization trend of 2.6%. Please review and explain or correct as necessary. Additionally, reconcile the utilization trend in the URRT and in Table 3.
11.Provide support for the Paid to Allowed Average Factor in Projection Period for the market, shown in Worksheet 1, Section III. Demonstrate that the ratio is consistent with membership projections by plan included in Worksheet 2. The ratio for each plan should be relatively consistent with the metallic AV for the plan to which the actuary is attesting, however it is recognized that they may not be exactly the same due to differences between the issuer's experience and the experience underlying the AV Calculator.
12.Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the Age, Geographic Calibration Factor and the Tobacco surcharge.

State: Pennsylvania **Filing Company:** Highmark Choice Company
TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only
Product Name: HCC Small Group 2017 ACA Rate Filing
Project Name/Number: HCC SG Filing 2017/1A-SG-HCC-2016

Pennsylvania
13.Please provide the January 1, 2016 through April 30, 2016 emerging experience in an Excel worksheet formatted similar to Table 2.
14.In Tables 2 and 4, does the premium include HHS cost sharing or revenue generated from transitional business? If so, please provide the dollar amounts for each and the number transitional member months for which premiums were collected.
15.In Tables 2 and 4, please provide the dollar amount of incurred and allowed claims for transitional members.
16.Please show quantitatively including an Excel spreadsheet with formulas the derivation and justification of each of the "Change in Morbidity", "Change in Demographics", "Change in Network" and "Change in Other" Single Risk Pool Adjustment Factors, shown in Table 5 of the Actuarial Memorandum Rate Exhibits.
17.Expenses for Quality Improvement Initiatives and PCORI are included in the general and claims administrative percentage and were not broken out separately. Please modify Table 6 to separately identify, as requested in the Table.
18.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.
19.Provide support for all expenses that do not reflect payments made to providers under the contract for covered medical services. Describe the methodology used for developing the estimate of these non-benefit expenses expected during the projection period for the applicable market, including any allocation of corporate overhead.
20.Regarding broker commissions:
•Under what circumstances and in what geographic locations will commissions be paid?
•Are commissions paid for SEP?
•Provide a copy of the broker agreement - current and 2017.
•Show the calculation of the average commission - current and 2017.
When responding to this data call, you may redact this response as it will contain proprietary information.
21.In section E. on page 3 of the PA actuarial memorandum, HHIC indicates that the non-EHB benefit of the adult vision eye exam was removed from plan coverage. Please confirm that these claims were removed from the experience period claims.
22.The PA memo shows the changes in EHBs due to the new 2017 Benchmark plan. Please provide the expected pmpm cost for each benefit and discuss the basis for the projected cost.
23.Section G indicates that the trend was developed using combined experience of several Highmark companies.
a.Please confirm that only small group data was used in Tables 2b and 4b.
b.Show the development of the trend and provide a detailed narrative that explains how this data was used in developing the trend, the data source and all assumptions and adjustments.
c.Confirm that the each entity operates in the same service areas.
d.Discuss the impact of provider contracting and leveraging on trend. When responding to this data call, specific provider contracting information may be redacted, but not aggregate data or information.
24.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.
25.Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the Provider network factor found in Table 10 Plan Rates in Actuarial Memorandum Rate Exhibits.
26.Table 14, requests network factor changes. Please explain and provide support.
27.Does this filing propose any changes in your pricing model? If so, please discuss. This response may be redacted since it may contain confidential information.
28.Has the proposed service area composition changed from the current 2016 composition? If so, please explain.
29.Please show quantitatively that plan premiums are in proportion to the plan AV Pricing Values.
30.Please show quantitatively with an Excel spreadsheet with formulas that the Consumer Adjusted Premium Rates match the rates shown in the Rates Table template.
31.Induced Utilization
a.Please complete the table below for all plans, and confirm that the ratio in column (8) represents the induced utilization for each plan.

	Projected	Projected Allowed	Projected Paid	Paid-To-AV & Cost Sharing

Plan ID	Metal Level	Membership	Claims	Claims Factor	Factor(7)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
xxxxxx							
xxxxxx							
xxxxxx							
Total							

b.Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the AV and cost sharing factors for each plan.
c.Please provide any additional justification for induced utilization assumptions in the Company's pricing.
d.Please confirm that each plan's induced utilization factor was normalized by an aggregate factor, and that the resulting sumproduct (against projected membership) produces a factor of 1.000. Please show the steps that demonstrate this.

32.Please discuss the impact SEP enrollees have had on your company's claims experience. If possible provide the 2015 loss ratio for SEP enrollees and non-SEP enrollees.
33.The Centers for Medicare & Medicaid Services (CMS) has completed its review, including data integrity, of the Qualified Health Plan (QHP) Applications submitted by issuers in in Pennsylvania as of May 11, 2016. Errors have been detected in your company's submission. CMS will send emails to issuers communicating the results of these reviews.
All corrections to the QHP Application, must be submitted by noon on June 27, 2016. In instances that require updates in HIOS to any rate related templates, please contact us and we will unlock the submission. If rate revisions are required, please address the updates when responding to this data call.

Please be advised that there may be additional questions based on the responses to the above.

Response to this request should be provided via SERFF in Microsoft Excel spreadsheets (version 2013 or less). Please retain all formulas.

Should you have any questions regarding this correspondence, please contact me at (717) 787-5172.

Sincerely,

Cherri Sanders-Jones
Actuarial Review Division
Bureau of Accident & Health Insurance

Conclusion:

Sincerely,
Cherri Sanders-Jones

State: Pennsylvania **Filing Company:** Highmark Choice Company
TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only
Product Name: HCC Small Group 2017 ACA Rate Filing
Project Name/Number: HCC SG Filing 2017/1A-SG-HCC-2016

Supporting Document Schedules

Satisfied - Item:	Five-Year Historical Rate Exhibit
Comments:	Attached
Attachment(s):	2015 Q4 HCC Five-Year Historical Data Exhibits.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Supplemental HC Exhibit
Comments:	Attached
Attachment(s):	2015 Q4 HCC SHCE.PDF
Item Status:	
Status Date:	

Satisfied - Item:	PA Actuarial Memo Exhibits PDF - Revised
Comments:	Attached (revised table 6)
Attachment(s):	FINAL 2017 PA Actuarial Memorandum Rate Exhibits Rev 4-21-2016_HCC_v2.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Responses - Redacted
Comments:	Attached are the redacted responses
Attachment(s):	PID Response - HCC Final_Redacted.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Responses - Supplemental Excel Exhibits PDF- REDACTED
Comments:	Attached are the excel exhibits saved as a PDF
Attachment(s):	PID Response – Supplemental Exhibits HCC Final_Redacted.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Response to additional question
Comments:	Attached
Attachment(s):	PID Response 2 - HCC_Final_Confidential.pdf
Item Status:	
Status Date:	

State: Pennsylvania **Filing Company:** Highmark Choice Company
TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only
Product Name: HCC Small Group 2017 ACA Rate Filing
Project Name/Number: HCC SG Filing 2017/1A-SG-HCC-2016

FIVE-YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	271,726,567	242,479,952	482,421,883	658,261,024	690,395,543
2. Total liabilities (Page 3, Line 24)	256,236,738	229,503,958	195,389,052	251,054,130	258,868,722
3. Statutory minimum capital and surplus requirement	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
4. Total capital and surplus (Page 3, Line 33)	15,489,829	12,975,994	287,032,831	407,206,894	431,526,821
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	0	0	1,791,263,567	1,892,650,341	2,044,149,065
6. Total medical and hospital expenses (Line 18)	0	0	1,563,078,984	1,680,973,081	1,849,057,981
7. Claims adjustment expenses (Line 20)	0	0	49,426,900	48,034,088	42,261,712
8. Total administrative expenses (Line 21)	54,939	1,369,211	74,783,630	74,648,575	78,639,861
9. Net underwriting gain (loss) (Line 24)	(54,939)	(1,369,211)	114,456,437	88,463,816	79,694,070
10. Net investment gain (loss) (Line 27)	(3,008,383)	1,707,818	9,820,862	19,051,352	16,130,555
11. Total other income (Lines 28 plus 29)	(937,419)	(1,700,574)	(150,113)	4,247	6,603
12. Net income or (loss) (Line 32)	(4,621,639)	4,654,737	104,656,430	95,257,685	73,186,396
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(8,909,443)	(97,870,314)	58,511,695	88,066,137	70,632,770
Risk-Based Capital Analysis					
14. Total adjusted capital	15,489,829	12,975,994	287,032,831	407,206,894	431,526,821
15. Authorized control level risk-based capital	2,014,654	2,245,260	61,052,294	65,581,608	71,531,110
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	128,836	136,398	156,666	172,112	190,717
17. Total member months (Column 6, Line 7)	1,582,252	1,711,446	1,956,829	2,141,222	2,398,940
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0**					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	0.0	0.0	87.3	88.8	90.5
20. Cost containment expenses	0.0	0.0	1.7	1.5	1.2
21. Other claims adjustment expenses	0.0	0.0	1.1	1.0	0.9
22. Total underwriting deductions (Line 23)	0.0	0.0	93.6	95.3	96.1
23. Total underwriting gain (loss) (Line 24)	0.0	0.0	6.4	4.7	3.9
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	1,099,153	134,722,211	120,226,114	138,565,209	154,545,779
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	(14,443,310)	119,231,992	143,161,185	137,665,034	134,282,709
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]

If no, please explain:

Supplement for the year 2015 of the **Highmark Choice Company**

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1

(To Be Filed by April 1 - Not for Rebate Purposes - See Cautionary Statement at http://www.naic.org.committees_e_app_blanks.htm)

REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2015 NAIC Company Code.....95048

	Business Subject to MLR								9	10	11	12	13	14	15
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans								
	1	2	3	4	5	6	7	8							
	Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group	Student Health Plans	Government Business (Excluded by Statute)	Other Health Business	Medicare Advantage Part C and Medicare Pt D Stand-Alone Subject to ACA	Subtotal (Cols 1 thru 12)	Uninsured Plans	Total (Cols 13 + 14)
1. Premium:															
1.1 Health premiums earned (From Part 2, Line 1.11)	18,122,730	781,821	8,501,696	0	0	0	0	0	0	25,168,637	0	1,472,271,069	1,524,845,953	XXX	1,524,845,953
1.2 Federal high risk pools	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
1.3 State high risk pools	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
1.4 Premiums earned including state and federal high risk programs (Lines 1.1+1.2+1.3)	18,122,730	781,821	8,501,696	0	0	0	0	0	0	25,168,637	0	1,472,271,069	1,524,845,953	XXX	1,524,845,953
1.5 Federal taxes and federal assessments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.6 State insurance, premium and other taxes (Similar local taxes of $.....0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.6a Community benefit expenditures (informational only)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.7 Regulatory authority licenses and fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.8 Adjusted premiums earned (Lines 1.4-1.5-1.6-1.7)	18,122,730	781,821	8,501,696	0	0	0	0	0	0	25,168,637	0	1,472,271,069	1,524,845,953	XXX	1,524,845,953
1.9 Net assumed less ceded reinsurance premiums earned	(18,122,730)	(781,821)	(8,501,696)	0	0	0	0	0	0	(25,168,637)	0	(1,472,271,069)	(1,524,845,953)	XXX	(1,524,845,953)
1.10 Other adjustments due to MLR calculations - premiums	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
1.11 Risk revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
1.12 Net adjusted premiums earned after reinsurance (lines 1.8+1.9+1.10+1.11)	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
2. Claims:															
2.1 Incurred claims excluding prescription drugs	14,671,083	750,680	6,087,811	0	0	0	0	0	0	17,205,694	0	1,186,034,092	1,224,749,360	XXX	1,224,749,360
2.2 Prescription drugs	4,059,166	257,650	2,089,470	0	0	0	0	0	0	3,666,485	0	149,981,512	160,054,283	XXX	160,054,283
2.3 Pharmaceutical rebates	580,003	33,665	273,017	0	0	0	0	0	0	483,050	0	24,520,012	25,889,747	XXX	25,889,747
2.4 State stop loss, market stabilization and claim/census based assessments (informational only)	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
3. Incurred medical incentive pools and bonuses	77,768	2,107	17,085	0	0	0	0	0	0	313,058	0	18,024,106	18,434,124	XXX	18,434,124
4. Deductible fraud and abuse detection/recovery expenses (for MLR use only)	6,484	201	4,069	0	0	0	0	0	0	11,994	0	474,535	497,283	80,805	578,088
5. 5.0 Total incurred claims (Lines 2.1+2.2-2.3+3) (From Part 2, Line 2.15)	18,228,014	976,772	7,921,349	0	0	0	0	0	0	20,702,187	0	1,329,519,698	1,377,348,020	XXX	1,377,348,020
5.1 Net assumed less ceded reinsurance claims incurred	(18,228,014)	(976,772)	(7,921,349)	0	0	0	0	0	0	(20,702,187)	0	(1,329,519,698)	(1,377,348,020)	XXX	(1,377,348,020)
5.2 Other adjustments due to MLR calculations - claims	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
5.3 Rebates paid	0	0	0	0	0	0	0	0	0	XXX	XXX	0	0	XXX	0
5.4 Estimated rebates unpaid prior year	0	0	0	0	0	0	0	0	0	XXX	XXX	0	0	XXX	0
5.5 Estimated rebates unpaid current year	0	0	0	0	0	0	0	0	0	XXX	XXX	0	0	XXX	0
5.6 Fee for service and co-pay revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
5.7 Net incurred claims after reinsurance (Lines 5.0+5.1+5.2+5.3-5.4+5.5-5.6)	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
6. Improving health care quality expenses incurred:															
6.1 Improve health outcomes	32,159	1,339	13,850	0	0	0	0	0	0	165,293	0	19,753,706	19,966,347	0	19,966,347
6.2 Activities to prevent hospital readmissions	7,475	329	3,505	0	0	0	0	0	0	2,681	0	10,611,928	10,625,918	0	10,625,918
6.3 Improve patient safety and reduce medical errors	4,304	145	1,934	0	0	0	0	0	0	6,364	0	336,033	348,780	0	348,780
6.4 Wellness and health promotion activities	12,814	442	5,495	0	0	0	0	0	0	22,711	0	13,538,482	13,579,944	0	13,579,944
6.5 Health information technology expenses related to health improvement	8,963	288	2,960	0	0	0	0	0	0	119,958	0	742,661	874,830	0	874,830
6.6 Total of defined expenses incurred for improving health care quality (Lines 6.1+6.2+6.3+6.4+6.5)	65,715	2,543	27,744	0	0	0	0	0	0	317,007	0	44,982,810	45,395,819	0	45,395,819
7. Preliminary medical loss ratio: MLR (Lines 4+5.0+6.6-Footnote 2.0) / Line 1.8	1.005	1.253	0.935	0.000	0.000	0.000	0.000	0.000	0.000	XXX	XXX	0.934	XXX	XXX	XXX
8. Claims adjustment expenses:															
8.1 Cost containment expenses not included in quality of care expenses in Line 6.6	292,543	9,832	126,448	0	0	0	0	0	0	703,260	0	16,867,214	17,999,297	0	17,999,297
8.2 All other claims adjustment expenses	262,552	17,242	203,106	0	0	0	0	0	0	424,901	0	16,356,396	17,264,197	0	17,264,197
8.3 Total claims adjustment expenses (Lines 8.1+8.2)	555,095	27,074	329,554	0	0	0	0	0	0	1,128,161	0	33,223,610	35,263,494	0	35,263,494
9. Claims adjustment expense ratio (Line 8.3 / Line 1.8)	0.031	0.035	0.039	0.000	0.000	0.000	0.000	0.000	0.000	0.045	0.000	0.023	XXX	XXX	XXX

216.1.GT

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1

(To Be Filed by April 1 - Not for Rebate Purposes - See Cautionary Statement at http://www.naic.org.committees_e_app_blanks.htm)

REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

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	Business Subject to MLR									10	11	12	13	14	15
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		9						
	1	2	3	4	5	6	7	8							
	Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group	Student Health Plans	Government Business (Excluded by Statute)	Other Health Business	Medicare Advantage Part C and Medicare Pt D Stand-Alone Subject to ACA	Subtotal (Cols 1 thru 12)	Uninsured Plans	Total (Cols 13 + 14)
10. General and administrative (G&A) expenses:															
10.1 Direct sales salaries and benefits	11,542	2,209	6,871	0	0	0	0	0	0	50,344	0	978,816	1,049,782	0	1,049,782
10.2 Agents and brokers fees and commissions	76,564	15,390	14,683	0	0	0	0	0	0	0	0	6,929,764	7,036,401	0	7,036,401
10.3 Other taxes (excluding taxes on Lines 1.5 through 1.7 and Line 14 below)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10.4 Other general and administrative expenses	544,358	20,166	240,848	0	0	0	0	0	0	2,825,657	0	60,728,571	64,359,600	10,820,036	75,179,636
10.4a Community benefits expenditures (informational only)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10.5 Total general and administrative (Lines 10.1+10.2+10.3+10.4)	632,464	37,765	262,402	0	0	0	0	0	0	2,876,001	0	68,637,151	72,445,783	10,820,036	83,265,819
11. Underwriting gain/(loss) (Lines 1.12-5.7-6.6-8.3-10.5)	(1,253,274)	(67,382)	(619,700)	0	0	0	0	0	0	(4,321,169)	0	(146,843,571)	(153,105,096)	XXX	(163,925,132)
12. Income from fees of uninsured plans	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,658,221	9,658,221
13. Net investment and other gain/(loss)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(3,945,802)	XXX	(3,945,802)
14. Federal income taxes (excluding taxes on Line 1.5 above)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	620,898	XXX	620,898
15. Net gain or (loss) (Lines 11+12+13-14)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(157,671,796)	XXX	(158,833,611)
16. ICD-10 Implementation Expenses (information only, already included in general expenses and Line 6.5)	2,057	64	1,287	0	0	0	0	0	0	3,798	0	148,946	156,152	25,458	181,610
16a. ICD-10 Implementation Expenses (information only; already included in Line 6.5)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER INDICATORS:															
1. Number of certificates/policies	2,187	49	839	0	0	0	0	0	0	9,009	0	114,615	126,699	14,467	141,166
2. Number of covered lives	3,338	90	1,784	0	0	0	0	0	0	9,009	0	114,615	128,836	34,008	162,844
3. Number of groups	XXX	5	18	XXX	0	0	0	0	0	0	0	0	23	87	110
4. Member months	43,144	1,240	19,977	0	0	0	0	0	0	125,759	0	1,392,132	1,582,252	534,854	2,117,106

Is run off business reported in Columns 1 through 9 or 12?.....Yes[ ].....No[X] If yes, show the amount of premiums and claims included. Premiums $.....0 Claims $.....0

216.1.GT.1

AFFORDABLE CARE ACT (ACA) RECEIPTS, PAYMENTS, RECEIVABLES AND PAYABLES

	Current Year		Prior Year	
	Comprehensive Health Coverage			
	1	2	3	4
	Individual Plans	Small Group Employer Plans	Individual Plans	Small Group Employer Plans
ACA Receivables and Payables				
1. Permanent ACA Risk Adjustment Program				
1.0 Premium adjustments receivable/(payable)	(7,150)	(7,497)	331,409	(10,535)
2. Transactional ACA Reinsurance Program				
2.0 Total amounts recoverable for claims (paid & unpaid)	85,220	XXX	426,984	XXX
3. Temporary ACA Risk Corridors Program				
3.1 Accrued retrospective premium	0	0	0	0
3.2 Reserve for rate credits or policy experience refunds	0	0	0	0
ACA Receipts and Payments				
4. Permanent ACA Risk Adjustment Program				
4.0 Premium adjustment receipts/(payments)	223,668	(59,934)	0	0
5. Transitional ACA Reinsurance Program				
5.0 Amounts received for claims	304,443	XXX	0	XXX

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1

(To Be Filed by April 1 - Not for Rebate Purposes - See Cautionary Statement at http://www.naic.org.committees_e_app_blanks.htm)

REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2015 NAIC Company Code.....95048

	Business Subject to MLR									10	11	12	13	14	15
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		9						
	1	2	3	4	5	6	7	8							
	Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group	Student Health Plans	Government Business (Excluded by Statute)	Other Health Business	Medicare Advantage Part C and Medicare Pt D Stand-Alone Subject to ACA	Subtotal (Cols 1 thru 12)	Uninsured Plans	Total (Cols 13 + 14)
6. Temporary ACA Risk Corridors Program															
6.1 Retrospective premium received	0	0	0	0											
6.2 Rate credits or policy experience refunds paid	0	0	0	0											

Supplement for the year 2015 of the **Highmark Choice Company**

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 2

(To Be Filed by April 1 - Not for Rebate Purposes) REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2015 NAIC Company Code.....95048

	Business Subject to MLR									10	11	12	13
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		9				
	1	2	3	4	5	6	7	8					
	Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group	Student Health Plans	Government Business (Excluded by Statute)	Other Health Business	Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	Total (a)
1. Health premiums earned:													
1.1 Direct premiums written	18,122,730	781,821	8,501,696	0	0	0	0	0	0	25,168,637	0	1,472,271,069	1,524,845,953
1.2 Unearned premium prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
1.3 Unearned premium current year	0	0	0	0	0	0	0	0	0	0	0	0	0
1.4 Change in unearned premium (Lines 1.2 - 1.3)	0	0	0	0	0	0	0	0	0	0	0	0	0
1.5 Paid rate credits	0	0	0	0	0	0	0	0	0	0	0	0	0
1.6 Reserve for rate credits current year	0	0	0	0	0	0	0	0	0	0	0	0	0
1.7 Reserve for rate credits prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
1.8 Change in reserve for rate credits (Lines 1.6 -1.7)	0	0	0	0	0	0	0	0	0	0	0	0	0
1.9 Premium balances written off	0	0	0	0	0	0	0	0	0	0	0	0	0
1.10 Group conversion charges	0	0	0	0	0	0	0	0	0	0	0	0	0
1.11 Total direct premiums earned (Lines 1.1 + 1.4 - 1.9 + 1.10)	18,122,730	781,821	8,501,696	0	0	0	0	0	0	25,168,637	0	1,472,271,069	1,524,845,953
1.12 Assumed premiums earned from non-affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0
1.13 Net assumed less ceded premiums earned from affiliates	(18,122,730)	(781,821)	(8,501,696)	0	0	0	0	0	0	(25,168,637)	0	(1,472,271,069)	(1,524,845,953)
1.14 Ceded premiums earned to non-affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0
1.15 Other adjustments due to MLR calculation - premiums	0	0	0	0	0	0	0	0	0	0	0	0	0
1.16 Net premiums earned (Lines 1.11 - 1.5 - 1.8 + 1.12 + 1.13 - 1.14 + 1.15)	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Direct claims incurred:													
2.1 Paid claims during the year	17,695,351	793,061	8,666,264	0	0	0	0	0	0	20,280,657	0	1,262,107,749	1,309,543,082
2.2 Direct claim liability current year	2,167,252	235,898	1,913,066	0	0	0	0	0	0	5,062,673	0	135,254,340	144,633,229
2.3 Direct claim liability prior year	1,848,744	46,529	3,219,206	0	0	0	0	0	0	5,064,071	0	85,184,462	95,363,012
2.4 Direct claim reserves current year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.5 Direct claim reserves prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.6 Direct contract reserves current year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.7 Direct contract reserves prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.8 Paid rate credits	0	0	0	0	0	0	0	0	0	0	0	0	0
2.9 Reserve for rate credits current year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.10 Reserve for rate credits prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.11 Incurred medical incentive pools and bonuses (Lines 2.11a + 2.11b - 2.11c)	77,768	2,107	17,085	0	0	0	0	0	0	313,058	0	18,024,106	18,434,124
2.11a Paid medical incentive pools and bonuses current year	155,257	178	153,374	0	0	0	0	0	0	296,463	0	18,295,178	18,900,450
2.11b Accrued medical incentive pools and bonuses current year	21,349	4,417	35,817	0	0	0	0	0	0	77,257	0	10,276,405	10,415,245
2.11c Accrued medical incentive pools and bonuses prior year	98,838	2,488	172,106	0	0	0	0	0	0	60,662	0	10,547,477	10,881,571
2.12 Net healthcare receivables (Lines 2.12a - 2.12b)	(136,387)	7,765	(544,140)	0	0	0	0	0	0	(109,870)	0	682,035	(100,597)
2.12a Healthcare receivables current year	258,561	17,705	143,580	0	0	0	0	0	0	223,701	0	14,798,319	15,441,866
2.12b Healthcare receivables prior year	394,948	9,940	687,720	0	0	0	0	0	0	333,571	0	14,116,284	15,542,463
2.13 Group conversion charge	0	0	0	0	0	0	0	0	0	0	0	0	0
2.14 Multi-option coverage blended rate adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0
2.15 Total incurred claims (Lines 2.1+2.2-2.3+2.4-2.5+2.6-2.7+2.8+2.9-2.10+2.11-2.12+2.13+2.14)	18,228,014	976,772	7,921,349	0	0	0	0	0	0	20,702,187	0	1,329,519,698	1,377,348,020
2.16 Assumed incurred claims from non-affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0
2.17 Net assumed less ceded incurred claims from affiliates	(18,265,335)	(976,772)	(7,921,349)	0	0	0	0	0	0	(20,702,187)	0	(1,329,519,698)	(1,377,385,341)
2.18 Ceded incurred claims to non-affiliates	(37,321)	0	0	0	0	0	0	0	0	0	0	0	(37,321)
2.19 Other adjustments due to MLR calculation - claims	0	0	0	0	0	0	0	0	0	0	0	0	0
2.20 Net incurred claims (Lines 2.15 - 2.8 - 2.9 + 2.10 + 2.16 + 2.17 - 2.18 + 2.19)	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Fraud and abuse recoveries that reduced PAID claims in Line 2.1 above (informational only)	195,094	9,982	80,955	0	0	0	0	0	0	228,799	0	6,596,104	7,110,934

(a) Column 13, line 1.1 includes direct written premium of $.....0 for stand-alone dental and $.....0 for stand-alone vision policies.

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3

(To Be Filed by April 1 - Not for Rebate Purposes) REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2015 NAIC Company Code.....95048

All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses		9	10
	1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claim Adjustment Expenses	General Administrative Expenses	Total Expenses (6 to 9)
1. Individual comprehensive coverage expenses:										
1.1 Salaries (including $.....0 for affiliated services)	19,232	5,269	2,092	4,194	408	31,195	42,592	103,216	130,186	307,189
1.2 Outsourced services	7,612	617	2,015	4,871	6,907	22,022	114,889	116,441	242,124	495,476
1.3 EDP equipment and software (including $.....0 for affiliated services)	3,881	1,308	112	2,804	338	8,443	5,128	18,240	18,708	50,519
1.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	4	53	50	107
1.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
1.6 Other expenses (including $.....0 for affiliated services)	1,434	281	85	945	1,310	4,055	129,930	24,603	241,395	399,983
1.7 Subtotal before reimbursements and taxes (Lines 1.1 to 1.6)	32,159	7,475	4,304	12,814	8,963	65,715	292,543	262,553	632,463	1,253,274
1.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
1.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
1.10 Total (Lines 1.7 to 1.9)	32,159	7,475	4,304	12,814	8,963	65,715	292,543	262,553	632,463	1,253,274
1.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	6,484	0	0	6,484
2. Small group comprehensive coverage expenses:										
2.1 Salaries (including $.....0 for affiliated services)	729	253	82	147	13	1,224	1,328	6,778	7,773	17,103
2.2 Outsourced services	440	20	57	133	228	878	3,856	7,647	14,457	26,838
2.3 EDP equipment and software (including $.....0 for affiliated services)	120	42	3	134	10	309	160	1,198	1,117	2,784
2.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	3	3	6
2.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
2.6 Other expenses (including $.....0 for affiliated services)	50	14	3	28	37	132	4,489	1,616	14,414	20,651
2.7 Subtotal before reimbursements and taxes (Lines 2.1 to 2.6)	1,339	329	145	442	288	2,543	9,833	17,242	37,764	67,382
2.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
2.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
2.10 Total (Lines 2.7 to 2.9)	1,339	329	145	442	288	2,543	9,833	17,242	37,764	67,382
2.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	201	0	0	201
3. Large group comprehensive coverage expenses:										
3.1 Salaries (including $.....0 for affiliated services)	9,025	2,788	1,184	1,912	245	15,154	17,587	79,846	2,273,312	2,385,899
3.2 Outsourced services	3,100	271	659	1,943	1,990	7,963	52,788	90,077	4,227,981	4,378,809
3.3 EDP equipment and software (including $.....0 for affiliated services)	1,130	315	47	1,223	142	2,857	3,166	14,110	326,686	346,819
3.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	2	41	874	917
3.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
3.6 Other expenses (including $.....0 for affiliated services)	595	131	44	417	583	1,770	52,906	19,032	4,253,586	4,327,294
3.7 Subtotal before reimbursements and taxes (Lines 3.1 to 3.6)	13,850	3,505	1,934	5,495	2,960	27,744	126,449	203,106	11,082,439	11,439,738
3.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	(10,820,036)	(10,820,036)
3.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
3.10 Total (Lines 3.7 to 3.9)	13,850	3,505	1,934	5,495	2,960	27,744	126,449	203,106	262,403	619,702
3.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	4,069	0	80,805	84,874

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3

(To Be Filed by April 1 - Not for Rebate Purposes) REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2015 NAIC Company Code.....95048

All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses		9	10
	1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claim Adjustment Expenses	General Administrative Expenses	Total Expenses (6 to 9)
4. Individual mini-med plans expenses:										
4.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
4.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
4.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
4.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
4.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
4.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
4.7 Subtotal before reimbursements and taxes (Lines 4.1 to 4.6)	0	0	0	0	0	0	0	0	0	0
4.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
4.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
4.10 Total (Lines 4.7 to 4.9)	0	0	0	0	0	0	0	0	0	0
4.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0
5. Small group mini-med plans expenses:										
5.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
5.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
5.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
5.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
5.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
5.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
5.7 Subtotal before reimbursements and taxes (Lines 5.1 to 5.6)	0	0	0	0	0	0	0	0	0	0
5.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
5.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
5.10 Total (Lines 5.7 to 5.9)	0	0	0	0	0	0	0	0	0	0
5.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0
6. Large group mini-med plans expenses:										
6.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
6.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
6.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
6.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
6.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
6.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
6.7 Subtotal before reimbursements and taxes (Lines 6.1 to 6.6)	0	0	0	0	0	0	0	0	0	0
6.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
6.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
6.10 Total (Lines 6.7 to 6.9)	0	0	0	0	0	0	0	0	0	0
6.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3

(To Be Filed by April 1 - Not for Rebate Purposes) REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2015 NAIC Company Code.....95048

All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses		9	10
	1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claim Adjustment Expenses	General Administrative Expenses	Total Expenses (6 to 9)
7. Small group expatriate plans expenses										
7.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
7.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
7.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
7.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
7.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
7.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
7.7 Subtotal before reimbursements and taxes (Lines 7.1 to 7.6)	0	0	0	0	0	0	0	0	0	0
7.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
7.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
7.10 Total (Lines 7.7 to 7.9)	0	0	0	0	0	0	0	0	0	0
7.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0
8. Large group expatriate plans expenses										
8.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
8.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
8.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
8.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
8.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
8.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
8.7 Subtotal before reimbursements and taxes (Lines 8.1 to 8.6)	0	0	0	0	0	0	0	0	0	0
8.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
8.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
8.10 Total (Lines 8.7 to 8.9)	0	0	0	0	0	0	0	0	0	0
8.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0
9. Student health plans expenses										
9.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
9.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
9.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
9.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
9.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
9.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
9.7 Subtotal before reimbursements and taxes (Lines 9.1 to 9.6)	0	0	0	0	0	0	0	0	0	0
9.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
9.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
9.10 Total (Lines 9.7 to 9.9)	0	0	0	0	0	0	0	0	0	0
9.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0

Supplement for the year 2015 of the **Highmark Choice Company**

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1

(To Be Filed by April 1 - Not for Rebate Purposes - See Cautionary Statement at http://www.naic.org.committees_e_app_blanks.htm)

REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF PENNSYLVANIA DURING THE YEAR 2015 NAIC Company Code.....95048

	Business Subject to MLR								9	10	11	12	13	14	15
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans								
	1	2	3	4	5	6	7	8							
	Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group	Student Health Plans	Government Business (Excluded by Statute)	Other Health Business	Medicare Advantage Part C and Medicare Pt D Stand-Alone Subject to ACA	Subtotal (Cols 1 thru 12)	Uninsured Plans	Total (Cols 13 + 14)
1. Premium:															
1.1 Health premiums earned (From Part 2, Line 1.11)	18,122,730	781,821	8,501,696	0	0	0	0	0	0	25,168,637	0	1,472,271,069	1,524,845,953	XXX	1,524,845,953
1.2 Federal high risk pools	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
1.3 State high risk pools	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
1.4 Premiums earned including state and federal high risk programs (Lines 1.1+1.2+1.3)	18,122,730	781,821	8,501,696	0	0	0	0	0	0	25,168,637	0	1,472,271,069	1,524,845,953	XXX	1,524,845,953
1.5 Federal taxes and federal assessments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.6 State insurance, premium and other taxes (Similar local taxes of $.....0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.6a Community benefit expenditures (informational only)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.7 Regulatory authority licenses and fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.8 Adjusted premiums earned (Lines 1.4-1.5-1.6-1.7)	18,122,730	781,821	8,501,696	0	0	0	0	0	0	25,168,637	0	1,472,271,069	1,524,845,953	XXX	1,524,845,953
1.9 Net assumed less ceded reinsurance premiums earned	(18,122,730)	(781,821)	(8,501,696)	0	0	0	0	0	0	(25,168,637)	0	(1,472,271,069)	(1,524,845,953)	XXX	(1,524,845,953)
1.10 Other adjustments due to MLR calculations - premiums	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
1.11 Risk revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
1.12 Net adjusted premiums earned after reinsurance (lines 1.8+1.9+1.10+1.11)	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
2. Claims:															
2.1 Incurred claims excluding prescription drugs	14,671,083	750,680	6,087,811	0	0	0	0	0	0	17,205,694	0	1,186,034,092	1,224,749,360	XXX	1,224,749,360
2.2 Prescription drugs	4,059,166	257,650	2,089,470	0	0	0	0	0	0	3,666,485	0	149,981,512	160,054,283	XXX	160,054,283
2.3 Pharmaceutical rebates	580,003	33,665	273,017	0	0	0	0	0	0	483,050	0	24,520,012	25,889,747	XXX	25,889,747
2.4 State stop loss, market stabilization and claim/census based assessments (informational only)	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
3. Incurred medical incentive pools and bonuses	77,768	2,107	17,085	0	0	0	0	0	0	313,058	0	18,024,106	18,434,124	XXX	18,434,124
4. Deductible fraud and abuse detection/recovery expenses (for MLR use only)	6,484	201	4,069	0	0	0	0	0	0	11,994	0	474,535	497,283	80,805	578,088
5. 5.0 Total incurred claims (Lines 2.1+2.2-2.3+3) (From Part 2, Line 2.15)	18,228,014	976,772	7,921,349	0	0	0	0	0	0	20,702,187	0	1,329,519,698	1,377,348,020	XXX	1,377,348,020
5.1 Net assumed less ceded reinsurance claims incurred	(18,228,014)	(976,772)	(7,921,349)	0	0	0	0	0	0	(20,702,187)	0	(1,329,519,698)	(1,377,348,020)	XXX	(1,377,348,020)
5.2 Other adjustments due to MLR calculations - claims	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
5.3 Rebates paid	0	0	0	0	0	0	0	0	0	XXX	XXX	0	0	XXX	0
5.4 Estimated rebates unpaid prior year	0	0	0	0	0	0	0	0	0	XXX	XXX	0	0	XXX	0
5.5 Estimated rebates unpaid current year	0	0	0	0	0	0	0	0	0	XXX	XXX	0	0	XXX	0
5.6 Fee for service and co-pay revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
5.7 Net incurred claims after reinsurance (Lines 5.0+5.1+5.2+5.3-5.4+5.5-5.6)	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	0
6. Improving health care quality expenses incurred:															
6.1 Improve health outcomes	32,159	1,339	13,850	0	0	0	0	0	0	165,293	0	19,753,706	19,966,347	0	19,966,347
6.2 Activities to prevent hospital readmissions	7,475	329	3,505	0	0	0	0	0	0	2,681	0	10,611,928	10,625,918	0	10,625,918
6.3 Improve patient safety and reduce medical errors	4,304	145	1,934	0	0	0	0	0	0	6,364	0	336,033	348,780	0	348,780
6.4 Wellness and health promotion activities	12,814	442	5,495	0	0	0	0	0	0	22,711	0	13,538,482	13,579,944	0	13,579,944
6.5 Health information technology expenses related to health improvement	8,963	288	2,960	0	0	0	0	0	0	119,958	0	742,661	874,830	0	874,830
6.6 Total of defined expenses incurred for improving health care quality (Lines 6.1+6.2+6.3+6.4+6.5)	65,715	2,543	27,744	0	0	0	0	0	0	317,007	0	44,982,810	45,395,819	0	45,395,819
7. Preliminary medical loss ratio: MLR (Lines 4+5.0+6.6-Footnote 2.0) / Line 1.8	1.005	1.253	0.935	0.000	0.000	0.000	0.000	0.000	0.000	XXX	XXX	0.934	XXX	XXX	XXX
8. Claims adjustment expenses:															
8.1 Cost containment expenses not included in quality of care expenses in Line 6.6	292,543	9,832	126,448	0	0	0	0	0	0	703,260	0	16,867,214	17,999,297	0	17,999,297
8.2 All other claims adjustment expenses	262,552	17,242	203,106	0	0	0	0	0	0	424,901	0	16,356,396	17,264,197	0	17,264,197
8.3 Total claims adjustment expenses (Lines 8.1+8.2)	555,095	27,074	329,554	0	0	0	0	0	0	1,128,161	0	33,223,610	35,263,494	0	35,263,494
9. Claims adjustment expense ratio (Line 8.3 / Line 1.8)	0.031	0.035	0.039	0.000	0.000	0.000	0.000	0.000	0.000	0.045	0.000	0.023	XXX	XXX	XXX

Supplement for the year 2015 of the **Highmark Choice Company**

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1

(To Be Filed by April 1 - Not for Rebate Purposes - See Cautionary Statement at http://www.naic.org.committees_e_app_blanks.htm)

REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF PENNSYLVANIA DURING THE YEAR 2015 NAIC Company Code.....95048

	Business Subject to MLR									10	11	12	13	14	15
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		9						
	1	2	3	4	5	6	7	8							
	Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group	Student Health Plans	Government Business (Excluded by Statute)	Other Health Business	Medicare Advantage Part C and Medicare Pt D Stand-Alone Subject to ACA	Subtotal (Cols 1 thru 12)	Uninsured Plans	Total (Cols 13 + 14)
10. General and administrative (G&A) expenses:															
10.1 Direct sales salaries and benefits	11,542	2,209	6,871	0	0	0	0	0	0	50,344	0	978,816	1,049,782	0	1,049,782
10.2 Agents and brokers fees and commissions	76,564	15,390	14,683	0	0	0	0	0	0	0	0	6,929,764	7,036,401	0	7,036,401
10.3 Other taxes (excluding taxes on Lines 1.5 through 1.7 and Line 14 below)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10.4 Other general and administrative expenses	544,358	20,166	240,848	0	0	0	0	0	0	2,825,657	0	60,728,571	64,359,600	10,820,036	75,179,636
10.4a Community benefits expenditures (informational only)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10.5 Total general and administrative (Lines 10.1+10.2+10.3+10.4)	632,464	37,765	262,402	0	0	0	0	0	0	2,876,001	0	68,637,151	72,445,783	10,820,036	83,265,819
11. Underwriting gain/(loss) (Lines 1.12-5.7-6.6-8.3-10.5)	(1,253,274)	(67,382)	(619,700)	0	0	0	0	0	0	(4,321,169)	0	(146,843,571)	(153,105,096)	XXX	(163,925,132)
12. Income from fees of uninsured plans	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,658,221	9,658,221
13. Net investment and other gain/(loss)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(3,945,802)	XXX	(3,945,802)
14. Federal income taxes (excluding taxes on Line 1.5 above)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	620,898	XXX	620,898
15. Net gain or (loss) (Lines 11+12+13-14)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(157,671,796)	XXX	(158,833,611)
16. ICD-10 Implementation Expenses (information only, already included in general expenses and Line 6.5)	2,057	64	1,287	0	0	0	0	0	0	3,798	0	148,946	156,152	25,458	181,610
16a. ICD-10 Implementation Expenses (information only; already included in Line 6.5)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER INDICATORS:															
1. Number of certificates/policies	2,187	49	839	0	0	0	0	0	0	9,009	0	114,615	126,699	14,467	141,166
2. Number of covered lives	3,338	90	1,784	0	0	0	0	0	0	9,009	0	114,615	128,836	34,008	162,844
3. Number of groups	XXX	5	18	XXX	0	0	0	0	0	0	0	0	23	87	110
4. Member months	43,144	1,240	19,977	0	0	0	0	0	0	125,759	0	1,392,132	1,582,252	534,854	2,117,106

Is run off business reported in Columns 1 through 9 or 12?.....Yes[ ].....No[X] If yes, show the amount of premiums and claims included. Premiums $.....0 Claims $.....0

AFFORDABLE CARE ACT (ACA) RECEIPTS, PAYMENTS, RECEIVABLES AND PAYABLES

	Current Year		Prior Year	
	Comprehensive Health Coverage			
	1	2	3	4
	Individual Plans	Small Group Employer Plans	Individual Plans	Small Group Employer Plans
ACA Receivables and Payables				
1. Permanent ACA Risk Adjustment Program				
1.0 Premium adjustments receivable/(payable)	(7,150)	(7,497)	331,409	(10,535)
2. Transactional ACA Reinsurance Program				
2.0 Total amounts recoverable for claims (paid & unpaid)	85,220	XXX	426,984	XXX
3. Temporary ACA Risk Corridors Program				
3.1 Accrued retrospective premium	0	0	0	0
3.2 Reserve for rate credits or policy experience refunds	0	0	0	0
ACA Receipts and Payments				
4. Permanent ACA Risk Adjustment Program				
4.0 Premium adjustment receipts/(payments)	223,668	(59,934)	0	0
5. Transitional ACA Reinsurance Program				
5.0 Amounts received for claims	304,443	XXX	0	XXX

Supplement for the year 2015 of the **Highmark Choice Company**

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1

(To Be Filed by April 1 - Not for Rebate Purposes - See Cautionary Statement at http://www.naic.org.committees_e_app_blanks.htm)

REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF PENNSYLVANIA DURING THE YEAR 2015 NAIC Company Code.....95048

	Business Subject to MLR									10	11	12	13	14	15
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		9						
	1	2	3	4	5	6	7	8							
	Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group	Student Health Plans	Government Business (Excluded by Statute)	Other Health Business	Medicare Advantage Part C and Medicare Pt D Stand-Alone Subject to ACA	Subtotal (Cols 1 thru 12)	Uninsured Plans	Total (Cols 13 + 14)
6. Temporary ACA Risk Corridors Program															
6.1 Retrospective premium received	0	0	0	0											
6.2 Rate credits or policy experience refunds paid	0	0	0	0											

Supplement for the year 2015 of the **Highmark Choice Company**

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 2

(To Be Filed by April 1 - Not for Rebate Purposes) REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF PENNSYLVANIA DURING THE YEAR 2015 NAIC Company Code.....95048

	Business Subject to MLR									10	11	12	13
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		9				
	1	2	3	4	5	6	7	8					
	Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group	Student Health Plans	Government Business (Excluded by Statute)	Other Health Business	Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	Total (a)
1. Health premiums earned:													
1.1 Direct premiums written	18,122,730	781,821	8,501,696	0	0	0	0	0	0	25,168,637	0	1,472,271,069	1,524,845,953
1.2 Unearned premium prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
1.3 Unearned premium current year	0	0	0	0	0	0	0	0	0	0	0	0	0
1.4 Change in unearned premium (Lines 1.2 - 1.3)	0	0	0	0	0	0	0	0	0	0	0	0	0
1.5 Paid rate credits	0	0	0	0	0	0	0	0	0	0	0	0	0
1.6 Reserve for rate credits current year	0	0	0	0	0	0	0	0	0	0	0	0	0
1.7 Reserve for rate credits prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
1.8 Change in reserve for rate credits (Lines 1.6 -1.7)	0	0	0	0	0	0	0	0	0	0	0	0	0
1.9 Premium balances written off	0	0	0	0	0	0	0	0	0	0	0	0	0
1.10 Group conversion charges	0	0	0	0	0	0	0	0	0	0	0	0	0
1.11 Total direct premiums earned (Lines 1.1 + 1.4 - 1.9 + 1.10)	18,122,730	781,821	8,501,696	0	0	0	0	0	0	25,168,637	0	1,472,271,069	1,524,845,953
1.12 Assumed premiums earned from non-affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0
1.13 Net assumed less ceded premiums earned from affiliates	(18,122,730)	(781,821)	(8,501,696)	0	0	0	0	0	0	(25,168,637)	0	(1,472,271,069)	(1,524,845,953)
1.14 Ceded premiums earned to non-affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0
1.15 Other adjustments due to MLR calculation - premiums	0	0	0	0	0	0	0	0	0	0	0	0	0
1.16 Net premiums earned (Lines 1.11 - 1.5 - 1.8 + 1.12 + 1.13 - 1.14 + 1.15)	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Direct claims incurred:													
2.1 Paid claims during the year	17,695,351	793,061	8,666,264	0	0	0	0	0	0	20,280,657	0	1,262,107,749	1,309,543,082
2.2 Direct claim liability current year	2,167,252	235,898	1,913,066	0	0	0	0	0	0	5,062,673	0	135,254,340	144,633,229
2.3 Direct claim liability prior year	1,848,744	46,529	3,219,206	0	0	0	0	0	0	5,064,071	0	85,184,462	95,363,012
2.4 Direct claim reserves current year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.5 Direct claim reserves prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.6 Direct contract reserves current year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.7 Direct contract reserves prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.8 Paid rate credits	0	0	0	0	0	0	0	0	0	0	0	0	0
2.9 Reserve for rate credits current year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.10 Reserve for rate credits prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
2.11 Incurred medical incentive pools and bonuses (Lines 2.11a + 2.11b - 2.11c)	77,768	2,107	17,085	0	0	0	0	0	0	313,058	0	18,024,106	18,434,124
2.11a Paid medical incentive pools and bonuses current year	155,257	178	153,374	0	0	0	0	0	0	296,463	0	18,295,178	18,900,450
2.11b Accrued medical incentive pools and bonuses current year	21,349	4,417	35,817	0	0	0	0	0	0	77,257	0	10,276,405	10,415,245
2.11c Accrued medical incentive pools and bonuses prior year	98,838	2,488	172,106	0	0	0	0	0	0	60,662	0	10,547,477	10,881,571
2.12 Net healthcare receivables (Lines 2.12a - 2.12b)	(136,387)	7,765	(544,140)	0	0	0	0	0	0	(109,870)	0	682,035	(100,597)
2.12a Healthcare receivables current year	258,561	17,705	143,580	0	0	0	0	0	0	223,701	0	14,798,319	15,441,866
2.12b Healthcare receivables prior year	394,948	9,940	687,720	0	0	0	0	0	0	333,571	0	14,116,284	15,542,463
2.13 Group conversion charge	0	0	0	0	0	0	0	0	0	0	0	0	0
2.14 Multi-option coverage blended rate adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0
2.15 Total incurred claims (Lines 2.1+2.2-2.3+2.4-2.5+2.6-2.7+2.8+2.9-2.10+2.11-2.12+2.13+2.14)	18,228,014	976,772	7,921,349	0	0	0	0	0	0	20,702,187	0	1,329,519,698	1,377,348,020
2.16 Assumed incurred claims from non-affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0
2.17 Net assumed less ceded incurred claims from affiliates	(18,265,335)	(976,772)	(7,921,349)	0	0	0	0	0	0	(20,702,187)	0	(1,329,519,698)	(1,377,385,341)
2.18 Ceded incurred claims to non-affiliates	(37,321)	0	0	0	0	0	0	0	0	0	0	0	(37,321)
2.19 Other adjustments due to MLR calculation - claims	0	0	0	0	0	0	0	0	0	0	0	0	0
2.20 Net incurred claims (Lines 2.15 - 2.8 - 2.9 + 2.10 + 2.16 + 2.17 - 2.18 + 2.19)	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Fraud and abuse recoveries that reduced PAID claims in Line 2.1 above (informational only)	195,094	9,982	80,955	0	0	0	0	0	0	228,799	0	6,596,104	7,110,934

(a) Column 13, line 1.1 includes direct written premium of $.....0 for stand-alone dental and $.....0 for stand-alone vision policies.

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3

(To Be Filed by April 1 - Not for Rebate Purposes) REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF PENNSYLVANIA DURING THE YEAR 2015 NAIC Company Code.....95048

All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses		9	10
	1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claim Adjustment Expenses	General Administrative Expenses	Total Expenses (6 to 9)
1. Individual comprehensive coverage expenses:										
1.1 Salaries (including $.....0 for affiliated services)	19,232	5,269	2,092	4,194	408	31,195	42,592	103,216	130,186	307,189
1.2 Outsourced services	7,612	617	2,015	4,871	6,907	22,022	114,889	116,441	242,124	495,476
1.3 EDP equipment and software (including $.....0 for affiliated services)	3,881	1,308	112	2,804	338	8,443	5,128	18,240	18,708	50,519
1.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	4	53	50	107
1.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
1.6 Other expenses (including $.....0 for affiliated services)	1,434	281	85	945	1,310	4,055	129,930	24,603	241,395	399,983
1.7 Subtotal before reimbursements and taxes (Lines 1.1 to 1.6)	32,159	7,475	4,304	12,814	8,963	65,715	292,543	262,553	632,463	1,253,274
1.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
1.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
1.10 Total (Lines 1.7 to 1.9)	32,159	7,475	4,304	12,814	8,963	65,715	292,543	262,553	632,463	1,253,274
1.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	6,484	0	0	6,484
2. Small group comprehensive coverage expenses:										
2.1 Salaries (including $.....0 for affiliated services)	729	253	82	147	13	1,224	1,328	6,778	7,773	17,103
2.2 Outsourced services	440	20	57	133	228	878	3,856	7,647	14,457	26,838
2.3 EDP equipment and software (including $.....0 for affiliated services)	120	42	3	134	10	309	160	1,198	1,117	2,784
2.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	3	3	6
2.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
2.6 Other expenses (including $.....0 for affiliated services)	50	14	3	28	37	132	4,489	1,616	14,414	20,651
2.7 Subtotal before reimbursements and taxes (Lines 2.1 to 2.6)	1,339	329	145	442	288	2,543	9,833	17,242	37,764	67,382
2.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
2.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
2.10 Total (Lines 2.7 to 2.9)	1,339	329	145	442	288	2,543	9,833	17,242	37,764	67,382
2.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	201	0	0	201
3. Large group comprehensive coverage expenses:										
3.1 Salaries (including $.....0 for affiliated services)	9,025	2,788	1,184	1,912	245	15,154	17,587	79,846	2,273,312	2,385,899
3.2 Outsourced services	3,100	271	659	1,943	1,990	7,963	52,788	90,077	4,227,981	4,378,809
3.3 EDP equipment and software (including $.....0 for affiliated services)	1,130	315	47	1,223	142	2,857	3,166	14,110	326,686	346,819
3.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	2	41	874	917
3.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
3.6 Other expenses (including $.....0 for affiliated services)	595	131	44	417	583	1,770	52,906	19,032	4,253,586	4,327,294
3.7 Subtotal before reimbursements and taxes (Lines 3.1 to 3.6)	13,850	3,505	1,934	5,495	2,960	27,744	126,449	203,106	11,082,439	11,439,738
3.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	(10,820,036)	(10,820,036)
3.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
3.10 Total (Lines 3.7 to 3.9)	13,850	3,505	1,934	5,495	2,960	27,744	126,449	203,106	262,403	619,702
3.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	4,069	0	80,805	84,874

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3

(To Be Filed by April 1 - Not for Rebate Purposes) REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF PENNSYLVANIA DURING THE YEAR 2015 NAIC Company Code.....95048

All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses		9	10
	1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claim Adjustment Expenses	General Administrative Expenses	Total Expenses (6 to 9)
4. Individual mini-med plans expenses:										
4.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
4.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
4.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
4.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
4.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
4.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
4.7 Subtotal before reimbursements and taxes (Lines 4.1 to 4.6)	0	0	0	0	0	0	0	0	0	0
4.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
4.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
4.10 Total (Lines 4.7 to 4.9)	0	0	0	0	0	0	0	0	0	0
4.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0
5. Small group mini-med plans expenses:										
5.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
5.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
5.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
5.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
5.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
5.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
5.7 Subtotal before reimbursements and taxes (Lines 5.1 to 5.6)	0	0	0	0	0	0	0	0	0	0
5.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
5.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
5.10 Total (Lines 5.7 to 5.9)	0	0	0	0	0	0	0	0	0	0
5.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0
6. Large group mini-med plans expenses:										
6.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
6.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
6.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
6.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
6.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
6.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
6.7 Subtotal before reimbursements and taxes (Lines 6.1 to 6.6)	0	0	0	0	0	0	0	0	0	0
6.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
6.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
6.10 Total (Lines 6.7 to 6.9)	0	0	0	0	0	0	0	0	0	0
6.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3

(To Be Filed by April 1 - Not for Rebate Purposes) REPORT: 1. CORPORATION: Highmark Choice Company 2. LOCATION: Pittsburgh PA

NAIC Group Code.....812 BUSINESS IN THE STATE OF PENNSYLVANIA DURING THE YEAR 2015 NAIC Company Code.....95048

All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses		9	10
	1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claim Adjustment Expenses	General Administrative Expenses	Total Expenses (6 to 9)
7. Small group expatriate plans expenses										
7.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
7.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
7.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
7.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
7.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
7.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
7.7 Subtotal before reimbursements and taxes (Lines 7.1 to 7.6)	0	0	0	0	0	0	0	0	0	0
7.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
7.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
7.10 Total (Lines 7.7 to 7.9)	0	0	0	0	0	0	0	0	0	0
7.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0
8. Large group expatriate plans expenses										
8.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
8.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
8.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
8.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
8.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
8.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
8.7 Subtotal before reimbursements and taxes (Lines 8.1 to 8.6)	0	0	0	0	0	0	0	0	0	0
8.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
8.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
8.10 Total (Lines 8.7 to 8.9)	0	0	0	0	0	0	0	0	0	0
8.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0
9. Student health plans expenses										
9.1 Salaries (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
9.2 Outsourced services	0	0	0	0	0	0	0	0	0	0
9.3 EDP equipment and software (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
9.4 Other equipment (excl. EDP) (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
9.5 Accreditation and certification (including $.....0 for affiliated services)	0	XXX	XXX	XXX	XXX	0	0	0	0	0
9.6 Other expenses (including $.....0 for affiliated services)	0	0	0	0	0	0	0	0	0	0
9.7 Subtotal before reimbursements and taxes (Lines 9.1 to 9.6)	0	0	0	0	0	0	0	0	0	0
9.8 Reimbursements by uninsured plans and fiscal intermediaries	0	0	0	0	0	0	0	0	0	0
9.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
9.10 Total (Lines 9.7 to 9.9)	0	0	0	0	0	0	0	0	0	0
9.11 Total fraud and abuse detection/recovery expenses incl. in col. 7 (informational only)	0	0	0	0	0	0	0	0	0	0

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 1. Number of Members

	Member-months	Members	Member-months
	Experience Period	Current Period (as of Feb. 1, 2016)	Projected Rating Period
Total	72	5	1,812
<18	-	-	303
18-24	-	-	215
25-29	-	-	97
30-34	-	-	106
35-39	-	-	110
40-44	-	-	153
45-49	12	1	176
50-54	48	3	198
55-59	12	1	233
60-63	-	-	118
64+	-	-	103

Table 2. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
$ 1,054,162.46	$ 681,637.06	$ 697,510.26	1,582	$ -	$ 742,435.26	$ -	$ (13,336.26)	$ -	$ -	$ (7,497.46)	$ -
2015 Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											**$ 460.87**
Loss Ratio											**65.37%**

**Express Prescription Drug Rebates as a negative number*

Table 3. Trend Components

Service Category	Cost*	Utilization*	Composite	Weight*
Inpatient Hospital	6.99%	3.00%	10.20%	16.50%
Outpatient Hospital	6.99%	3.00%	10.20%	29.69%
Professional	6.99%	3.00%	10.20%	30.16%
Other Medical	6.99%	3.00%	10.20%	2.76%
Capitation			0.00%	0.00%
Prescription Drugs	6.99%	3.00%	10.20%	20.88%
Total Annual Trend			10.20%	100.00%
2 Year Trend Projection Factor			1.214	

<- Annualized Trend Factors on URRT

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

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-13		$ 176,865.18	1.0000	$ 176,862.90	373	$ 474.16		$ (2,346.17)	$ 189,633.15	$ 508.40
Feb-13		$ 134,405.02	1.0000	$ 134,410.15	366	$ 367.24		$ (2,302.14)	$ 144,211.54	$ 394.02
Mar-13		$ 101,952.28	0.9999	$ 101,960.00	337	$ 302.55		$ (2,119.73)	$ 110,875.84	$ 329.01
Apr-13		$ 129,093.41	0.9999	$ 129,109.09	336	$ 384.25		$ (2,113.44)	$ 138,621.24	$ 412.56
May-13		$ 137,749.75	0.9999	$ 137,769.21	343	$ 401.66		$ (2,157.47)	$ 147,311.24	$ 429.48
Jun-13		$ 90,129.84	0.9998	$ 90,147.57	346	$ 260.54		$ (2,176.34)	$ 97,957.30	$ 283.11
Jul-13		$ 94,965.88	0.9998	$ 94,985.09	337	$ 281.85		$ (2,119.73)	$ 104,945.18	$ 311.41
Aug-13		$ 124,628.93	0.9996	$ 124,679.23	333	$ 374.41		$ (2,094.57)	$ 134,246.67	$ 403.14
Sep-13		$ 88,515.21	0.9995	$ 88,555.42	332	$ 266.73		$ (2,088.28)	$ 95,958.37	$ 289.03
Oct-13		$ 123,626.84	0.9996	$ 123,676.68	329	$ 375.92		$ (2,069.41)	$ 133,465.19	$ 405.67
Nov-13		$ 163,501.73	0.9994	$ 163,600.98	314	$ 521.02		$ (1,975.06)	$ 171,109.92	$ 544.94
Dec-13	$ 2,476,833.38	$ 131,054.93	0.9994	$ 131,137.81	297	$ 441.54	$ 110,825.88	$ (1,868.13)	$ 139,384.36	$ 469.31
Jan-14		$ 110,917.44	0.9993	$ 110,995.22	296	$ 374.98		$ (2,234.80)	$ 119,140.13	$ 402.50
Feb-14		$ 134,882.23	0.9991	$ 134,999.41	293	$ 460.75		$ (2,212.15)	$ 141,867.98	$ 484.19
Mar-14		$ 95,988.56	0.9990	$ 96,086.42	292	$ 329.06		$ (2,204.60)	$ 103,350.10	$ 353.94
Apr-14		$ 106,234.02	0.9989	$ 106,354.15	297	$ 358.09		$ (2,242.35)	$ 114,735.60	$ 386.32
May-14		$ 116,223.25	0.9983	$ 116,419.76	307	$ 379.22		$ (2,317.85)	$ 125,468.96	$ 408.69
Jun-14		$ 179,954.39	0.9981	$ 180,299.22	308	$ 585.39		$ (2,325.40)	$ 188,856.45	$ 613.17
Jul-14		$ 111,769.06	0.9980	$ 111,993.05	222	$ 504.47		$ (1,676.10)	$ 119,070.37	$ 536.35
Aug-14		$ 121,760.63	0.9977	$ 122,046.60	217	$ 562.43		$ (1,638.35)	$ 127,334.85	$ 586.80
Sep-14		$ 76,377.33	0.9972	$ 76,592.84	217	$ 352.96		$ (1,638.35)	$ 81,244.52	$ 374.40
Oct-14		$ 134,918.51	0.9975	$ 135,258.03	215	$ 629.11		$ (1,623.25)	$ 141,557.41	$ 658.41
Nov-14		$ 88,971.98	0.9968	$ 89,255.70	190	$ 469.77		$ (1,434.50)	$ 93,734.90	$ 493.34
Dec-14	$ 1,793,609.27	$ 72,956.69	0.9966	$ 73,206.15	166	$ 441.00	$ 80,538.83	$ (1,253.30)	$ 77,684.13	$ 467.98
Jan-15		$ 55,456.41	0.9966	$ 55,647.39	128	$ 434.75		$ (1,079.04)	$ 59,492.15	$ 464.78
Feb-15		$ 42,859.71	0.9958	$ 43,039.52	126	$ 341.58		$ (1,062.18)	$ 45,961.84	$ 364.78
Mar-15		$ 40,384.85	0.9956	$ 40,562.93	126	$ 321.93		$ (1,062.18)	$ 43,681.09	$ 346.68
Apr-15		$ 74,873.06	0.9930	$ 75,403.49	132	$ 571.24		$ (1,112.76)	$ 79,893.24	$ 605.25
May-15		$ 83,034.43	0.9919	$ 83,712.77	143	$ 585.40		$ (1,205.49)	$ 87,372.98	$ 611.00
Jun-15		$ 47,955.14	0.9903	$ 48,426.04	145	$ 333.97		$ (1,222.35)	$ 52,136.00	$ 359.56
Jul-15		$ 70,030.71	0.9889	$ 70,816.46	141	$ 502.24		$ (1,188.63)	$ 75,214.20	$ 533.43
Aug-15		$ 75,814.15	0.9854	$ 76,935.78	140	$ 549.54		$ (1,180.20)	$ 81,670.98	$ 583.36
Sep-15		$ 68,691.70	0.9811	$ 70,012.15	140	$ 500.09		$ (1,180.20)	$ 74,089.45	$ 529.21
Oct-15		$ 30,551.43	0.9539	$ 32,027.22	131	$ 244.48		$ (1,104.33)	$ 35,503.17	$ 271.02
Nov-15		$ 39,012.55	0.9493	$ 41,096.93	115	$ 357.36		$ (969.45)	$ 44,599.46	$ 387.82
Dec-15	$ 1,046,665.00	$ 41,361.18	0.8896	$ 46,493.31	115	$ 404.29	$ 44,925.00	$ (969.45)	$ 49,484.44	$ 430.30

** Express Completion Factor as a percentage*

***Express Prescription Drug Rebates as a negative number*

Table 2b. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
##########	############	############	1,036,544	$ 55,193,455.76	############	$ -	###########	$ -	$ -	$ -	$ -
2015 Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											**$ 385.67**
Loss Ratio											**85.88%**

**Express Prescription Drug Rebates as a negative number*

Table 3b. Trend Components

Service Category	Cost*	Utilization*	Composite	Weight*
Inpatient Hospital	6.99%	2.62%	9.79%	16.50%
Outpatient Hospital	6.99%	2.62%	9.79%	29.69%
Professional	6.99%	2.62%	9.79%	30.16%
Other Medical	6.99%	2.62%	9.79%	2.76%
Capitation			0.00%	0.00%
Prescription Drugs	6.99%	2.62%	9.79%	20.88%
Total Annual Trend			9.79%	100.00%
2 Year Trend Projection			1.205	

<- Annualized Trend Factors on URRT

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

Table 4b. 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-13		############	1.0000	$ 47,093,492.22	137,343	$ 342.89		###########	############	$ 400.83
Feb-13		############	1.0000	$ 42,290,894.96	137,101	$ 308.47		###########	############	$ 355.40
Mar-13		############	0.9999	$ 45,919,671.11	136,821	$ 335.62		###########	############	$ 382.17
Apr-13		############	0.9999	$ 43,303,948.97	134,482	$ 322.01		###########	############	$ 374.86
May-13		############	0.9999	$ 45,934,292.91	134,609	$ 341.24		###########	############	$ 390.36
Jun-13		############	0.9998	$ 41,484,881.67	134,246	$ 309.02		###########	############	$ 351.30
Jul-13		############	0.9998	$ 41,865,311.06	128,461	$ 325.90		###########	############	$ 383.74
Aug-13		############	0.9996	$ 41,229,689.18	127,697	$ 322.87		###########	############	$ 373.36
Sep-13		############	0.9995	$ 41,218,432.04	127,667	$ 322.86		###########	############	$ 368.59
Oct-13		############	0.9996	$ 45,582,621.00	126,284	$ 360.95		###########	############	$ 412.19
Nov-13		############	0.9994	$ 41,753,300.30	126,594	$ 329.82		###########	############	$ 372.03
Dec-13	############	############	0.9994	$ 38,980,275.90	126,253	$ 308.75	###########	###########	############	$ 364.33
Jan-14		############	0.9993	$ 41,475,187.00	122,764	$ 337.84		###########	############	$ 395.50
Feb-14		############	0.9991	$ 41,576,686.64	122,489	$ 339.43		###########	############	$ 387.16
Mar-14		############	0.9990	$ 42,844,842.67	122,813	$ 348.86		###########	############	$ 399.64
Apr-14		############	0.9989	$ 43,038,256.83	121,283	$ 354.86		###########	############	$ 403.49
May-14		############	0.9983	$ 40,488,902.28	120,778	$ 335.23		###########	############	$ 379.13
Jun-14		############	0.9981	$ 41,347,042.75	120,730	$ 342.48		###########	############	$ 384.83
Jul-14		############	0.9980	$ 39,815,313.18	116,304	$ 342.34		###########	############	$ 390.17
Aug-14		############	0.9977	$ 38,608,631.45	116,474	$ 331.48		###########	############	$ 374.70
Sep-14		############	0.9972	$ 39,589,954.25	116,843	$ 338.83		###########	############	$ 381.70
Oct-14		############	0.9975	$ 47,030,424.14	115,629	$ 406.74		###########	############	$ 451.61
Nov-14		############	0.9968	$ 40,754,657.01	114,676	$ 355.39		###########	############	$ 394.26
Dec-14	############	############	0.9966	$ 30,726,039.13	95,765	$ 320.85	###########	###########	############	$ 385.21
Jan-15		############	0.9966	$ 29,355,328.53	90,834	$ 323.18		###########	############	$ 386.75
Feb-15		############	0.9958	$ 28,738,203.63	90,004	$ 319.30		###########	############	$ 374.46
Mar-15		############	0.9956	$ 30,960,856.51	89,533	$ 345.80		###########	############	$ 403.63
Apr-15		############	0.9930	$ 28,961,288.07	88,321	$ 327.91		###########	############	$ 380.83
May-15		############	0.9919	$ 27,901,816.35	87,982	$ 317.13		###########	############	$ 363.78
Jun-15		############	0.9903	$ 30,371,246.88	87,861	$ 345.67		###########	############	$ 396.35
Jul-15		############	0.9889	$ 29,662,092.99	85,857	$ 345.48		###########	############	$ 399.39
Aug-15		############	0.9854	$ 26,962,708.00	85,437	$ 315.59		###########	############	$ 362.47
Sep-15		############	0.9811	$ 29,023,114.60	85,248	$ 340.46		###########	############	$ 386.63
Oct-15		############	0.9539	$ 29,585,047.79	83,905	$ 352.60		###########	############	$ 402.28
Nov-15		############	0.9493	$ 28,972,971.00	83,603	$ 346.55		###########	############	$ 391.99
Dec-15	############	############	0.8896	$ 24,071,038.94	77,959	$ 308.77	###########	###########	############	$ 379.41

** Express Completion Factor as a percentage*

***Express Prescription Drug Rebates as a negative number*

PA Rate Template Part II
Rate Development and Change

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

2015 Total Allowed EHB Claims PMPM + EHB Capitation PMPM (net of prescription drug rebates)	$ 385.67	<- Index Rate of Experience Period on URRT
2 Year Trend Projection Factor	1.214	
Unadjusted Projected Allowed EHB Claims PMPM	$ 468.35	
Single Risk Pool Adjustment Factors		<- Adj't. from Experience to Projection Period - Pop'l risk Morbidity on URRT
Change in Morbidity	1.308	<- Adj't. from Experience to Projection Period - Other on URRT
Change in Other	1.075	
Change in Demographics	1.035	
Change in Network	1.000	
Change in Benefits	1.015	
Change in Other	1.024	
Adjusted Projected Allowed EHB Claims PMPM	$ 658.42	<- Index Rate for Projection Period on URRT - Individual (Small Group 1rst Qtr)
Adjusted Projected Allowed EHB Claims PMPM [will only populate for small group filings]	$ 699.37	<- Index Rate for Projection Period on URRT - Small Group
Projected Paid to Allowed Ratio	0.903695364	<- Paid to Allowed Average Factor in Projection Period on URRT
Projected Paid EHB Claims PMPM	632.018249	
Market-wide Adjustments		
Projected Paid Net Risk Adjustment PMPM	$ 0.14	
Projected Paid Exchange User Fees PMPM	$ -	
Market-Adjusted Projected Paid EHB Claims PMPM	$ 632.16	
Market-Adjusted Projected Allowed EHB Claims PMPM	$ 699.52	<- Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM		
Market-Adjusted Projected Paid Total Claims PMPM	$ 632.16	
Market-Adjusted Projected Allowed Total Claims PMPM	$ 699.52	

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

	January	April	July	October	Total Single Risk Pool
# of Member Months Renewing in Quarter	-	19	41	91	151.00
Percent of Members Months Renewing in Quarter	0%	13%	27%	60%	100%
Base Allowed Claims	$ 658.42	$ 658.42	$ 658.42	$ 658.42	$ 658.42
Months of Trend	-	3	6	9	7
Annual Trend	10.20%	10.20%	10.20%	10.20%	10.20%
Single Risk Pool Projected Allowed Claims	$ 658.42	$ 674.60	$ 691.18	$ 708.17	$ 699.37

Table 6. Retention

Retention Items - *Express in percentages*	
Administrative Expenses	7%
General and Claims	4.79%
Agent/Broker Fees and Commissions	1.93%
Quality Improvement Initiatives	0.36%
Taxes and Fees	0.00%
PCORI Fees (Enter $ amount here: $_____)	0.03%
Pa Premium Tax (if applicable)	0.00%
Federal Income Tax	0.00%
Health Insurance Providers Fee (only for small group market, prorated for coverage in 2018)	0.00%
Profit/Contingency	5%
Total Retention	12%
	<- Single Pool Gross Premium Avg. Rate, PMPM on URRT
Projected Required Revenue PMPM	$ 719.23

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2016	2017
Average Age Factor	1.459	1.484
Average Geographic Factor	0.970	0.970
Average Tobacco Factor	1.000	1.000
Average Benefit Richness (induced demand)	1.150	1.150
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	$ 689.03	$ 699.52
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	$ 423.18	$ 422.48

Table 8. Components of Rate Change

Rate Components	2016	2017	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	496.8374019	506.392814	$9.56	1.9%
B. Base period allowed claims before normalization	$ 389.69	$ 385.67	-$4.02	-1%
C. Normalization factor component of change	$ (150.36)	-152.7405935	-$2.38	$0.00
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	$ 239.33	$ 232.92	$ (6.40)	-1%
D2. URRT Trend	$ 50.26	$ 49.94	$ (0.32)	0%
D3. URRT Morbidity	$ 89.36	$ 87.19	$ (2.17)	0%
D4. URRT Other	$ 21.86	$ 27.60	$ 5.73	1%
D5. Normalized URRT RA/RI on an allowed basis	$ 1.71	$ 0.09	$ (1.62)	0%
D6. Normalized Exchange User Fee on an allowed basis	$ -	$ -	$ -	0%
D7. Subtotal - Sum(D1:D6)	$ 402.52	$ 397.75	$ (4.78)	-1%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	$ -	0	$ -	0%
E2. Pricing AV	$ (37.43)	$ (34.72)	$ 2.71	1%
E3. Benefit Richness	$ 54.76	$ 54.45	$ (0.31)	0%
E4. Catastrophic Eligibility	$ -	$ -	$ -	0%
E5. Subtotal - Sum(E1:E4)	$ 17.33	$ 19.73	$ 2.40	0%
F. Change in Retention Components				
F1. Administrative Expenses	$ 28.77	$ 35.85	$ 7.08	1%
F2. Taxes and Fees	$ -	$ 0.14	$ 0.14	0%
F3. Profit and/or Contingency	$ 24.84	$ 25.32	$ 0.48	0%
F4. Subtotal - Sum(F1:F3)	$ 53.61	$ 61.31	$ 7.70	2%
G. Change in Miscellaneous Items			$ -	0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	$ 473.46	$ 478.78	$ 5.32	1%

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

	2016	2017	
Paid-to-Allowed	0.907	0.903695364	
URRT Trend (2-Year Trend Factor)	1.21	1.21	<- URRT W1, S2
URRT Morbidity	1.308581872	1.308	<- URRT W1, S2
URRT "Other"	1.057698941	1.075	<- URRT W1, S2
Risk Adjustment	$ 0.27	$ 0.14	<- URRT W1, S3
Reinsurance	$ 2.25	$ -	<- URRT W1, S3
Exchange User Fee	$ -	$ -	<- URRT W1, S3
Capitation	$ -	$ -	<- URRT W1, S2
Network	1.000	1	
Pricing AV	0.907	0.9127	
Benefit Richness	1.150	1.15	
Catastrophic Eligibility	1.000	1	
Administrative Expenses	5.79%	7.08%	
Taxes and Fees	0.00%	0.03%	
Profit and/or Contingency	5.00%	5.00%	

PA Rate Template Part III
Table 10. Plan Rates

Carrier Name:	Highmark Choice Co
Plan Type(s):	HMO
Market Segment:	Small Group
Rate Effective Date:	01/01/2017
Market Adjusted Index Rate	$ 699.52

Plan Number	HIOS Plan ID (Standard Component)	Plan Type (HMO, POS, PPO, EPO, Indemnity, Other)	1/1/16 Plan Marketing Name	Discontinued, New, Modified, Existing (D,N,M,E) for 2017	1/1/17 Plan Marketing Name (If 1/1/16 Plan Discontinued)	Metallic Tier	Metallic Tier Actuarial Value	Standard AV, Approach (1), Approach (2)	Exchange On/Off or Off	45 CFR Part 156.8 (d) (2) Allowable Fa					
										Pricing AV (company-determined AV)	Benefit Richness (induced demand)	Benefits in addition to EHB	Provider Network	Catastrophic Eligibility	Tobacco Surcharge Adjustment
Totals							-			**0.913**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**
Plan 1	38949PA0050001	HMO	Keystone HMO $250	E	Keystone HMO $250	Platinum		Standard AV	Off	0.913	1.000	1.000	1.000	1.000	1.000
Plan 2	38949PA0050003	HMO		N	Keystone HMO $7000	Bronze		Standard AV	Off	0.632	0.870	1.000	1.000	1.000	1.000

Calibration	
Age Calibration Factor	1.478541976
Geographic Calibration Factor	0.970
Aggregate Calibration Factor	1.434

actors

Pure Premium	Admin Costs	Taxes & Fees (not including Exchange fees)	Profit or Contingency	Total Covered Lives @ 2/1/2016	Total Policyholders @ 2/1/2016	2016 Calibrated Plan Adjusted Index Rate PMPM	2017 Calibrated Plan Adjusted Index Rate PMPM	Change Compared to Prior 12 months	% of Total Covered Lives
$ 638.46	**7.1%**	**0.0%**	**5.0%**	**5**	**4**	**$ 496.84**	**$ 506.39**	**1.92%**	
$638.46	7.1%	0.0%	5.0%	5	4	$ 496.84	$506.39	1.9%	100.0%
$384.31	7.1%	0.0%	5.0%	-	-	$ -	$304.82	#DIV/0!	0.0%

PA Rate Template Part IV

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

Carrier Name:	Highmark Choice Co
Plan Type(s):	HMO
Market Segment:	Small Group
Rate Effective Date:	01/01/2017

Plan Number	HIOS Plan ID (Standard Component)	1/1/16 Plan Marketing Name	Discontinued, New, Modified, Existing (D,N,M,E) for 2017	1/1/17 Plan Marketing Name (If 1/1/16 Plan Discontinued)	Metallic Tier	Exchange On/Off or Off	2/1/16 Number of Covered Lives										2016 21-year-old Non-Tobacco Prem (in small group market, average monthly premium w					
							1	2	3	4	5	6	7	8	9	Total	1	2	3	4	5	6
Totals	These cells auto-fill using the data entered in Table 9.						-	-	-	5	-	-	-	-	-	**5**	$ -	$ -	$ -	$ 481.93	$ -	$ -
Plan 1	38949PA0050001	Keystone HMO $250	E	Keystone HMO $250	Platinum	Off	-	-	-	5	-	-	-	-	-	5	$ -	$ -	$ -	$ 481.93	$ -	$ -
Plan 2	38949PA0050003	0	N	Keystone HMO $7000	Bronze	Off	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -

ium PMPM *eighted for quarterly trend)*			
7	8	9	Average (weighted by enrollment by rating area)
$ -	$ -	$ -	**$ 481.93**
$ -	$ -	$ -	$ 481.93
$ -	$ -	$ -	$ -

2017 21-year-old Non-Tobacco Premium PMPM *(in small group market, average monthly premium weighted for quarterly trend)*									
1	2	3	4	5	6	7	8	9	Average (weighted by enrollment by rating area)
$ -	$ -	$ -	$ 491.20	$ -	$ -	$ -	$ -	$ -	**$ 491.20**
$ -	$ -	$ -	$ 491.20	$ -	$ -	$ -	$ -	$ -	$ 491.20
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Change in 21-year-old Non-Tobacco Premium PMPM									
1	2	3	4	5	6	7	8	9	Average (weighted by enrollment by rating area)
0.0%	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	**1.9%**
0.0%	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

PA Rate Template Part V
Consumer Factors

Table 12. Age and Tobacco Factors

2017 Age and Tobacco Factors						
Age Band	Age Factor	Tobacco Factor		Age Band	Age Factor	Tobacco Factor
0-20	0.635			43	1.357	1
21	1.000	1		44	1.397	1
22	1.000	1		45	1.444	1
23	1.000	1		46	1.500	1
24	1.000	1		47	1.563	1
25	1.004	1		48	1.635	1
26	1.024	1		49	1.706	1
27	1.048	1		50	1.786	1
28	1.087	1		51	1.865	1
29	1.119	1		52	1.952	1
30	1.135	1		53	2.040	1
31	1.159	1		54	2.135	1
32	1.183	1		55	2.230	1
33	1.198	1		56	2.333	1
34	1.214	1		57	2.437	1
35	1.222	1		58	2.548	1
36	1.230	1		59	2.603	1
37	1.238	1		60	2.714	1
38	1.246	1		61	2.810	1
39	1.262	1		62	2.873	1
40	1.278	1		63	2.952	1
41	1.302	1		64+	3.000	1
42	1.325	1				

*PA follows the federal default age curve.

Table 13. Geographic Factors

Geographic Area Factors			
Area	Counties	Current Factor	Proposed Factor
Rating Area 1	Crawford, Erie, McKean, Mercer, Warren, Clarion, Forest, Venango	0.970	0.970
Rating Area 2	Cameron, Elk, Potter	0.970	0.970
Rating Area 3			
Rating Area 4	Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Lawrence, Washington, Westmoreland	0.970	0.970
Rating Area 5	Bedford, Blair, Cambria, Clearfield, Huntingdon, Jefferson, Somerset	0.970	0.970
Rating Area 6	Centre	1.040	1.040
Rating Area 7			
Rating Area 8			
Rating Area 9			

Table 14. Network Factors

2017 Network Factors				
Network Name	Rating Area	Current Factor	Proposed Factor	DOH Approval Date
C	1, 2, 4, 5, 6,	1.000	1	

HCC's Response to Objection Letter Dated 06/17/2016

Product Name: **HCC Small Group 2017 ACA Rate Filing**

RE: HCC – 2017 Small Group ACA Compliant Plans (1A-SG-HCC-2016);
Pennsylvania Insurance Department ID #: HGHM-130535987
Objection Letter Status: Additional Information Required
Objection Letter Date: 06/17/2016
Respond By Date: 06/24/2016
Response Date: 06/29/2016

Below please find our responses to the HCC Small Group 2017 ACA Rate Filing Objection Letter dated 06/17/2016. For convenience, the questions have been reproduced below, with our responses immediately following each question.

General

1. Please ensure that all tables, exhibits, etc. supporting the actuarial memorandum are in Excel and formulas for each entry.

Response:

All requested tables and exhibits in support of the actuarial memorandum were submitted in Excel along with the rate filing in SERFF, with formulas retained to the extent possible.

2. 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.

Response:

HCC acknowledges this requirement and certifies that it is in compliance.

3. Please provide the 2015 Statutory Annual Statement Five-Year Historical Data Exhibit.

Response:

The 2015 Statutory Annual Statement Five-Year Historical Data Exhibit has been submitted along with this response through SERFF. Please refer to the file named "2015 Q4 HCC Five-Year Historical Data Exhibits.pdf".

4. Please provide a copy of the Supplemental Health Care Exhibit (SHCE) and describe the reason(s) for any differences between the SHCE and Worksheet 1, Section 1 of the Uniform Rate Review Template.

Response:

The 2015 SHCE Exhibit has been submitted along with this response through SERFF. Please refer to the file named "2015 Q4 HCC SHCE.pdf".

Below please find the values from the URRT Worksheet 1 and the corresponding values from the SHCE:

	URRT	SHCE
Premiums	$1,046,665	$781,821
Incurred Claims	$684,174	$976,772
Allowed Claims	$729,099	n/a
Member Months	1,582	1,240

The slight differences between the two exhibits are due to the following:

- The SHCE exhibit is a year-end accounting view of results with no runout and would include the experience based on actual cash transfers adjusted for changes in reserves, which affects both premiums and incurred claims.
- The URRT presents an updated view of results where experience is restated based upon more recent data and is tied more directly to the incurred period with some provision for IBNR included in the claims. The results for 2015 shown in the URRT would have included one month of run out. The URRT includes all Small Group plan members with coverage in 2015.
- The SHCE exhibit uses a different classification of business than the URRT; the SHCE classification is based on the mandated MLR classifications and results in the following differences in premiums, claims, and membership:
    - Sole proprietors and other groups of one with Small Group plan coverage would be included in the Small Group URRT, but are removed from Small Group in the SHCE
    - Certain groups are reclassified between Small Group and Large Group on the SHCE due to the definition of group sizes used for that exhibit

- Network access fees are removed from the premiums in the SHCE exhibit, per the instructions for completing that exhibit.

Federal

5. Please show quantitatively including an Excel spreadsheet the derivation of the Utilization per 1,000 and Average Cost/Service costs for each Benefit Category in Section II of Worksheet.

Response:

As discussed in the URR Actuarial Memorandum, the experience period cost and utilization data were pulled from HCC's claims systems by the defined benefit categories. Total claim dollars by benefit category are pulled for those clients in the experience period. Then, cost per service amounts are obtained from internal claim monitoring reports, with the utilization values determined from those two sets of values. Please see the worksheet named "Question #5" in the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" submitted in SERFF along with this response for the development of the Experience Period values that would tie to the results shown on the URRT.

6. Please describe quantitatively, including an Excel spreadsheet with formulas, the derivation of the population risk morbidity and the "Other" factor as found in Worksheet 1, Section II of the URRT. Please provide the derivative of each of the components of the "Other" factor found in Table 5 of the Actuarial Memorandum Rate Exhibits.

Response:

The Population Risk Morbidity factor is derived from our analysis of membership experience in calendar year 2015, compared to the experience of that membership that we expect to be in the ACA pool in the 2017 experience period. We determine the 2017 cohort by adjusting for those groups known to have lapsed during 2015, and those that we expect will lapse in 2016. Since we expect that grandmothered policies will be most attractive to lower cost groups in the Pennsylvania Small Group market while the remaining business in the Small Group ACA pool would tend to be higher costs, the Population Risk Morbidity reflects the higher claim costs expected in the ACA Small Group pool. As a result, the average costs for the ACA Small Group risk pool would be higher than the experience in the base period. This higher cost gets reflected in the URRT under the Population Risk Morbidity factor.

As discussed in the Actuarial Memorandums in the initial rate filing, HCC's base experience is not credible. Thus, the Population Risk Morbidity factor in the URRT is determined from an experience base appropriate for this company based on its expected membership profile and service area (the Western Pennsylvania region). This regional factor was determined by taking the ratio of the 2015 allowed claims for those groups expected to be covered by Highmark companies in the Western region to the allowed claims for the entire Western region Small Group risk pool:

(a) Calendar year 2015 allowed claims PMPM (Western region)	$404.12
(b) 2015 allowed claims for those members expected to be effective in 2017 (Western region)	$434.61
(c) Population Risk Morbidity = (b) / (a)	1.075

This calculation is duplicated in the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" included with this response on the tab labeled "Question #6-1".

As above, since HCC's base experience is not credible, the "Other" projection adjustment factor is determined from an experience base appropriate for this company based on its expected membership profile and service area (the Western Pennsylvania region). The calculation of this factor for the Western region Small Group risk pool is presented in the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" included with this response on the worksheet labeled "Question #6-2".

7. Please reconcile the population risk morbidity factor in the URRT (1.075) and the factor shown in Table 5 (1.308).

As mentioned above in the response to Question #6, HCC's base experience is not credible. Therefore, the Population Risk Morbidity factor in the URRT was determined from an experience base appropriate for this company based on its expected membership profile and service area (the Western Pennsylvania region). Since Table 5 develops the rates from the Index Rate of the Experience Period in the URRT, the Population Risk Morbidity factor shown in Table 5 includes an adjustment to take the non-credible company experience to the fully credible regional experience. The adjustment used to adjust the credible claims to a level appropriate for the anticipated HCC company experience is as follows:

Population Risk Morbidity value in URRT	1.075
Adjustment to non-credible company-specific claims for anticipated morbidity	1.216
Change in Morbidity value in Table 5 (= product of above)	1.308

8. In Table 5, please explain why the change in "Other" (1.075) differs from the amount in the URRT (.982).

Response:

As discussed in the response to Question #6, the experience shown in the URRT for HCC is not credible, and so the "Other" factor shown in the URRT reflects that from an experience base appropriate for this company based on its expected membership profile and service area, specifically the factor for Western Pennsylvania. This differs from the factor shown in PA exhibit Table 5 by making certain adjustments to the URRT non-credible factor to get to an appropriate factor for the Table 5 Projected Index Rate development. These adjustments are as follows:

"Other" value in URRT	0.982
Remove network adjustment from Western regional market	1.071
EHB pediatric benefit adjustment for higher underlying claims base	0.998
Change in Benefit Richness (reflected in "Other" factor in Table 5, but in Utilization factor in URRT)	1.024
"Other" value in Table 5 (= product of above)	1.075

9. The Part III memorandum, Section V.2., indicates that the additional cost for pediatric dental and vision benefits is $7.91 and autism benefits +0.24%. Please show the derivation of these costs.

Response:

The components of the pediatric dental and vision adjustment are as follows:

- Pediatric Dental ($5.97) – The estimated cost to add pediatric dental services is $5.97 PMPM. This represents an estimated dental cost of $26.07 PMPM for member's ages 0-18 that was provided by our dental vendor. The PMPM was developed based on dental experience for members 0-18 priced at 2017 benefit levels. It was projected that approximately 22.9% of the small group members will be between the ages of 0-18, based upon the 2015 membership distribution. Therefore, the estimated cost of pediatric dental was calculated as follows: $26.07 x 22.9% = $5.97.
- Pediatric Vision ($1.94) – The pediatric vision costs of $1.94 represents a capitation that was provided by our vision vendor, Davis Vision.

The autism benefit was added to the Small Group ACA benefit coverage beginning in 2016. The 0.24% increase in claims costs reflects the addition of these benefits based upon an internal analysis of the anticipated costs of this benefit.

10. The Part III AM indicates that the proposed utilization trend is 3%; however, the URRT shows a utilization trend of 2.6%. Please review and explain or correct as necessary. Additionally, reconcile the utilization trend in the URRT and in Table 3.

Response:

The underlying utilization trend used in the filing, related to changes in the mix of services of a stable population, is 3%. Per the instructions in completing the URRT, the utilization trend in the URRT also includes the Change in Benefit Richness factor (0.993), associated with the change in the induced demand of benefits from the experience period to the rating period. Thus the URRT utilization is calculated as follows:

$$2.6\% = (1 + 3.0\%) * [(0.993) \wedge 0.5] - 1.$$

As discussed in the response to Question #6, the experience shown in the URRT for HCC is not credible. The utilization trend in the URRT comes from the credible enrollment base for Highmark Western region combined company experience. The difference between the value in the URRT and the Table 3 value is due to how the Change in Benefit Richness factor is applied within the two sets of exhibits. In the URRT, the instructions indicate that the Change in Benefit Richness factor is to be included in the utilization trend component. However, if we were to include that factor in the utilization factor in Table 3, the quarterly rate development would have been impacted by the Change in Benefit Richness factor. As per a discussion we had with the Pennsylvania Insurance Department during the rate filing process, we agreed that the Change in Benefit Richness factor could be reflected in the "Other" factor in Table 5, so that the quarterly

rate development was not impacted. In addition, we included Table 3b with our initial filing that would reflect the utilization trend with the Change in Benefit Richness factor, as shown in the URRT.

11. Provide support for the Paid to Allowed Average Factor in Projection Period for the market, shown in Worksheet 1, Section III. Demonstrate that the ratio is consistent with membership projections by plan included in Worksheet 2. The ratio for each plan should be relatively consistent with the metallic AV for the plan to which the actuary is attesting, however it is recognized that they may not be exactly the same due to differences between the issuer's experience and the experience underlying the AV Calculator.

Response:

Please refer to the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" included with this response. On the worksheet labeled "Question #11", the URRT Projected Allowed and Projected Paid Claims are presented by Plan ID. (Similar data is also presented in the response to Question #31 below.) As shown in that exhibit, the projected paid to allowed ratio from the membership projections by plan included in Worksheet 2 (89.8%) is consistent with the value shown in Worksheet 1, Section III (90.4%). The slight difference in the results is because the URRT value reflects the actual expected paid to allowed ratio for the plans, instead of the average metallic level AV for the platinum and bronze plans being offered by HCC.

12. Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the Age, Geographic Calibration Factor and the Tobacco surcharge.

Response:

The Age Factor is the weighted average of the Average Age Factors for the Current ACA Book of Business as of the End of Year 2015 and for the Membership Moving to the ACA Book (from Transitional and New Business), divided by the Child Capping Adjustment. The Age Factor is weighted by membership for these two blocks of business.

The Geographic Calibration Factor is the weighted average of the Area Factors by County. This average is weighted by membership.

The Tobacco Surcharge is not applicable since we do not use one.

The derivation of these factors is included in the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" included with this response on the tab labeled "Question #12".

Pennsylvania

13. Please provide the January 1, 2016 through April 30, 2016 emerging experience in an Excel worksheet formatted similar to Table 2.

Response:

The requested experience is presented in the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" submitted in SERFF along with this response. Please refer to the worksheet named "Question #13".

14. In Tables 2 and 4, does the premium include HHS cost sharing or revenue generated from transitional business? If so, please provide the dollar amounts for each and the number transitional member months for which premiums were collected.

Response:

There is transitional business included in the Table 2 and Table 4 experience submitted with the original rate filing. Please see the worksheet titled "Question #14 & 15" in the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" submitted in SERFF with this response for the revenue associated with this business. HHS cost sharing subsidies are not applicable in the Small Group Market.

15. In Tables 2 and 4, please provide the dollar amount of incurred and allowed claims for transitional members.

Response:

There is transitional business included in the Table 2 and Table 4 experience submitted with the original rate filing. Please see the worksheet titled "Questions #14 & 15" in the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" submitted in SERFF with this response for the incurred and allowed claims for transitional members.

16. Please show quantitatively including an Excel spreadsheet with formulas the derivation and justification of each of the "Change in Morbidity", "Change in Demographics", "Change in Network" and "Change in Other" Single Risk Pool Adjustment Factors, shown in Table 5 of the Actuarial Memorandum Rate Exhibits.

Response:

The change in morbidity is the ratio of the 2015 Allowed Claims PMPM for small group members expected to be in the ACA in 2017 divided by the 2015 Allowed Claims PMPM of all members in the small group risk pool in 2015 (the experience period). Since we expect that grandmothered policies will be most attractive to lower cost groups in the Pennsylvania Small Group market while the remaining business in the Small Group ACA pool would tend to be higher costs, the Population Risk Morbidity reflects the higher claim costs expected in the ACA Small Group pool. As a result, the average costs for the ACA Small Group risk pool would be higher than the experience in the base period.

The change in demographics is the ratio of the (CY2017 Combined Pricing Factor * CY2017 Area Factor)/ (CY2015 Combined Pricing Factor * CY2015 Area Factor). The change in demographics captures the change in average area factor and age.

The change in network factor is the network factor for each plan weighted by the projected membership in each plan, excluding new plans. Please see the Question #25 Excel spreadsheet response for additional information on the network factor.

The change in other factor represents the change in benefit richness factor. The benefit richness factors in 2015 and 2017 were calculated by linearly interpolating the paid to allowed ratios against the prescribed benefit richness factors. The ratio of the 2017 Benefit Richness Factor/ 2015 Benefit Richness Factor equals the change in other factor.

Please refer to the worksheet named “Question 16” in the Excel file “PID Response – Supplemental Exhibits HCC.xlsx” submitted along with this response for the derivation of these values.

17. Expenses for Quality Improvement Initiatives and PCORI are included in the general and claims administrative percentage and were not broken out separately. Please modify Table 6 to separately identify, as requested in the Table.

Response:

Table 6 of the Pennsylvania Rate Exhibits has been modified to reflect anticipated quality improvement initiative expenses and PCORI. A complete set of the revised Pennsylvania Rate Exhibits has been uploaded to SERFF along with this response

18. 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.

Response:

The requested actual and projected (according to the approved rate filing) PMPM expense components are included in the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" included with this response on the tab labeled "Question #18".

19. Provide support for all expenses that do not reflect payments made to providers under the contract for covered medical services. Describe the methodology used for developing the estimate of these non-benefit expenses expected during the projection period for the applicable market, including any allocation of corporate overhead.

Response:

The allocation method uses measureable stats such as claims worked, inquiries worked, contracts, and members to allocate the majority of expenses. When possible, expenses are direct charged if they can be identified by product instead of going through an allocation method. For corporate allocations, a TCI (total costs incurred) methodology is generally used to allocate by product.

20. Regarding broker commissions:

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

Response:

Redacted.

• Are commissions paid for SEP?

Response:

This question is not applicable to the Small Group ACA market.

• Provide a copy of the broker agreement - current and 2017.

Response:

A copy of the Highmark General Producer Agreement has been uploaded to SERFF along with this response – see file named "Highmark Pennsylvania General Producer Agreement November 2015.pdf".

• Show the calculation of the average commission - current and 2017.

When responding to this data call, you may redact this response as it will contain proprietary information.

Response:

Redacted.

21. The PA actuarial memorandum indicates that the non-EHB benefit of the adult vision eye exam was removed from plan coverage. Please confirm that these claims were removed from the experience period claims.

Response:

The non-EHB adult vision eye exam benefit was covered by HCC through a capitated agreement with our vision vendor, Davis Vision. As this benefit was first included in products sold in 2016, these capitation costs were not included in our base experience period claims.

22. The PA memo shows the changes in EHBs due to the new 2017 Benchmark plan. Please provide the expected pmpm cost for each benefit and discuss the basis for the projected cost.

Response:

The values of these additional benefits were determined by Highmark through actuarial methods typically applied for new benefits. Such methodologies would include:

1. Analyzing the level of claims from other products that would include such benefits;
2. Referring to actuarial consultant studies that would have assessed the value of these benefits; and
3. Using actuarial judgment to estimate the expected cost and utilization of the new benefit.

Through such methods, we estimated the following impact of the changes in the EHBs for the 2017 Benchmark plan:

- Hospice Benefit: < 0.01% of total allowed claims

- Coverage for Artificial Insemination: 0.037%
- Coverage for Dental Accident: < 0.01%
- Added Visits for Habilitative Therapy Services: 0.01%

Given the minimal impact expected from the additional benefits (less than 0.07% of total allowed claims), these costs were not specifically added to the claims costs projected used in the 2017 rate development.

23. Section G indicates that the trend was developed using combined experience of several Highmark companies.

a. Please confirm that only small group data was used in Tables 2b and 4b.

Response:

HCC confirms that only Small Group data is included in Tables 2b and 4b.

b. Show the development of the trend and provide a detailed narrative that explains how this data was used in developing the trend, the data source and all assumptions and adjustments.

Response:

In developing claim trends for premium setting and forecasting, we consider not only the cost and utilization trends separately but also in aggregate. Fluctuation can occur in each of the components for various reasons, but the overall claim trend of 10.2% reflects our best estimate for 2016 & 2017.

The trend development is based upon a projection of allowed claim PMPMs that takes into account many factors including known and anticipated changes in in-network provider contracting levels, projected changes in out-of-network costs, changes in utilization from medical management programs, and changes in drug costs from impacts such as generic drug development and new drug treatments. In addition, the trend estimates normalize for benefit leveraging, population aging, changes in historical fee schedules, and external trend drivers. Based upon the coverage and demographics of our membership, our historical claim levels, adjusted for these factors and projected forward, would represent the best estimates of trend for this block of business.

Please see the attached Excel file “PID Response – Supplemental Exhibits HCC.xlsx”, tab labeled “Question #23b”, for the three-year historical and projected claim levels through 2017

that underlie our trend assumption. Note that, as mentioned above, these claim levels have been normalized throughout to account for the forces impacting claim utilization and costs, and as such, the claim levels presented are not comparable to current experience claim levels.

Although we expect trend rates to remain low in the early part of 2016, we anticipate that annualized trend rates will increase by the end of the year, and maintain that increased level into 2017. Our selected 10.2% annual trend for our ACA pricing model is slightly lower than the projected two-year average trend.

c. Confirm that the each entity operates in the same service areas.

Response:

The Company confirms that the multiple company data used in the development of Tables 2b and 4b is from companies that operate in the same service area as HCC.

d. Discuss the impact of provider contracting and leveraging on trend. When responding to this data call, specific provider contracting information may be redacted, but not aggregate data or information.

Response:

Provider contracting is a direct component of our trend calculation. Known and anticipated changes in in-network provider contracting levels are directly factored into our trend development through percentage increases and percent of claims assumptions.

Benefit leveraging refers to the propensity for members to make use of more services once certain benefit components, such as deductibles, are reached. Since these costs are included in our claim experience, we make adjustments to the experience claims to normalize for these factors, while we account for these in our rate development in the pricing under specific benefit designs.

24. 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.

Response:

The Company reflected the limitation on the number of children allowed in rating by determining the appropriate factor for the amount of lost revenue, and applying that factor to the normalized age factor used to develop the base rates. (See response to Question #12.)

25. Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the Provider network factor found in Table 10 Plan Rates in Actuarial Memorandum Rate Exhibits.

Response:

The Provider network factor found in Table 10 Plan Rates in the PA Actuarial Memorandum Rate Exhibits is the normalized factor for each plan design based on their proposed network factor from Table 14 divided by the average network factor from Table 14.

Please refer to the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" included with this response on the tab labeled "Question #25" for the calculation of the network factor described above.

26. Table 14, requests network factor changes. Please explain and provide support.

Response:

The network discount factors shown in Table 14 apply to specific plan designs offered in the various service zones listed in the table. These factors are evaluated each year to reflect the impact of anticipated network cost and utilization changes between the experience period and the projection period. The proposed factors will better align premium with the expected costs in the projection period.

27. Does this filing propose any changes in your pricing model? If so, please discuss. This response may be redacted since it may contain confidential information.

Response:

The pricing model and methodology are consistent with those used in previous rate developments for the Small Group ACA market.

28. Has the proposed service area composition changed from the current 2016 composition? If so, please explain.

Response:

The proposed service area composition remains unchanged from the current. Products continue to be offered in all 29 counties in the Western Pennsylvania region.

29. Please show quantitatively that plan premiums are in proportion to the plan AV Pricing Values.

Response:

Please refer to Table 10 of the PA Actuarial Memorandum Rate Exhibits spreadsheet which shows the development of Calibrated Plan Adjusted Index Rates.

Each plan takes the Market Adjusted Index Rate and multiplies by the Pricing AV, Benefit Richness Factor, Benefits in Addition to EHB Factor, Provider Network Factor, Catastrophic Eligibility Factor, and Tobacco Surcharge Adjustment Factor in order to calculate the Pure Premium. The Pure Premium is then grossed up to account for expenses (Admin Costs, Taxes & Fees, and Profit or Contingency) in order to calculate the Calibrated Plan Adjusted Index Rate. Since each component of the Calibrated Plan Adjusted Index Rate is applied multiplicatively (including the Plan AV Pricing Value), plan premiums are in proportion to the Plan AV Pricing Values.

30. Please show quantitatively with an Excel spreadsheet with formulas that the Consumer Adjusted Premium Rates match the rates shown in the Rates Table template.

Response:

Please see the attached spreadsheet showing the Consumer Adjusted Premium Rates match the rates shown in the Rates Table template. Note that rates are only calculated when enrollment exists in a plan/rating region as of February 1, 2016 similar to the PA Actuarial Memorandum Rate Exhibits template.

Due to the level of detail required in presenting these results, this demonstration has been submitted within its own Excel workbook. Please see the workbook titled “PID Response – Question 30 HCC”.

31. Induced Utilization

a. Please complete the table below for all plans, and confirm that the ratio in column (8) represents the induced utilization for each plan.

Projected Projected Paid-To- AV & Cost

Projected Allowed Paid Allowed Sharing

Plan ID Metal Level Membership Claims Claims Factor Factor (7)/(6)

(1) (2) (3) (4) (5) (6) (7) (8)

xxxxxx

xxxxxx

xxxxxx

Total

Response:

The indicated table was completed and reproduced in the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" included with this response (see worksheet labeled "Question #31a"). Note that in this table, we inserted two columns labeled "Projected Paid Claims (URRT)" and "Risk Adjustment Transfer". These columns were added so that the calculations and results presented in the table can be tied back to similar results presented in the URRT Worksheet 2. Note that row 97 of the URRT Worksheet 2 shows the Risk Adjustment Transfer combined with the Risk Adjustment User Fee of $0.13 PMPM.

The Induced Utilization in column (8) is calculated from the ratio of the AV & Cost Sharing Factor (column (7)) to the Paid-To-Allowed Factor (column (6)), multiplied by the Average Network Factor (column (N)). Note that this is the Induced Utilization factor that is a component of the Actuarial Value Allowable Modifier. As such, it has been adjusted by the Average Benefit Richness normalization factor of 1.150. In multiplying the Induced Utilization column (8) result by the Average Benefit Richness normalization factor, the result is the Induced Utilization factor appropriate for the plan's metal level (before normalization).

b. Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the AV and cost sharing factors for each plan.

Response:

As demonstrated in the response to Question #31a, the AV and Cost Sharing Factors, as shown in column (7) of the response exhibit, can be determined from the following formula:

AV and Cost Sharing	=	Paid-To-Allowed Factor	*	Induced Utilization Factor	/	Average Benefit Richness Factor	/	Average Network Factor

Please also see the Excel file "PID Response – Supplemental Exhibits HCC.xlsx" included with this response, where this calculation is demonstrated on the tab labeled "Question #31b".

c. Please provide any additional justification for induced utilization assumptions in the Company's pricing.

Response:

The induced utilization assumptions (before normalization) are the CMS prescribed assumptions used in the risk adjustment transfer calculation. These factors have been unchanged since they were originally developed for the 2014 rating period.

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.

Response:

The Average Benefit Richness normalization factor of 1.150 was used to determine each plan's Induced Utilization component of the Actuarial Value Allowable Modifier factor by dividing the plan's un-normalized Induced Utilization factor by the Average Benefit Richness normalization factor.

This factor was not determined from the projected distribution of plan membership, but was instead determined from the average expected paid-to-allowed ratio for the projection period, which is assumed to be 90.4%. Given that the expected paid to allowed ratio is slightly above the metallic value for a platinum plan the Average Benefit Richness normalization factor is assumed to be 1.150.

The sumproduct of the plan-level Induced Utilization factors against projected membership is 0.9922, which does not quite equate to the question's unit value expectation due to the simplified method used to determine the Average Benefit Richness normalization factor. We examined the impact of the difference in the Average Benefit Richness factor between the two methods, and using an Average Benefit Richness normalization factor calculated from the sumproduct of the Induced Utilization factors and the membership distribution had an immaterial impact on the calculated base rates due to the normalization of the factor.

32. Please discuss the impact SEP enrollees have had on your company's claims experience. If possible provide the 2015 loss ratio for SEP enrollees and non-SEP enrollees.

Response:

This question is not applicable to the Small Group ACA market.

33. The Centers for Medicare & Medicaid Services (CMS) has completed its review, including data integrity, of the Qualified Health Plan (QHP) Applications submitted by issuers in in Pennsylvania as of May 11, 2016. Errors have been detected in your company's submission. CMS will send emails to issuers communicating the results of these reviews.

Response:

HCC will await the notice from CMS communicating the results of their review and will respond accordingly.

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #5

Benefit Category	Utilization Description	Experience Period Results				
		Allowed Claims	Member Months	Allowed PMPM	Cost per Service	Util per 1,000
Inpatient Hospital	Admits	$ 120,320	1,582	$ 76.06	$ 11,439.00	79.79
Outpatient Hospital	Visits	$ 216,480	1,582	$ 136.84	$ 560.49	2,929.71
Professional	Visits	$ 219,928	1,582	$ 139.02	$ 89.23	18,695.04
Other Medical	Other	$ 20,153	1,582	$ 12.74	$ 181.00	844.56
Capitation	Other	$ -	1,582	$ -	$ -	0.00
Prescription Drug	Prescriptions	$ 152,218	1,582	$ 96.22	$ 86.10	13,410.27

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #6-1 (Calculation)

(a) Calendar year 2015 allowed claims PMPM (Western region)	$404.12
(b) 2015 allowed claims for those members expected to be effective in 2017 (Western region)	$434.61
(c) Population Risk Morbidity = (b) / (a)	**1.075**

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #6-2

Highmark Western Region Company Components	
A. CY2017 Projected Allowed PMPM*	$523.87
Components of "Other" Adjustments	
Pricing Factor Change	$18.12
EHB - Pediatric Dental and Vision	$7.91
EHB - Autism	$1.30
Network Factor	($36.76)
B. CY2017 Projected Allowed PMPM After "Other" Adjustment	$514.44
C. "Other" Projection Adjustment Factor (B/A)	**0.982**

*After trend and morbidity adjustment.

Highmark Choice Company
2017 Small Group Rate Filing
Response to Objection Letter Dated 6/17/2016 - Question #11

Sum of Projected Claims by Plan	$ 1,184,033	$ 1,063,294
Paid to Allowed Ratio		89.8%
URRT Value		90.4%

Plan ID	Metal Level	Projected Membership	Projected Allowed Claims	Projected Paid Claims
38949PA0050001	Platinum	1,704	$ 1,122,185	$ 1,024,219
38949PA0050003	Bronze	108	$ 61,847	$ 39,075

Highmark Choice Company
2017 Small Group Rate Filing
Response to Objection Letter Dated 6/17/2016 - Question #12

Age Factor

Type	Average Age Factor	% of Members
Current ACA Book - EOY 2015	1.498	62.5%
Movement to ACA Book (from Transitional and New Business)	1.460	37.5%
Overall	**1.484**	**100.0%**

Child Capping Adjustment	**1.004**
Average Age Factor	**1.479**
Geographic Factor	**0.970**
Tobacco Surcharge (Not Applicable)	**1.000**

Area Factors

State	County Code	County	Rating Area	Area Factor	% of Western PA Membership
PA	031	Clarion	R-PA001	0.97	1%
PA	039	Crawford	R-PA001	0.97	4%
PA	049	Erie	R-PA001	0.97	11%
PA	053	Forest	R-PA001	0.97	0%
PA	083	McKean	R-PA001	0.97	1%
PA	085	Mercer	R-PA001	0.97	4%
PA	121	Venango	R-PA001	0.97	1%
PA	123	Warren	R-PA001	0.97	1%
PA	023	Cameron	R-PA002	0.97	0%
PA	047	Elk	R-PA002	0.97	2%
PA	105	Potter	R-PA002	0.97	0%
PA	003	Allegheny	R-PA004	0.97	30%
PA	005	Armstrong	R-PA004	0.97	1%
PA	007	Beaver	R-PA004	0.97	2%
PA	019	Butler	R-PA004	0.97	5%
PA	051	Fayette	R-PA004	0.97	2%
PA	059	Greene	R-PA004	0.97	1%
PA	063	Indiana	R-PA004	0.97	2%
PA	073	Lawrence	R-PA004	0.97	2%
PA	125	Washington	R-PA004	0.97	7%
PA	129	Westmoreland	R-PA004	0.97	8%
PA	009	Bedford	R-PA005	0.97	1%
PA	013	Blair	R-PA005	0.97	3%
PA	021	Cambria	R-PA005	0.97	2%
PA	033	Clearfield	R-PA005	0.97	2%
PA	061	Huntingdon	R-PA005	0.97	1%
PA	065	Jefferson	R-PA005	0.97	1%
PA	111	Somerset	R-PA005	0.97	1%
PA	027	Centre	R-PA006	1.04	0%
PA	037	Columbia	R-PA006	1.04	0%
PA	077	Lehigh	R-PA006	1.04	0%
PA	087	Mifflin	R-PA006	1.04	0%
PA	093	Montour	R-PA006	1.04	0%
PA	095	Northampton	R-PA006	1.04	0%
PA	097	Northumberland	R-PA006	1.04	0%
PA	107	Schuylkill	R-PA006	1.04	0%
PA	109	Snyder	R-PA006	1.04	0%
PA	119	Union	R-PA006	1.04	0%
PA	001	Adams	R-PA007	1.04	0%
PA	011	Berks	R-PA007	1.04	0%
PA	071	Lancaster	R-PA007	1.04	0%
PA	133	York	R-PA007	1.04	0%
PA	041	Cumberland	R-PA009	1.02	0%
PA	043	Dauphin	R-PA009	1.02	0%
PA	055	Franklin	R-PA009	1.02	0%
PA	057	Fulton	R-PA009	1.02	0%
PA	067	Juniata	R-PA009	1.02	0%
PA	075	Lebanon	R-PA009	1.02	0%
PA	099	Perry	R-PA009	1.02	0%

Highmark Choice Company
2017 Small Group Rate Filing
Response to Objection Letter Dated 6/17/2016 - Question #13

Table 2. Claims and Premiums for Four Month Experience Period Jan-2016 through Apr-2016

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
$ 193,419.69	$ 77,740.29	$ 78,822.38	193	$ 5,319.29	$ 84,141.67	$ -	$ (2,391.32)	$ -	$ -	$ (3,985.96)	$ -
Jan-2016 through Apr-2016 Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											**$ 423.58**
Loss Ratio											**40.35%**

**Express Prescription Drug Rebates as a negative number*

Highmark Choice Company
2017 Small Group Rate Filing
Response to Objection Letter Dated 6/17/2016 - Questions #14 & 15

Table 2. Experience Period Claims and Premiums (Transitional Business Only)

Earned Premium	Incurred Claims	Member Months	Allowed Claims
$ 942,373.89	$ 607,621.48	1,510	$ 646,204.49

Table 4. Historical Experience (Transitional Business Only)

Month-Year	Total Annual Premium	Incurred Claims	Members	Allowed Claims
Jan-13		$ 176,862.90	373	$ 191,979.32
Feb-13		$ 134,410.15	366	$ 146,513.68
Mar-13		$ 101,960.00	337	$ 112,995.57
Apr-13		$ 129,109.09	336	$ 140,734.68
May-13		$ 137,769.21	343	$ 149,468.71
Jun-13		$ 90,147.57	346	$ 100,133.64
Jul-13		$ 94,985.09	337	$ 107,064.91
Aug-13		$ 124,679.23	333	$ 136,341.24
Sep-13		$ 88,555.42	332	$ 98,046.65
Oct-13		$ 123,676.68	329	$ 135,534.60
Nov-13		$ 163,600.98	314	$ 173,084.98
Dec-13	$ 2,476,833.38	$ 131,137.81	297	$ 141,252.49
Jan-14		$ 111,598.48	270	$ 119,404.92
Feb-14		$ 134,857.10	267	$ 141,380.42
Mar-14		$ 96,459.09	266	$ 103,186.71
Apr-14		$ 105,361.11	266	$ 112,558.47
May-14		$ 107,913.55	275	$ 115,256.37
Jun-14		$ 178,285.61	276	$ 185,839.87
Jul-14		$ 82,648.13	190	$ 86,785.80
Aug-14		$ 114,123.46	186	$ 118,182.14
Sep-14		$ 64,042.16	186	$ 67,600.89
Oct-14		$ 129,787.61	184	$ 135,382.46
Nov-14		$ 83,163.17	159	$ 86,660.34
Dec-14	$ 1,571,667.77	$ 66,826.51	135	$ 70,656.95
Jan-15		$ 50,073.93	122	$ 53,509.95
Feb-15		$ 37,907.25	120	$ 40,542.17
Mar-15		$ 34,718.88	120	$ 37,292.18
Apr-15		$ 68,373.64	126	$ 72,447.60
May-15		$ 76,202.00	137	$ 79,178.87
Jun-15		$ 44,087.90	139	$ 47,420.88
Jul-15		$ 62,864.45	135	$ 66,541.65
Aug-15		$ 69,380.57	134	$ 73,559.22
Sep-15		$ 62,763.64	134	$ 66,407.94
Oct-15		$ 29,293.48	125	$ 32,086.07
Nov-15		$ 29,803.15	109	$ 32,324.87
Dec-15	$ 942,373.89	$ 42,152.59	109	$ 44,893.09

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #16

Change in Morbidity Calculation	Reference	Formula	Calculation
2015 Allowed Claims for those Members Expected to be Effective in 2017 [(Western region)]	(1)		$434.61
2015 Allowed $PMPM (Single Risk Pool Includes GM)	(2)		$404.12
Adjustment to non-credible company-specific claims for anticipated morbidity	(3)		1.216
Change in Morbidity	**(4)**	**=(1)/(2)*(3)**	**1.308**

Change in Demographics Calculation	Reference	Formula	Calculation
2017 Age Factor for Members Expected to be Effective in 2017	(1)	See Question #12	1.484
2017 Area Factor for Members Expected to be Effective in 2017	(2)	See Question #12	0.970
Calendar Year 2015 Age Factor [Western Region]	(3)	See Question #12	1.434
Calendar Year 2015 Area Factor [Western Region]	(4)	See Question #12	0.970
Change in Demographics	**(5)**	**=[(1)*(2)]/[(3)*(4)]**	**1.035**

Change in Other Factor Calculation	Reference	Formula	Calculation
2017 Paid to Allowed Factor (Expected 2017 ACA Members)	(1)		90.4%
2017 Induced Utilization/Benefit Richness	(2)	linear interpolation	1.150
2015 Paid to Allowed Factor (Single Risk Pool Includes GM)	(3)		86.2%
2015 Induced Utilization/Benefit Richness	(4)	linear interpolation	1.123
Change in Other	**(5)**	**=(2)/(5)**	**1.024**

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #18

	Projected PMPMs			Actual PMPMs		
Expense Type	**2014**	**2015**	**2016**	**2014**	**2015**	**YTD 5-2016**
General Admin & Claims	$31.07	$ 25.72	$ 24.53	$21.08	$ 23.55	$ 33.28
Commissions	$12.00	$ 12.00	$ 12.00	$12.36	$ 13.53	$ 15.27
Quality Improvement	$ 1.94	$ 1.94	$ 1.85	$ 1.59	$ 1.94	$ 2.41

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #23b
Western, PA Region

Incurred Month	Members	Projected Allowed PMPM	12 Month Moving Average PMPM	Annual Trend
Jan-13	137,343	$ 464.53		
Feb-13	137,101	$ 413.12		
Mar-13	136,821	$ 443.65		
Apr-13	134,482	$ 438.06		
May-13	134,609	$ 456.62		
Jun-13	134,246	$ 413.01		
Jul-13	128,461	$ 455.81		
Aug-13	127,697	$ 444.32		
Sep-13	127,667	$ 438.90		
Oct-13	126,284	$ 491.71		
Nov-13	126,594	$ 444.65		
Dec-13	126,253	$ 437.01	$ 444.89	
Jan-14	122,764	$ 479.29	$ 445.87	
Feb-14	122,489	$ 472.66	$ 450.89	
Mar-14	122,813	$ 487.75	$ 454.48	
Apr-14	121,283	$ 503.07	$ 459.81	
May-14	120,778	$ 475.37	$ 461.34	
Jun-14	120,730	$ 478.07	$ 467.04	
Jul-14	116,304	$ 489.93	$ 469.81	
Aug-14	116,474	$ 471.23	$ 472.13	
Sep-14	116,843	$ 479.52	$ 475.63	
Oct-14	115,629	$ 566.71	$ 481.50	
Nov-14	114,676	$ 496.10	$ 485.91	
Dec-14	95,765	$ 493.33	$ 490.81	10.3%
Jan-15	90,822	$ 493.53	$ 492.01	10.3%
Feb-15	89,992	$ 478.92	$ 492.90	9.3%
Mar-15	89,521	$ 511.27	$ 494.64	8.8%
Apr-15	88,310	$ 484.79	$ 493.16	7.3%
May-15	87,971	$ 465.24	$ 492.91	6.8%
Jun-15	87,850	$ 506.31	$ 495.37	6.1%
Jul-15	85,846	$ 513.25	$ 497.20	5.8%
Aug-15	85,426	$ 471.38	$ 497.92	5.5%
Sep-15	85,237	$ 500.33	$ 500.02	5.1%
Oct-15	83,894	$ 522.19	$ 494.63	2.7%
Nov-15	83,592	$ 511.29	$ 495.79	2.0%
Dec-15	77,949	$ 492.11	**$ 495.74**	1.0%
Jan-16	77,949	$ 527.82	$ 498.38	1.3%
Feb-16	77,949	$ 540.48	$ 503.36	2.1%
Mar-16	77,949	$ 583.04	$ 508.86	2.9%
Apr-16	77,949	$ 532.63	$ 512.88	4.0%
May-16	77,949	$ 551.41	$ 520.23	5.5%
Jun-16	77,949	$ 554.73	$ 524.26	5.8%
Jul-16	77,949	$ 523.77	$ 525.21	5.6%
Aug-16	77,949	$ 577.22	$ 534.27	7.3%
Sep-16	77,949	$ 549.90	$ 538.61	7.7%
Oct-16	77,949	$ 561.53	$ 541.98	9.6%
Nov-16	77,949	$ 565.26	$ 546.66	10.3%
Dec-16	77,949	$ 534.18	$ 550.17	11.0%
Jan-17	77,949	$ 604.03	$ 556.52	11.7%
Feb-17	77,949	$ 571.95	$ 559.14	11.1%
Mar-17	77,949	$ 641.45	$ 564.01	10.8%
Apr-17	77,949	$ 572.00	$ 567.29	10.6%
May-17	77,949	$ 628.71	$ 573.73	10.3%
Jun-17	77,949	$ 610.80	$ 578.40	10.3%
Jul-17	77,949	$ 583.53	$ 583.38	11.1%
Aug-17	77,949	$ 634.09	$ 588.12	10.1%
Sep-17	77,949	$ 587.45	$ 591.25	9.8%
Oct-17	77,949	$ 635.46	$ 597.41	10.2%
Nov-17	77,949	$ 621.32	$ 602.08	10.1%
Dec-17	77,949	$ 576.50	**$ 605.61**	10.1%

Base Experience Period PMPM	$ 495.74	
Rating Period Projected PMPM	$ 605.61	
Annualized Trend (Projected two-year avg trend)		10.5%
Filing Trend		**10.2%**

Highmark Choice Company
2017 Small Group Rate Filing
Response to Objection Letter Dated 6/17/2016 - Question #25

Plan Number	HIOS Plan ID (Standard Component)	1/1/17 Plan Marketing Name (If 1/1/16 Plan Discontinued)	Discontinued, New, Modified, Existing (D,N,M,E) for 2017	Table 14 Provider Network Factor	Avg Table 14 Provider Network Factor	Table 10 Normalized Provider Network Factor
Plan 1	38949PA0050001	Keystone HMO $250	E	1.000	1.000	1.000
Plan 2	38949PA0050003	Keystone HMO $7000	N	1.000	1.000	1.000

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #30

Note: This tab contains the Federal Rate Table with 21 year old rates for each plan listed in tab 'IV Plan Premiums' of the PID spreadsheet. The sample calculation of how the quarterly PID Rates were calculated is on the 'Sample Calculation' tab. All of the calculations were completed on the 'PID Quarterly Rates' tab. Note: Consumer Adjusted Premium Rates were only calculated if there was membership in a given plan and rating area as of 2/1/16 (following the PID spreadsheet).

Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate (1Q)*		Individual Rate (2Q)*		Individual Rate (3Q)*		Individual Rate (4Q)*	
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Require: 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	1Q Consumer Adjusted Premium Rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan	2Q Consumer Adjusted Premium Rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan	3Q Consumer Adjusted Premium Rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan	4Q Consumer Adjusted Premium Rate
38949PA0050001	Rating Area 4	No Preference	21	462.44	462.44	473.81	473.80	485.45	485.45	497.38	497.38

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #30

Plan Name: Keystone HMO $250

Rate Used: 2017 21-year-old Non-Tobacco Premium PMPM Rating Area 4

Note: The starting rate is the average quarterly rate from tab 'IV Plan Premiums' of the 'FINAL 2017 PA Actuarial Memorandum Rate Exhibits Rev 4-21-2016_HCC' file.

Description	Reference	Formula Description	
Average Quarterly Rate	(1)	Average Quarterly Rate	491.20
Back Out Average Quarterly Trend	(2)	= (1) / Average Quarterly Trend	462.44
Back Out Average Quarterly Expenses	(3)	= (2) * (1 - Average Quarterly Expense)	406.45
Add In 1Q Trend	(4)	= (3) * 1Q Trend Factor	406.45
Add in 1Q Expenses	(5)	= (4) / (1 - 1Q Expenses)	462.44
1Q Rate	**(6)**	**= (5)**	**462.44**

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #30

Note: The information below is pulled directly from the tab 'IV Plan Premium' of the PID spreadsheet. Quarterly rates are calculated following the same method s

Plan Number	HIOS Plan ID (Standard Component)	1/1/16 Plan Marketing Name	Discontinued, New, Modified, Existing (D,N,M,E) for 2017	1/1/17 Plan Marketing Name (If 1/1/16 Plan Discontinued)	Metallic Tier	Exchange On/Off or Off	2017 21-year-old Non-Tobacco Prer (in small group market, average monthly premium v 1	2	3	4	5	6
Totals	These cells auto-fill using the data entered in Table 9.											
Plan 1	38949PA00	Keystone H	E	Keystone H	Platinum	Off	$ -	$ -	$ -	$ 491.20	$ -	$ -
Plan 2	38949PA00	0	N	Keystone H	Bronze	Off	$ -	$ -	$ -	$ -	$ -	$ -

l shown on the 'Sample Calculation' tat

emium PMPM weighted for quarterly trenc			
7	8	9	Average (weighted by enrollment by rating area)
$ -	$ -	$ -	$ 491.20
$ -	$ -	$ -	$ -

2017 1Q 21-year-old Non-Tobacco Premium PMPM (in small group market, average monthly premium weighted for quarterly trend							
1	2	3	4	5	6	7	8
$ -	$ -	$ -	$ 462.44	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

c	2017 2Q 21-year-old Non-Tobacco Premium PMPM (in small group market, average monthly premium weighted for quarterly trend)								
9	1	2	3	4	5	6	7	8	9
$ -	$ -	$ -	$ -	$ 473.80	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

2017 3Q 21-year-old Non-Tobacco Premium PMPM (in small group market, average monthly premium weighted for quarterly trend)								
1	2	3	4	5	6	7	8	9
$ -	$ -	$ -	$ 485.45	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

2017 4Q (in small group market,		
1	2	3
$ -	$ -	$ -
$ -	$ -	$ -

21-year-old Non-Tobacco Premium PMPM
t, average monthly premium weighted for quarterly trenc

4	5	6	7	8	9
$ 497.38	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #30

Note: This tab contains information needed to calculate quarterly rates from the average quarterly rate shown on the 'PID Quarterly Rates' tab.

Quarter	1	2	3	4
Insurer Fee	0.000%	0.000%	0.000%	0.000%
Quarterly Trend	1.000	1.025	1.050	1.076

Average Quarterly Trend Factor	1.0622
Average Quarterly Expense	12.1%
Average Insurer Fee	0.0%

PA Rate Template Part II
Rate Development and Change

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

2015 Total Allowed EHB Claims PMPM + EHB Capitation PMPM (net of prescription drug rebates)	$385.67	<- Index Rate of Experience Period on URRT
2 Year Trend Projection Factor	1.214	
Unadjusted Projected Allowed EHB Claims PMPM	$ 468.35	
Single Risk Pool Adjustment Factors		<- Adj't. from Experience to Projection Period - Pop'l risk Morbidity on URRT
Change in Morbidity	1.308	<- Adj't. from Experience to Projection Period - Other on URRT
Change in Other	1.075	
Change in Demographics	1.035	
Change in Network	1.000	
Change in Benefits	1.015	
Change in Other	1.024	
Adjusted Projected Allowed EHB Claims PMPM	$ 658.42	<- Index Rate for Projection Period on URRT - Individual (Small Group 1rst Qtr)
Adjusted Projected Allowed EHB Claims PMPM [will only populate for small group filings]	$ 699.37	<- Index Rate for Projection Period on URRT - Small Group
Projected Paid to Allowed Ratio	0.903695364	<- Paid to Allowed Average Factor in Projection Period on URRT
Projected Paid EHB Claims PMPM	632.018249	
Market-wide Adjustments		
Projected Paid Net Risk Adjustment PMPM	$ 0.14	
Projected Paid Exchange User Fees PMPM	$ -	
Market-Adjusted Projected Paid EHB Claims PMPM	$ 632.16	
Market-Adjusted Projected Allowed EHB Claims PMPM	$ 699.52	<- Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM		
Market-Adjusted Projected Paid Total Claims PMPM	$ 632.16	
Market-Adjusted Projected Allowed Total Claims PMPM	$ 699.52	

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

	January	April	July	October	Total Single Risk Pool
# of Member Months Renewing in Quarter	-	19	41	91	151.00
Percent of Members Months Renewing in Quarter	0%	13%	27%	60%	100%
Base Allowed Claims	$ 658.42	$ 658.42	$ 658.42	$ 658.42	$ 658.42
Months of Trend	-	3	6	9	7
Annual Trend	10.20%	10.20%	10.20%	10.20%	10.20%
Single Risk Pool Projected Allowed Claims	$ 658.42	$ 674.60	$ 691.18	$ 708.17	$ 699.37

Table 6. Retention

Retention Items - Express in percentages		
Administrative Expenses	7%	
General and Claims	5.18%	
Agent/Broker Fees and Commissions	1.93%	
Quality Improvement Initiatives	included above	
Taxes and Fees	0.00%	
PCORI Fees (Enter $ amount here: $_____)	included in admin	
Pa Premium Tax (if applicable)	0.00%	
Federal Income Tax	0.00%	
Health Insurance Providers Fee (only for small group market, prorated for coverage in 2018)	0.00%	
Profit/Contingency	5%	
Total Retention	12%	
		<- Single Pool Gross Premium Avg. Rate, PMPM on URRT
Projected Required Revenue PMPM	$ 719.23	

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2016	2017
Average Age Factor	1.459	1.484
Average Geographic Factor	0.970	0.970
Average Tobacco Factor	1.000	1.000
Average Benefit Richness (induced demand)	1.150	1.150
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	$ 689.03	$ 699.52
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	$ 423.18	$ 422.48

Table 8. Components of Rate Change

Rate Components	2016	2017	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	496.8374019	506.392814	$9.56	1.9%
B. Base period allowed claims before normalization	$ 389.69	$ 385.67	-$4.02	-1%
C. Normalization factor component of change	$ (150.36)	-152.7405935	-$2.38	$0.00
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	$ 239.33	$ 232.92	$ (6.40)	-1%
D2. URRT Trend	$ 50.26	$ 49.94	$ (0.32)	0%
D3. URRT Morbidity	$ 89.36	$ 87.19	$ (2.17)	0%
D4. URRT Other	$ 21.86	$ 27.60	$ 5.73	1%
D5. Normalized URRT RA/RI on an allowed basis	$ 1.71	$ 0.09	$ (1.62)	0%
D6. Normalized Exchange User Fee on an allowed basis	$ -	$ -	$ -	0%
D7. Subtotal - Sum(D1:D6)	$ 402.52	$ 397.75	$ (4.78)	-1%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	$ -	0	$ -	0%
E2. Pricing AV	$ (37.43)	$ (34.72)	$ 2.71	1%
E3. Benefit Richness	$ 54.76	$ 54.45	$ (0.31)	0%
E4. Catastrophic Eligibility	$ -	$ -	$ -	0%
E5. Subtotal - Sum(E1:E4)	$ 17.33	$ 19.73	$ 2.40	0%
F. Change in Retention Components				
F1. Administrative Expenses	$ 28.77	$ 35.99	$ 7.22	1%
F2. Taxes and Fees	$ -	$ -	$ -	0%
F3. Profit and/or Contingency	$ 24.84	$ 25.32	$ 0.48	0%
F4. Subtotal - Sum(F1:F3)	$ 53.61	$ 61.31	$ 7.70	2%
G. Change in Miscellaneous Items			$ -	0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	$ 473.46	$ 478.78	$ 5.32	1%

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

	2016	2017	
Paid-to-Allowed	0.907	0.903695364	
URRT Trend (2-Year Trend Factor)	1.21	1.21	<- URRT W1, S2
URRT Morbidity	1.308581872	1.308	<- URRT W1, S2
URRT "Other"	1.057698941	1.075	<- URRT W1, S2
Risk Adjustment	$ 0.27	$ 0.14	<- URRT W1, S3
Reinsurance	$ 2.25	$ -	<- URRT W1, S3
Exchange User Fee	$ -	$ -	<- URRT W1, S3
Capitation	$ -	$ -	<- URRT W1, S2
Network	1.000	1	
Pricing AV	0.907	0.9127	
Benefit Richness	1.150	1.15	
Catastrophic Eligibility	1.000	1	
Administrative Expenses	5.79%	7.11%	
Taxes and Fees	0.00%	0.00%	
Profit and/or Contingency	5.00%	5.00%	

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #31a

Plan ID (1)	Metal Level (2)	Projected Membership (3)	Projected Allowed Claims (4)	Projected Paid Claims (URRT)	Risk Adjustment Transfer	Projected Paid Claims (5)	Paid-To-Allowed Factor (6)	AV & Cost Sharing Factor (7)	Average Network Factor (N)	(7)/(6)*(N) (8)
38949PA0050001	Platinum	1,704	$ 1,122,185	$ 1,024,219	$ -	$ 1,024,219	0.9127	0.9127	1.0000	1.0000
38949PA0050003	Bronze	108	$ 61,847	$ 39,075	$ -	$ 39,075	0.6318	0.5494	1.0000	0.8696

Highmark Choice Company

2017 Small Group Rate Filing

Response to Objection Letter Dated 6/17/2016 - Question #31b

Plan ID (1)	Metal Level (2)	Paid-To-Allowed Factor (3)	Induced Utilization Factor (4)	Average Benefit Richness (5)	Average Network Factor (6)	AV & Cost Sharing Factor (7)
38949PA0050001	Platinum	0.9127	1.15	1.1500	1.0000	0.9127
38949PA0050003	Bronze	0.6318	1.00	1.1500	1.0000	0.5494

HCC's Response to Objection Letter Dated 07/21/2016

Product Name: **HCC Small Group 2017 ACA Rate Filing**

RE: HCC – 2017 Small Group ACA Compliant Plans (1A-SG-HCC-2016);
Pennsylvania Insurance Department ID #: HGHM-130535987
Objection Letter Status: Additional Information Required
Objection Letter Date: 07/21/2016
Respond By Date: 07/26/2016
Response Date: 07/26/2016

HCC is not intending to file revised rates based on the results of the final 2015 risk adjustment transfer results released by HHS on June 30, 2016. As such, the department has asked that we respond to the following:

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.

Response:

In total, HCC paid out about $500 more in risk adjustment transfer dollars than we anticipated in our initial rate filing. This amounts to about 0.4% of premium from the experience period. These results can be seen in the following tables comparing the HHS results with the appropriate values pulled from Table 2 in the PA Actuarial Memorandum Rate Exhibits:

A. Estimated 2015 risk adjustment transfer (Table 2)	$(7,497)
B. Actual 2015 risk adjustment transfer released by HHS	$(7,981)
Difference = (A) – (B)	$484

2015 ACA premium (Table 2, ACA only)	$111,789
Difference as a % of premium	0.4%

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We anticipate that the makeup of the market risk pool will continue to change over the coming years, as the market continues to mature and currently grandmothered business moves into the ACA risk pool. Given such anticipated shifts in the makeup of the risk pool, the results from the 2015 risk adjustment transfer released by HHS do not impact our company or market wide risk pool projections for 2017.

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