

State: Pennsylvania **Filing Company:** Inter County Health Plan
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003G Small Group Only - Other
Product Name: Inter-County Hospitalization Plan
Project Name/Number: Small Group PPACA (Metals)/

Filing at a Glance

Company: Inter County Health Plan
Product Name: Inter-County Hospitalization Plan
State: Pennsylvania
TOI: H16G Group Health - Major Medical
Sub-TOI: H16G.003G Small Group Only - Other
Filing Type: Rate - Small Group Base Rate Modification
Date Submitted: 05/15/2015
SERFF Tr Num: ICHP-130082613
SERFF Status: Assigned
State Tr Num: ICHP-130082613
State Status: Received Review in Progress
Co Tr Num: ICHP-130082928

Implementation: 01/01/2016
Date Requested:
Author(s): John Bencker
Reviewer(s): Rashmi Mathur (AH) (primary)
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

Proposed aggregate 1.75% increase on 2016 Off-exchange small group rates.

State: Pennsylvania **Filing Company:** Inter County Health Plan
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003G Small Group Only - Other
Product Name: Inter-County Hospitalization Plan
Project Name/Number: Small Group PPACA (Metals)/

General Information

Project Name: Small Group PPACA (Metals) Status of Filing in Domicile: Not Filed
Project Number: Date Approved in Domicile:
Requested Filing Mode: Review & Approval Domicile Status Comments:
Explanation for Combination/Other: Market Type: Group
Submission Type: New Submission Group Market Size: Small
Group Market Type: Employer Overall Rate Impact: 2%
Filing Status Changed: 05/15/2015
State Status Changed: 05/18/2015 Deemer Date:
Created By: John Bencker Submitted By: John Bencker
Corresponding Filing Tracking Number: CHP-130082928

PPACA: Non-Grandfathered Immed Mkt Reforms

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

2016 Small Group PPACA - Metal Plans

Company and Contact

Filing Contact Information

John Bencker, Mgr. Actuarial Services John.Bencker@ahatpa.com
720 Blair Mill rd 215-830-2620 [Phone]
Horsham, PA 19044

Filing Company Information

Inter County Health Plan	CoCode: 53252	State of Domicile:
720 Blair Mill Rd	Group Code:	Pennsylvania
Horsham, PA 19044	Group Name:	Company Type:
(215) 830-2708 ext. [Phone]	FEIN Number: 23-2063810	State ID Number:

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

State: PennsylvaniaFiling Company: Inter County Health Plan
TO/Sub-TOL: H16G Group Health - Major Medical/H16G.003G Small Group Only - Other
Product Name: Inter-County Hospitalization Plan
Project Name/Number: Small Group PPACA (Metals/

Supporting Document Schedules

Satisfied - Item:	Transmittal Letter (A&H)
Comments:	
Attachment(s):	ICHP Filing Letter Small Group ACA 05.15.15.pdf
Item Status:	
Status Date:	
Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	Attached is Redacted Actuarial Memorandum
Attachment(s):	Actuarial Memorandum Small Group - Filing 2016 - 05.15.15.pdf 65698_01012016_SG_RedactedAM.pdf
Item Status:	
Status Date:	



May 15, 2015

Peter Camacci
Director of the Bureau of Life, Accident and Health Insurance
Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

RE: Inter-County Hospitalization/Health Plans, Inc.

Dear Mr. Camacci:

ICHP received approval for small group plans in accordance with the Patient Protection and Affordable Care Act on 10/31/2013.

ICHP is requesting an overall rate action of 1.75% effective 1/1/2016.

These plans will be "off exchange". ICHP believes, at least for some time, that "off exchange" products will be an important source of healthcare insurance for Pennsylvanians.

If you have any questions or concerns, please contact John Bencker at 215-830-2620.

Sincerely,

A handwritten signature in black ink that reads "John M Bencker". The signature is written in a cursive style with a large, stylized "J" and "B".

John M Bencker
Manager, Actuarial Services

**INTER-COUNTY HOSPITAL/HEALTH PLAN, INC.
ACTUARIAL MEMORANDUM**

HIOS Issuer ID: 65698

Pennsylvania

Small Group

1/1/2016

Company Contact Information

Mark E. Robinson
Office 215.241.2215
Mark.E.Robinson@ibx.com

John Bencker
Office 215.830.2620, Cell 215.380.6854
John.Bencker@ahatpa.com

Greg Dudley
Office 215.830.2536
Gregory.Dudley@ahatpa.com

Market: PA – 9 Areas

Effective Date: 01/01/2016 for 1st, 2nd, 3rd, and 4th Quarter 2016

Proposed Rate Increase

Medical inflation and increased utilization will tend to cause an increase in rates.

The percent increases for each plan (using the age 21 year old rates) are shown below. The 2016 rates are the member weighted average of Q1 to Q4 rates:

	Plan I Non Tobacco	Plan II Non Tobacco	Plan III Non Tobacco	Plan IV Non Tobacco	Plan V Non Tobacco	Plan VI Non Tobacco	Plan VII Non Tobacco	Plan VIII Non Tobacco
<u>Platinum:</u>								
FY 2015	\$424.31	\$424.31	\$424.31	\$424.78	\$425.24	\$426.19	\$386.14	\$389.71
FY 2016 - Proposed	\$464.99	\$465.06	\$464.48	\$465.06	\$464.48	\$464.48	\$421.02	\$420.74
	9.59%	9.60%	9.47%	9.48%	9.23%	8.99%	9.03%	7.96%
<u>Gold:</u>								
FY 2015	\$364.30	\$370.33	\$375.41	\$369.40	\$363.85	\$391.55	\$362.20	\$301.58
FY 2016 - Proposed	\$369.07	\$377.40	\$376.47	\$369.53	\$374.62	\$402.06	\$369.36	\$307.51
	1.31%	1.91%	0.28%	0.04%	2.96%	2.68%	1.98%	1.97%
<u>Silver:</u>								
FY 2015	\$319.71	\$321.05	\$319.71	\$320.15	\$319.71	\$321.98	\$289.59	\$270.54
FY 2016 - Proposed	\$320.56	\$321.01	\$318.77	\$304.46	\$317.43	\$326.09	\$315.89	\$277.67
	0.26%	-0.01%	-0.29%	-4.90%	-0.71%	1.28%	9.08%	2.64%
<u>Bronze:</u>								
FY 2015	\$257.12	\$257.54	\$256.25	\$257.12	\$242.59	\$243.42	\$243.37	\$246.96
FY 2016 - Proposed	\$226.44	\$229.03	\$229.40	\$229.03	\$226.44	\$229.03	\$228.29	\$222.37
	-11.94%	-11.07%	-10.48%	-10.93%	-6.66%	-5.91%	-6.20%	-9.96%

ICHP kept all 32 plans from 2015. ICHP made minor changes to some plans to offer some small variations or to maintain similar AV Calculator values.

Experience Period Premium and Claims

Benefit Categories

An Inpatient Hospital claim was defined as a medical procedure at a hospital that required an overnight stay. "Days" were selected as the utilization description. "Days" is determined by the net days between the end date and the start date plus one day for a single hospital stay. Outpatient Hospital, Professional, and Other Medical all use "Services" to count utilization. "Services" are defined as medical procedures or tests that can be done in a medical center without an overnight stay. Outpatient Hospital is at a hospital, facility, or clinic that does not require an overnight stay and includes short procedure units. Professional is a non-facility charge, and Other Medical is based on claims data that was not allocated to one of the categories. For Prescription Drug, "Prescriptions" count was selected, and that is defined as an individual prescription filled by an insured. ICHP does not have a capitation arrangement, so no data is in this field. A portion of ICHP's business is processed by an outside vendor. For this outside vendor business, ICHP estimated Outpatient Hospital services and Professional from claims based on the service/claim ratio of the claims processed by ICHP.

Projection Factors

ICHP historically made use of the flexibility allowed under rate deregulation in Pennsylvania. While ICHP did not medically underwrite per se, it did at times rely on prior carrier information and other factors which made the base experience select. With the advent of ACA, ICHP will no longer have this rating flexibility.

A 3.5% Benefit factor was included primarily to cover the additional costs of new Essential Health Benefits including Pediatric Dental and Vision, Habilitation services, and some additional women's health benefits. ICHP contracted with an outside vendor to handle Pediatric Dental and/or Vision Services.

All 32 plans proposed were brand new plan designs in 2014, designed to meet the metallic requirements of HCR using the Actuarial Tool provided by HHS. Since these plans have minimal claims experience, ICHP is relying on the actuarial values and ICHP's historical allowed claims experience to develop rates for these 32 plans.

Trend Factors (Cost/Utilization)

Benefit Category	Pop'l risk Morbidity	Other	Cost	Util
Inpatient Hospital	1.235	1.035	1.040	1.025
Outpatient Hospital	1.235	1.035	1.040	1.040
Professional	1.235	1.035	1.025	1.020
Other Medical	1.235	1.035	1.025	1.020
Capitation	1.000	1.000	1.000	1.000
Prescription Drug	1.235	1.035	1.080	1.030

[REDACTED]

Inpatient Hospital - ICHP is assuming a 4.0% cost trend and a 2.5% utilization trend.

Outpatient Hospital – ICHP is assuming a 4.0% cost trend and a 4.0% utilization trend.

Professional/Other Medical - ICHP is assuming a 2.5% cost trend and a 2.0% utilization trend.

Rx – ICHP Rx trend has averaged about [REDACTED] over the last two years. ICHP assumed an 8.0% cost trend and a 3.0% utilization trend to account for the risk of additional Specialty Drug Cost.

Credibility Manual Rate Development

[REDACTED]

Credibility of Experience

[REDACTED]

Paid to Allowed Ratio

The paid to allowed ratio was developed using the AV pricing factors applied to the assumed distribution by plan per URRT WS 2.

Risk Adjustment and Reinsurance

Risk adjustment was not used and ACA reinsurance does not apply to small group.

Non-Benefit Expenses and Profit & Risk

[REDACTED]

Projected Loss Ratio

ICHP expects a loss ratio of 79.5%. Adjusting for Taxes, Fees, and Health Care Improvement cost, ICHP expects an MLR loss ratio of about 83%, which is within the guidelines for small group.

Single Risk Pool

[REDACTED]

Index Rate

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Market Adjusted Index Rate

The Market Adjusted Index Rate equals the 2016 member weighted average Index Rate of \$604.09 since:

- Federal reinsurance program does not impact small group
- Risk adjustment is assumed to be zero
- ICHP business is off exchange (i.e. no exchange user fees)

Plan Adjusted Index Rates



Calibration

Age Curve Calibration:



Geographic Factor Calibration:



Consumer Adjusted Premium Rate Development



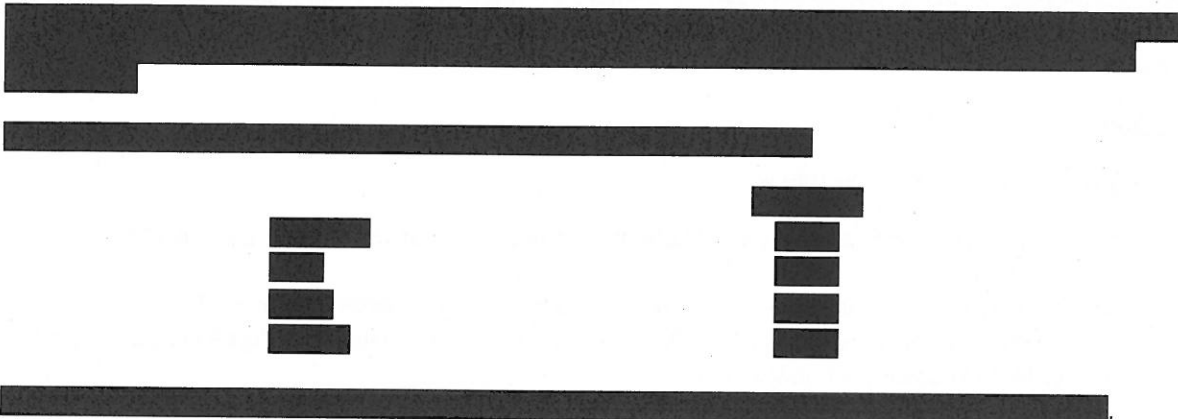
Note that in computing family rates, ICHP will only include a maximum of 3 children under age 21.

AV Metal Values

The AV Calculator was used to develop the AV metal values for all plans.

AV Pricing Values

The fixed reference plan is a no copay 100% plan. The AV pricing factors were set equal to the product of the AV calculator value and an induced utilization factor (elasticity factor).

A large rectangular area of the document is completely redacted with black ink, obscuring several lines of text and a table structure. The redaction covers approximately the top third of the page content.

HRA/HSA Employer contributions are not included in the Rate. The AV Calculator was used without the Employer Contribution to estimate the savings. If the plan design fell between tiers, the closest tier available was used to calculate the value.

Membership Projections

Membership is assumed to remain constant.

Terminated Plans and Products

No metal plans or products will be terminated prior to the effective date. The final column in URRT WS 2 represents terminated and transitional plan experience.

Plan Type

ICHP's plan type is Indemnity, which resembles a PPO-like product.

Warning Alerts

ICHP has warning alerts in cells A54 and A56 in URRT WS 2. These warning alerts can be attributed to terminated/transitional plan experience.

Reliance

The certifying actuary relied on premium data, claims data, and projection assumptions (morbidity, benefits and trend) provided by ICHP. The individuals relied on are listed in the first section of this memo.

Actuarial Certification

This report is considered a statement of actuarial opinion under the guidelines promulgated by the American Academy of Actuaries. This statement of actuarial opinion was developed by Richard Nelson, who is a member of the American Academy of Actuaries ("the Academy") and meets the Qualification Standards of the Academy to render the opinion contained herein. His work was conducted in a manner consistent with the Code of Professional Conduct of the Academy.

Federal

I certify that the projected index rate is:

- a) In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1).
- b) Developed in compliance with the applicable Actuarial Standards of Practice.
- c) Reasonable in relation to the benefits provided and the population anticipated to be covered.
- d) Neither excessive nor deficient.

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

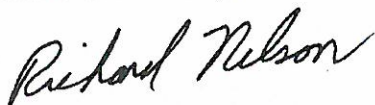
I certify that the percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV was calculated in accordance with actuarial standards of practice.

I certify that the AV calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template.

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

Pennsylvania

To the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws and rules of Pennsylvania and the benefits are reasonable in relation to premiums.



Richard J. Nelson, FSA, MAAA
Senior Consultant, Towers Watson
314-719-5810

Date: May 15, 2015

State:	Pennsylvania	Filing Company:	Inter County Health Plan
TOI/Sub-TOI:	H16G Group Health - Major Medical/H16G.003G Small Group Only - Other		
Product Name:	Inter-County Hospitalization Plan		
Project Name/Number:	Small Group PPACA (Metals)/		

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Data Request Sent	Rashmi Mathur (AH)	06/05/2015	06/05/2015

Response Letters

Responded By	Created On	Date Submitted
--------------	------------	----------------

State: Pennsylvania **Filing Company:** Inter County Health Plan
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003G Small Group Only - Other
Product Name: Inter-County Hospitalization Plan
Project Name/Number: Small Group PPACA (Metals)/

Objection Letter

Objection Letter Status	Data Request Sent
Objection Letter Date	06/05/2015
Submitted Date	06/05/2015
Respond By Date	06/19/2015

Dear John Bencker,

Introduction:

The Pennsylvania Insurance Department has received and conducted a review of the above captioned filing. In order to complete the review, we are requesting the following information. To facilitate a timely review, we request this information be provided within 14 days of the date of this letter. If you have any questions or difficulties in providing the data within this time frame, please call me.

1. Please provide the SERFF Binder ID# that corresponds to this rate filing. Please ensure that the following templates are included in the binder: service area template, rates template and the business rules template.
2. Please list all factor changes proposed in this filing relative to the approved 2015 rate filing and discuss the rationale for the changes.
3. Please certify that the geographic rating factors reflect differences only in the cost of delivery and not the differences in population morbidity by geographic area. Please insert this certification in the Actuarial Certification on page 8 of the Actuarial Memorandum.
4. Rate Development Exhibits I-A, II-A, III-A, IV-A – Please document the assumptions and calculations of the Elasticity factors for all the plans. What is the purpose of these factors in the rate calculation?
5. Please provide the rates in the “Rate Page Filing Format” as requested in my e-mail of May 19, 2015.

Conclusion:

Upon receipt of your responses to the above requested data, the Department will continue to review your filing. Please note that there may be additional questions and/or requirements after reviewing the above data. Should you have any questions regarding this correspondence, please contact me at (717) 783-0675 or e-mail at rmathur@pa.gov. Sincerely,

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

State:	Pennsylvania	Filing Company:	Inter County Health Plan
TOI/Sub-TOI:	H16G Group Health - Major Medical/H16G.003G Small Group Only - Other		
Product Name:	Inter-County Hospitalization Plan		
Project Name/Number:	Small Group PPACA (Metals)/		

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Data Request Sent	Rashmi Mathur	06/05/2015	06/05/2015

Response Letters

Responded By	Created On	Date Submitted
John Bencker	06/30/2015	06/30/2015

State: Pennsylvania **Filing Company:** Inter County Health Plan
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003G Small Group Only - Other
Product Name: Inter-County Hospitalization Plan
Project Name/Number: Small Group PPACA (Metals)/

Objection Letter

Objection Letter Status	Data Request Sent
Objection Letter Date	06/05/2015
Submitted Date	06/05/2015
Respond By Date	06/19/2015

Dear John Bencker,

Introduction:

The Pennsylvania Insurance Department has received and conducted a review of the above captioned filing. In order to complete the review, we are requesting the following information. To facilitate a timely review, we request this information be provided within 14 days of the date of this letter. If you have any questions or difficulties in providing the data within this time frame, please call me.

1. Please provide the SERFF Binder ID# that corresponds to this rate filing. Please ensure that the following templates are included in the binder: service area template, rates template and the business rules template.
2. Please list all factor changes proposed in this filing relative to the approved 2015 rate filing and discuss the rationale for the changes.
3. Please certify that the geographic rating factors reflect differences only in the cost of delivery and not the differences in population morbidity by geographic area. Please insert this certification in the Actuarial Certification on page 8 of the Actuarial Memorandum.
4. Rate Development Exhibits I-A, II-A, III-A, IV-A – Please document the assumptions and calculations of the Elasticity factors for all the plans. What is the purpose of these factors in the rate calculation?
5. Please provide the rates in the “Rate Page Filing Format” as requested in my e-mail of May 19, 2015.

Conclusion:

Upon receipt of your responses to the above requested data, the Department will continue to review your filing. Please note that there may be additional questions and/or requirements after reviewing the above data. Should you have any questions regarding this correspondence, please contact me at (717) 783-0675 or e-mail at rmathur@pa.gov. Sincerely,

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

Sincerely,
Rashmi Mathur