

SERFF Tracking #:

UPMC-130071357

State Tracking #:

UPMC-130071357

Company Tracking #:**State:**

Pennsylvania

Filing Company:

UPMC Health Options, Inc.

TOI/Sub-TOI:

H16I Individual Health - Major Medical/H16I.005C Individual - Other

Product Name:

UPMC HO 2016 Individual

Project Name/Number:

/

Supporting Document Schedules

Satisfied - Item:	Transmittal Letter (A&H)
Comments:	
Attachment(s):	UPMC-130071357_UPMC HO_Indiv_trans ltr_2015-05-15.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memo - redacted
Comments:	The redacted version of the Actuarial Memo is attached.
Attachment(s):	16322_Actuarial Memo_UPMC HO_Individual_2015-05-13_redacted.pdf
Item Status:	
Status Date:	

May 15, 2015

Commonwealth of Pennsylvania Insurance Department
Insurance Product Regulation & Market Enforcement
Actuarial Review Division
Bureau of Accident & Health Insurance
1311 Strawberry Square
Harrisburg, PA 17120

To Whom It May Concern:

Individual Exchange EPO/PPO Rate Filing for January 1, 2016 Effective Date

UPMC Health Plan, d/b/a UPMC Health Coverage, respectfully requests approval of a rate filing for Individual Exchange EPO/PPO products. The rates are proposed for effective dates of January 1, 2016 through December 1, 2016, for plan offerings as implemented under the Patient Protection and Affordable Care Act (PPACA). This filing is submitted in the interest of compliance with PA Act 134 of 2011.

The Commissioner has discretion regarding the publication of rate filings in the *Pennsylvania Bulletin*. If the Department decides to publish notice of this filing, we suggest the following notice language:

UPMC Health Plan

Individual Exchange EPO/PPO Rate Filing

On May 15, 2015, UPMC Health Plan, d/b/a/ UPMC Health Options, submitted for approval a rate filing for use with Individual Exchange EPO/PPO customers.

Unless formal administrative action is taken before June 29, 2015, the submitted filing may be deemed approved under Act 134 of 2011.

An Actuarial Memorandum, Rate Template, and Unified Rate Review Template (URRT) are included in this rate filing. If you have any questions or require additional information, please call me at 412.454.5739 or email me at NewellC@upmc.edu.

Sincerely,



Chad Newell, ASA, MAAA

Actuarial Memorandum

General Info

The purpose of this actuarial memorandum is to provide certain information related to a rate submission for the company identified below. The relevant index rate is developed in accordance with federal regulations, and plan specific premiums are generated using the allowable modifiers in accordance with the single risk pool rule.

Company Identifying Information:

Company Legal Name: UPMC Health Options, Inc.

State: PA

HIOS Issuer ID: 16322

Market: Individual

Effective Date: 1/1/2016

Company Contact Information:

Primary Contact Name: Chad Newell, ASA, MAAA

Primary Contact Telephone Number: 412.454.5739

Primary Contact Email Address: newellc@upmc.edu

Proposed Rate Increase(s)

Reasons for Rate Increase(s):

Rate increase for our EPO product is 9.9% and our PPO product is 9.6%. This is primarily due to market competition in the western PA market and continued efforts to maintain access to affordable health insurance for people living in our service area.

Experience Period Premium and Claims

Paid Through Date:

No experience period is used because our ACA Individual market enrollment was approximately 4,000 members in 2014, increasing dramatically to approximately 58,000 for 2015, *[This section redacted for publication.]*

Premiums (net of MLR Rebate) in Experience Period:

No experience period is used because our ACA Individual market enrollment was approximately 4,000 members in 2014, increasing dramatically to approximately 58,000 for 2015, and we further expect another increase to roughly 92,000 total in the Individual market. This renders the experience of the 2014 plan year irrelevant for projecting to 2016.

Allowed and Incurred Claims Incurred During the Experience Period:

No experience period is used because our ACA Individual market enrollment was approximately 4,000 members in 2014, increasing dramatically to approximately 58,000 for 2015, and we further expect another increase to roughly 92,000 total in the Individual market. This renders the experience of the 2014 plan year irrelevant for projecting to 2016.

Benefit Categories

No experience period is used because our ACA Individual market enrollment was approximately 4,000 members in 2014, increasing dramatically to approximately 58,000 for 2015, and we further expect another increase to roughly 92,000 total in the Individual market. This renders the experience of the 2014 plan year irrelevant for projecting to 2016. If there was an experience period, then claims would be categorized using the financial closing categories used in financial reporting, which are stored with our data warehouse.

Projection Factors

Changes in the Morbidity of the Population Insured:

No experience period is used because our ACA Individual market enrollment was approximately 4,000 members in 2014, increasing dramatically to approximately 58,000 for 2015, and we further expect another increase to roughly 92,000 total in the Individual market. This renders the experience of the 2014 plan year irrelevant for projecting to 2016.

Changes in Benefits:

No experience period is used because our ACA Individual market enrollment was approximately 4,000 members in 2014, increasing dramatically to approximately 58,000 for 2015, and we further expect another increase to roughly 92,000 total in the Individual market. This renders the experience of the 2014 plan year irrelevant for projecting to 2016.

Changes in Demographics:

No experience period is used because our ACA Individual market enrollment was approximately 4,000 members in 2014, increasing dramatically to approximately 58,000 for 2015, and we further expect another increase to roughly 92,000 total in the Individual market. This renders the experience of the 2014 plan year irrelevant for projecting to 2016.

Other Adjustments:

No experience period is used because our ACA Individual market enrollment was approximately 4,000 members in 2014, increasing dramatically to approximately 58,000 for 2015, and we further expect another increase to roughly 92,000 total in the Individual market. This renders the experience of the 2014 plan year irrelevant for projecting to 2016.

Trend Factors (cost/utilization):

No experience period is used because our ACA Individual market enrollment was approximately 4,000 members in 2014, increasing dramatically to approximately 58,000 for 2015, and we further expect

another increase to roughly 92,000 total in the Individual market. This renders the experience of the 2014 plan year irrelevant for projecting to 2016.

Credibility Manual Rate Development

Source and Appropriateness of Manual Rate Used:

[This section redacted for publication.]

Adjustments Made to the Data:

Data for each segment was normalized for risk load (to remove the effects of medical underwriting in some segments) and fee schedule.

Inclusion of Capitation Payments:

There no capitated medical providers. A pass-through amount for the individual market is used where UPMC is contracting with Dominion Dental to provide pediatric dental benefits.

Credibility of Experience

Because there is no experience period being used, 0% credibility is employed. I.e. the manual is relied upon 100%.

Paid to Allowed Ratio

[This section redacted for publication.]

Risk Adjustment and Reinsurance

Projected Risk Adjustments PMPM:

[This section redacted for publication.]

Projected ACA Reinsurance Recoveries Net of Reinsurance Premium (Individual Market and Combined Markets Only):

[This section redacted for publication.]

Non-Benefit Expenses and Profit & Risk

Administrative Expense Load:

[This section redacted for publication.]

Profit & Risk Margin:

[This section redacted for publication.]

Taxes and Fees:

[This section redacted for publication.]

Projected Loss Ratio

All projected loss ratios are above 85%, prior to the inclusion of credibility adjustments, tax adjustments, and inclusion of permitted expenses such as quality improvement items in the numerator.

Index Rate

Most individual market plans include a podiatry benefit that is in excess of EHBs. Some small group market plans include acupuncture, bariatric surgery, podiatry, and private duty nursing benefits that exceed EHBs. All plans include an adult vision exam benefit that is in excess of EHBs.

AV Metal Values

All metal values were determined using the HHS calculator.

AV Pricing Values

[This section redacted for publication.]

Membership Projections

[This section redacted for publication.]

Warning Alerts

Some warnings appear on worksheet 2 of the URRT due to the formula comparing one value that includes reinsurance effects with a value that does not.

Effective Rate Review Information

The Pennsylvania Insurance Department is responsible for conductive effective rate review for all submitted rates.

Actuarial Certification

No additional actuarial certification documents are being submitted at this time.