



May 18, 2021

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

**SUBMITTED VIA SERFF**

**RE: QCC Insurance Company, Inc.  
Small Group PPO Rate Filing effective 1/1/2022  
INAC-132818434**

Dear Ms. Gray:

QCC Insurance Company, Inc. (QCC) is proposing a reduction in Small Group Health Insurance rates effective January 1, 2022 and later.

Attached is the 2022 annual rate filing for PPO plans of QCC Insurance Company, Inc. (QCC) in the Small Group marketplace in the Commonwealth of Pennsylvania. Rates for new and renewing plans are being filed and satisfy market reform requirements of the Affordable Care Act (ACA).

This rate filing includes rates for these plans and specifies compliance with rating requirements of the ACA. The enclosed is for rating periods effective from January 1, 2022 through December 31, 2022.

The proposed 2022 rates represent a 2.9% increase over the previously approved 2021 rates.

**Information for the Pennsylvania Bulletin:**

1.	Company Name and NAIC Number:	QCC Insurance Company, Inc. 93688
2.	Market	Small Group
3.	On or Off Exchange	Off
4.	Effective Date of Coverage	January 1, 2022
5.	Average Rate Change Requested	2.9%
6.	Range of Rate Changes Requested	2.3% to 3.9%
7.	Total Annual Revenue Generated from the Proposed Rate Change	\$16,297,786



8.	Products	PPO
9.	Rating Areas and Change from 2022	Rating Area 8; No Change
10.	Metal Levels and Catastrophic Plans	Platinum, Gold, Silver, Bronze
11.	Current covered lives and policyholders as of February 1, 2021	72,950 lives
12.	Number of plans offered in 2022 and change from 2021	18 plans in 2022; 18 plans in 2021
13.	Corresponding contract form number, SERFF, and binder numbers	Please see appendix.
14.	HIOS Issuer ID # and submission tracking Number	HIOS Issuer ID # 31609; Tracking # 31609-2015250937999930377

Please contact [REDACTED] at [REDACTED] or [REDACTED] with any questions regarding this filing.

Sincerely,

[REDACTED]

cc:

[REDACTED]

APPENDIX

SERFF ID #s:

INLG-132821592

INLG-132821596

INBC-132821587

INBC-132821603

Form Numbers

16884.WR-III Rev. 1.22

16884-BC.SG.OFF Rev. 1.22

16884-BC.SG.OFF.HSA.HRA Rev. 1.22

17014.WR Rev. 1.22

17014-BC.SG.OFF.HSA Rev. 1.22

16905.WR.KDPOS Rev. 1.22

16905-BC.SG.KDPOS.OFF Rev. 1.22

16906.WR.ADPOS Rev. 1.22

16906-BC.SG.ADPOS.OFF Rev. 1.22

PREV/SCH-II Rev. 1.22

# **Attachment I**

# Rate Change Summary

## QCC Insurance Company, Inc. – Small Group Plans

Rate request filing ID # INAC-132818434 - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at

<http://www.insurance.pa.gov/Consumers/ACARelatedFilings/>

### Overview

Initial requested average rate change:	2.9%
Revised requested average rate change:	N/A
Range of requested rate change:	2.3% to 3.9%
Effective date:	January 1, 2022
Mapped Members:	72,950
Available in:	Area 8

### Key information

#### Jan. 2020-Dec. 2020 financial experience

Premiums	\$556,837,529
Claims	\$372,963,217
Administrative expenses	\$43,875,584
Taxes & fees	\$54,226,804
Company made (after taxes)	<b>\$85,771,924</b>

#### How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2021:

Claims:	84.1%
Administrative:	11.4%
Taxes & fees:	2.5%
Profit:	2.0%

The company expects its annual medical costs to increase **15.9%**.

### Explanation of requested rate change

QCC Insurance Company ("QCC") is revising premium rates for the Pennsylvania Small Group ACA compliant products, effective from January 1, 2022.

About 73,000 members will be affected.

Changes in Taxes and Fees:

The Federal government ended the Health Insurance Providers Fee beginning with premiums due in 2021.

#### Changes in Medical Service Costs:

Premium rates for health care insurance are increasing as the cost of health care service rise. Health care service costs increase as health care providers increase their fees, members use more health care services and supplies, and the types of health care services and supplies change, among other factors.

#### Financial Experience of the Product:

QCC is required by federal law to pay out a minimum of 80% percent of premium dollars for medical claims—this is referred to as the minimum Medical Loss Ratio (MLR). The rate action proposed in this filing is expected to achieve a Medical Loss Ratio of greater than 80% using the state's estimates for individual mandate and CSRs not being funded.

#### Changes in Benefits:

Some plan benefits are mandated by federal and state law. Benefit changes for some plans were also made. All changes in benefits are in compliance with the uniform modifications rules stipulated by the Federal government.

#### Administrative Costs:

In addition, the Affordable Care Act (ACA) imposes taxes and other levies.

# PENNSYLVANIA ACTUARIAL MEMORANDUM

## PURPOSES

This Actuarial Memorandum is provided along with the Unified Rate Review Template (URRT) and PA Actuarial Memorandum Rate Exhibits to provide certain information to support the gross premium for the single risk pool for small group market health care insurance underwritten by QCC Insurance Co., Inc. in the Commonwealth of Pennsylvania. It is provided as a component of a state rate filing. This submission may not be appropriate for other purposes.

## 1. BASIC INFORMATION AND DATA

### A. COMPANY INFORMATION

<b>Company Legal Name:</b>	QCC Insurance Co., Inc. ("QCC")
<b>State:</b>	Pennsylvania
<b>NAIC #:</b>	93688
<b>Market:</b>	Small Group
<b>Marketplace:</b>	Off Exchange
<b>Effective Date(s):</b>	1/1/2022 – 3/31/2022, 4/1/2022 – 6/30/2022, 7/1/2022 – 9/30/2022, 10/1/2022 – 12/31/2022
<b>Average Rate Change:</b>	2.9%
<b>Range of Rate Changes:</b>	2.3% to 3.9%
<b>Products:</b>	PPO
<b>Rating Areas:</b>	Rating Area 8
<b>Metal Levels:</b>	Platinum, Gold, Silver, Bronze
<b>Current Members:</b>	72,950
<b>Number of 2022 Plans:</b>	18
<b>HIOS Issuer ID (5-digit):</b>	31609

Worksheet 1 of the accompanying URRT contains experience period data and development of the projected Single Risk Pool Gross Premium Average Rate PMPM for the small group market for QCC. Worksheet 2 contains experience period data and projections by product for the single risk pool for the same entities. This memorandum pertains only to plans denoted in Worksheet 2 by Plan IDs starting with the sequence 31609.

### COMPANY CONTACT INFORMATION

<b>Primary Contact Name:</b>	
<b>Primary Contact Telephone Number:</b>	
<b>Primary Contact Email Address:</b>	

## **B. RATE HISTORY AND PROPOSED VARIATIONS IN RATE CHANGES**

January 1, 2015	8.50%	INAC- 129626740
October 1, 2015	-0.30%	INAC- 130111048
January 1, 2016	6.51%	INAC- 129939280
January 1, 2017	5.00%	INAC- 130539936
July 1, 2017	2.00%	INAC- 130959332
January 1, 2018	9.41%	INAC- 131005785
July 1, 2018	0.05%	INAC- 131403779
January 1, 2019	-1.80%	INAC- 131478429
April 1, 2019	-0.09%	INAC- 131750255
July 1, 2019	-1.80%	INAC- 131860461
January 1, 2020	11.53%	INAC- 131927133
April 1, 2020	8.00%	INAC- 132132177
January 1, 2021	0.90%	INAC- 132358831
July 1, 2021	3.33%	INAC- 132762221

The historical rate changes varied by metallic tier based on plan benefits as illustrated via the Pricing AV.

Proposed rate changes may vary by metallic tier and plan based on plan benefit changes.

## **C. AVERAGE RATE CHANGE**

The average proposed rate change shown in Cell AC15 of Table 10 is 2.9%. The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2020 to calendar year 2022 are incorporated into the pricing and reflected in the Unified Rate Review Template.

The change in 21-year-old Non-Tobacco Premium PMPM calculated in Table 11, Cell AN13 is 2.8%.

## **D. MEMBERSHIP COUNT**

Table 1 illustrates the Experience Period member-months, Current Period members as of February 1, 2021, and Projected Rating Period Member-months by ages.

## **E. BENEFIT CHANGES**

Benefit changes were made to the following plans to assure compliance with Actuarial Value



Requirements, including differences that resulted from changes to the AV Calculator. The basis for pricing changes was our internal pricing model.

## **F. EXPERIENCE PERIOD CLAIMS AND PREMIUMS**

Table 2 illustrates the experience period claims and premiums using calendar year data. The data is consistent with the data reported in Section 1 of Worksheet I of the URRT.

Experience period premium, claims, and member months are obtained from the company's internal data warehouse. The claims data is collected for incurred dates from January through December 2020 and paid through February 2021. Earned premiums and member months are for January through December 2020. The data are for all direct-written Small group business of QCC in the Commonwealth of Pennsylvania, including out-of-network claims written by QCC but paid by QCC for POS plans. No private reinsurance was applicable.

### **Projected Risk Adjustment PMPM**

The Non-EHB benefits portion of Allowed Claims is shown separately in cell H36 of Table 2. Capitation is uniform by age for the experience period. Net pharmacy rebates are illustrated in cell I36 of Table 2.

Projected Risk Adjustment is accounted for in Projected Incurred Claims before Risk Adjustment to reflect anticipated risk adjustment transfer amounts for the projection period. The amount reflects the projected morbidity for the single risk pool in the projection period.

The estimated risk adjustment revenue for all of the plans in the risk pool is developed using the following methodology. We recognize that the HHS payment transfer formula implies that the projected incurred claims based solely on the experience period single risk pool claims need to be adjusted by the ratio of the current statewide market's risk relative to allowable rating factor (ARF) for age compared to the single risk pool's risk relative to ARF presented during the experience period. This adjustment, together with the assumed future changes in population risk morbidity, results in the issuer's pricing being consistent with the anticipated morbidity level of the future statewide market.

The anticipated risk adjustment transfer revenue is allocated proportionally based on plan premium. The Projected Risk Adjustment is subtracted from Projected Incurred Claims before ACA Risk Adjustment to reflect anticipated receipt of risk adjustment transfer amounts for the projection period.

The projected risk adjustment amounts for KHPE and Independence Blue Cross (QCC) are consistent with the projection made in the respective submissions. We also considered preliminary 2020 risk transfer results.

In the URRT v5.1, it is necessary to divide Risk Adjustment by the Paid to Allowed factor when it is used in calculations based on Allowed Claims to produce calculations that are consistent with the Actuarial Memo Rate Exhibit.

## **G. CREDIBILITY OF DATA**

The experience period data is considered 100% credible.

## **H. TREND IDENTIFICATION**

Table 3 identifies the proposed annual medical and prescription drug allowed claims cost and utilization trends. These data match the data illustrated in Section 2 of Worksheet I of the URRT. Additional discussion is provided in Section I, Historical Experience.

We populated the URRT with the Total Annual Trend calculated in cell G52 of Table 3. The URRT requires that factors are rounded to four decimal places which results in some small differences.

## **I. HISTORICAL EXPERIENCE**

Table 4 illustrates historical experience from 2017 through 2020 for the product line.

### **a. Annualized Cost Trend**

Annual cost trend reflects changes in costs of medical treatment due to medical inflation and changes in the distribution of services across network providers. The trend value is developed by reviewing historical medical costs for the single risk pool and adjusting them for anticipated future provider contracting reimbursement levels. The data is normalized for changes in age, benefit changes during the experience period, changes to provider contracts, and prescription drug formulary, and new drugs brought to market.

### **b. Annualized Utilization Trend**

Annual utilization trend reflects the change in the number of units per 1,000 members for a fixed level of illness burden and includes changes due to the mix and intensity of services provided and changes related to shifts in product mix. It also includes effects of selection, if any, since this cannot be reflected in the relative cost of the various products and plans offered.

### **c. Rebates**

Rebate payments will be made as appropriate for 2020 for QCC in Consumer. Rebate payments will be made if applicable for the 2021 policy period. We do not anticipate 2022 rebates for QCC Small Group.

## **J. TERMINATED PLANS**

No plans are being terminated during 2022.

## **2. RATE DEVELOPMENT AND CHANGE**

### **A. DEVELOPMENT OF PROJECTED INDEX RATE, MARKET-ADJUSTED INDEX RATE, & TOTAL ALLOWED CLAIMS**

Table 5 illustrates the development of the Projected Index Rate and Market-Adjusted Index Rate beginning with the Experience Period Index Rate. Exhibit A provides additional information about the adjustment factors.

#### **Changes in Population Risk Morbidity**

Experience period allowed claims are adjusted to account for differences in the average morbidity of the single risk pool population underlying the experience and the anticipated population in the projection period. This adjustment reflects changes in the small group market-wide morbidity.

#### **COVID-19 Impact**


#### **Changes in Other Factors**

Experience period allowed claims are adjusted to account for differences in the single risk pool population underlying the experience and the anticipated population in the projection period pertaining to several factors not due to changes in morbidity or the costs and utilization of medical care. This adjustment reflects: additional benefits required to be covered as essential health benefits; recently mandated benefits required by state law that are not reflected in the experience period data; benefits in the experience that are removed for the projection period; anticipated changes in the average utilization of services due to differences in average cost sharing requirements during the experience period and average cost sharing requirements in the projection period; changes in demographic characteristics of the single risk pool experience period population and the projection period population (including age, gender, region, and tobacco use); changes in the provider network (adding or removing a provider system or introducing a limited network option); and anticipated changes in pharmacy rebates.

We incorporated the quarterly trend methodology from Table 5A into the URRT Part 1 Worksheet 1 Section II so that the calculated MAIR in the URRT was consistent with the MAIR calculated in the

Actuarial Memo Rate Exhibits. The factor is also applied in the URRT Worksheet 2 Section 3, Plan Adjustment Factors, to correctly calculate the first quarter 2022 rates.

Table 5 of the Actuarial Memorandum Rate Exhibit shows the components used in calculating change in other. The calculations of the components are based on the changes in values shown in Table 7.

## B. RETENTION ITEMS

Table 6 illustrates the retention items, expressed as percentages of premium. Consistent with conversations with our State regulator, no Pricing load was applied for the Managed Care Assessment levied pursuant to Article VIII-I of the Pennsylvania Code, as it will be separately reimbursed. Federal Income Tax is calculated by applying the tax rate to the sum of the HIF plus Profit/Contingency.

Administrative Expenses		14.22%
General and Claims	8.45%	
Agent/Broker Fees and Commissions	4.97%	
Quality Improvement Initiatives	0.80%	
Taxes and Fees		2.49%
Risk Adjustment User Fee	0.04%	
PCORI Fee	0.04%	
PA Premium Tax	2.00%	
Federal Income Tax	0.42%	
Health Insurance Providers Fee	0.00%	
Profit/Contingency		2.00%
Total Retention		18.71%

## C. NORMALIZED MARKET-ADJUSTED PROJECTED ALLOWED TOTAL CLAIMS

Table 7 compares the normalization factors used in this filing to those used in the 2021 filing. The changes in the factors reflect small differences from the projected populations in 2021 and 2022.

## D. COMPONENTS OF RATE CHANGE

Table 8 illustrates the components of rate change, based on inputs from other sections of the Rate Exhibits. The results in Row H are similar to the values in Row A of Table 8.

Data in Table 9 is consistent with the 2021 and 2022 URRT with the exceptions of Risk Adjustment and Reinsurance which were revised to project company-specific values.

## 3. PLAN RATE DEVELOPMENT

Table 10 is populated with plan information consistent with entries in the 2022 URRT. Plan mappings, where applicable, are illustrated in Column F of Table 10.

Attached to this actuarial memorandum are exhibits providing actuarial certifications for the use of alternate methods of calculating the Actuarial Value, where applicable, as well as required support for the calculations.

The factor “AV and Cost Sharing Design of Plan” in Worksheet 2 of the URRT is the product of the Pricing AV, the Benefit Richness Factors from the Actuarial Memo Rate Exhibit. We incorporated the first quarter factor from cell J34 of Table 5A of the Actuarial Memo Rate Exhibit. Again, please note that the URRT requires factors to be rounded to four decimal places, resulting in small differences.

#### **4. PLAN PREMIUM DEVELOPMENT FOR 21-YEAR OLD NON-TOBACCO USER**

Table 11 is populated from other sections of the Rate Exhibits, along with the population by age and rating area for the Projection Period.

#### **5. PLAN FACTORS**

Tables 12, 13, and 14 illustrate the factors used in pricing for age, tobacco, geographic rating area, and network. The tobacco factors match the previously approved tobacco factors from the 2021 filing.

#### **6. ACTUARIAL CERTIFICATION**

I, [REDACTED], am Director & Actuary of Commercial Markets for the Independence Blue Cross Family of Companies. I am a member of the Society of Actuaries and the American Academy of Actuaries with the education and experience necessary to perform the work necessary and meet the Qualification Standards of the American Academy of Actuaries to render the qualified actuarial opinion contained herein. The developed rates and memorandum have been prepared in conformity with appropriate Actuarial Standards of Practice and the Academy’s Code of Professional Conduct.

The Part I Unified Rate Review Template does not demonstrate the process used by the issuer to develop the premium rates and allowable rating factors. Rather, it represents information required by Federal regulation to be provided in support of the review of gross premium 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.

I hereby certify that, to the best of my knowledge and judgment, the following:

- The projected index rate is:
  - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.08(d)(1) and 147.106);

- Developed in compliance with applicable Actuarial Standards of Practice;
  - Reasonable in relation to the benefits provided and the population anticipated to be covered; and
  - Neither excessive nor deficient.
- 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.
  - The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.
  - The AV Calculator was used to determine the AV Metal Values illustrated in Worksheet 2 of the Part I Unified Rate Review Template for all plans, unless an alternate methodology was required. If an alternate methodology was used to calculate the AV Metal Value for at least one plan offered, a copy of the actuarial certification required by 45 CFR Part 156, §156.135 will be included.
  - All factor, benefit, and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
  - New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
  - The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2022 Rate Filing Justification.

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May 18, 2021

PA Rate Template Part I  
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	CCC Insurance Company, Inc.		
Product(s):	PPO		
Market Segment:	Small Group		
Rate Effective Date:	1/1/2021	to	12/31/2022
Rate Period Start Date:	1/1/2020	to	12/31/2020
Date of Most Recent Membership:	7/1/2021		

Table 1. Number of Members

	Member-months	Members	Member-months
	Experience Period	Current Period (as of 02-01-2021)	Projected Rating Period
Average Age	35.9	35.9	35.9
Total	881,820	73,064	876,783
Age			
18-24	16,430	7,837	94,044
25-29	36,124	2,454	95,428
30-34	17,421	6,101	71,127
35-39	17,813	5,745	68,952
40-44	16,746	5,361	63,643
45-49	18,491	5,353	64,308
50-54	13,743	5,677	50,064
55-59	10,839	7,298	87,476
60-64	18,854	5,479	68,448
65+	14,367	4,406	51,452

Table 2. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member's Share)	Allowed Claims (Non-Capitated)	Non-ERB portion of Allowed Claims	Total Prescription Drug Rebate*	Total ERB Capitation	Total Non-ERB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$ 115,642,538.45	\$ 187,707,841.58	\$ 310,111,084.04	881,820	\$3,144,361.84	\$ 475,548,988.78	\$	\$ 105,518,426.97	\$ 1,517,878.18	\$ 4,611,480.45	\$3,098,149.80	\$
Experience Period Total Allowed ERB Claims + ERB Capitation (PMPM) (net of prescription drug rebates)											\$ 587.89
Loss Ratio											16.65%

\*Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Damage*	Composite Trend	Weight*
Inpatient Hospital	1.72%	13.22%	0.00%	17.43%	18.14%
Outpatient Hospital	1.61%	13.22%	0.00%	17.30%	22.85%
Professional	2.00%	13.22%	0.00%	16.60%	32.31%
Other Medical	2.00%	13.22%	0.00%	16.60%	0.00%
Capitated				15.67%	1.24%
Prescription Drugs	14.70%	13.22%		12.65%	21.43%
Total Annual Trend				15.87%	100.00%
Months of Trend				28	
Total Applied Trend Projection Factor				1.348	

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

\*\* Should equal UBRF Trend

Table 4. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-17	\$	\$1,585,749.27	1.0000	\$1,585,749.27	75,145	\$	430.38	\$	\$1,585,749.27	\$21.14
Feb-17	\$	\$1,486,326.68	1.0000	\$1,486,326.68	75,145	\$	406.30	\$	\$1,486,326.68	\$19.78
Mar-17	\$	\$6,102,562.71	1.0000	\$6,102,562.71	75,145	\$	800.56	\$	\$6,102,562.71	\$81.35
Apr-17	\$	\$9,109,088.73	1.0000	\$9,109,088.73	74,162	\$	388.96	\$	\$9,109,088.73	\$123.13
May-17	\$	\$4,844,345.77	1.0000	\$4,844,345.77	75,072	\$	457.47	\$	\$4,844,345.77	\$64.54
Jun-17	\$	\$1,626,838.54	1.0000	\$1,626,838.54	75,044	\$	406.47	\$	\$1,626,838.54	\$21.42
Jul-17	\$	\$1,307,558.70	1.0000	\$1,307,558.70	74,084	\$	418.08	\$	\$1,307,558.70	\$17.51
Aug-17	\$	\$2,873,018.77	1.0000	\$2,873,018.77	75,203	\$	437.14	\$	\$2,873,018.77	\$38.31
Sep-17	\$	\$9,876,008.71	1.0000	\$9,876,008.71	75,061	\$	398.35	\$	\$9,876,008.71	\$131.85
Oct-17	\$	\$1,867,728.98	1.0000	\$1,867,728.98	76,808	\$	455.00	\$	\$1,867,728.98	\$24.45
Nov-17	\$	\$1,216,460.08	1.0000	\$1,216,460.08	76,192	\$	465.75	\$	\$1,216,460.08	\$16.11
Dec-17	\$	\$6,526,728.06	1.0000	\$6,526,728.06	73,421	\$	416.28	\$	\$6,526,728.06	\$87.58
Jan-18	\$	\$6,716,045.35	1.0000	\$6,716,045.35	73,477	\$	430.20	\$	\$6,716,045.35	\$89.95
Feb-18	\$	\$9,853,334.96	1.0000	\$9,853,334.96	73,174	\$	406.37	\$	\$9,853,334.96	\$132.45
Mar-18	\$	\$9,224,588.66	1.0000	\$9,224,588.66	70,763	\$	414.98	\$	\$9,224,588.66	\$128.92
Apr-18	\$	\$9,281,565.95	1.0000	\$9,281,565.95	69,701	\$	430.11	\$	\$9,281,565.95	\$133.15
May-18	\$	\$1,248,832.42	1.0000	\$1,248,832.42	69,118	\$	452.11	\$	\$1,248,832.42	\$17.15
Jun-18	\$	\$6,111,076.02	1.0000	\$6,111,076.02	68,410	\$	408.60	\$	\$6,111,076.02	\$81.94
Jul-18	\$	\$8,748,108.78	1.0000	\$8,748,108.78	68,778	\$	414.86	\$	\$8,748,108.78	\$116.86
Aug-18	\$	\$1,790,863.27	1.0000	\$1,790,863.27	69,089	\$	488.09	\$	\$1,790,863.27	\$24.45
Sep-18	\$	\$9,033,152.83	1.0000	\$9,033,152.83	69,431	\$	430.61	\$	\$9,033,152.83	\$123.13
Oct-18	\$	\$1,332,004.66	1.0000	\$1,332,004.66	68,668	\$	478.46	\$	\$1,332,004.66	\$17.85
Nov-18	\$	\$1,407,879.34	1.0000	\$1,407,879.34	68,724	\$	459.42	\$	\$1,407,879.34	\$18.85
Dec-18	\$	\$9,406,172.89	1.0000	\$9,406,172.89	70,727	\$	416.77	\$	\$9,406,172.89	\$128.92
Jan-19	\$	\$2,421,075.82	1.0000	\$2,421,075.82	71,502	\$	453.43	\$	\$2,421,075.82	\$32.45
Feb-19	\$	\$9,851,427.12	1.0000	\$9,851,427.12	71,494	\$	431.08	\$	\$9,851,427.12	\$132.45
Mar-19	\$	\$1,063,204.66	1.0000	\$1,063,204.66	71,746	\$	464.26	\$	\$1,063,204.66	\$14.45
Apr-19	\$	\$1,013,199.39	1.0000	\$1,013,199.39	72,080	\$	444.15	\$	\$1,013,199.39	\$13.85
May-19	\$	\$1,702,803.85	1.0000	\$1,702,803.85	72,044	\$	451.98	\$	\$1,702,803.85	\$22.45
Jun-19	\$	\$6,011,439.64	1.0000	\$6,011,439.64	72,429	\$	414.36	\$	\$6,011,439.64	\$81.94
Jul-19	\$	\$1,488,168.87	1.0000	\$1,488,168.87	71,062	\$	458.36	\$	\$1,488,168.87	\$20.45
Aug-19	\$	\$1,105,871.96	1.0000	\$1,105,871.96	73,492	\$	450.47	\$	\$1,105,871.96	\$15.32
Sep-19	\$	\$1,514,514.18	1.0000	\$1,514,514.18	73,145	\$	427.31	\$	\$1,514,514.18	\$20.45
Oct-19	\$	\$7,216,989.34	1.0000	\$7,216,989.34	76,368	\$	506.71	\$	\$7,216,989.34	\$91.45
Nov-19	\$	\$1,488,588.85	1.0000	\$1,488,588.85	76,863	\$	447.32	\$	\$1,488,588.85	\$19.85
Dec-19	\$	\$1,811,868.67	1.0000	\$1,811,868.67	75,068	\$	476.48	\$	\$1,811,868.67	\$24.45
Jan-20	\$	\$6,268,586.50	1.0000	\$6,268,586.50	75,879	\$	477.08	\$	\$6,268,586.50	\$87.58
Feb-20	\$	\$6,443,603.96	0.9998	\$6,443,603.96	75,484	\$	468.17	\$	\$6,443,603.96	\$91.45
Mar-20	\$	\$1,008,048.14	0.9998	\$1,008,048.14	75,484	\$	414.07	\$	\$1,008,048.14	\$14.45
Apr-20	\$	\$1,109,212.64	0.9998	\$1,109,212.64	76,556	\$	398.65	\$	\$1,109,212.64	\$15.32
May-20	\$	\$6,652,852.82	0.9981	\$6,652,852.82	74,410	\$	518.25	\$	\$6,652,852.82	\$81.94
Jun-20	\$	\$1,763,486.92	0.9985	\$1,763,486.92	73,661	\$	458.60	\$	\$1,763,486.92	\$24.45
Jul-20	\$	\$1,886,479.14	0.9991	\$1,886,479.14	74,066	\$	458.36	\$	\$1,886,479.14	\$25.95
Aug-20	\$	\$4,012,905.88	0.9912	\$4,012,905.88	73,566	\$	455.09	\$	\$4,012,905.88	\$54.45
Sep-20	\$	\$1,246,264.04	0.9884	\$1,246,264.04	73,584	\$	452.66	\$	\$1,246,264.04	\$16.85
Oct-20	\$	\$9,796,433.11	0.9882	\$9,796,433.11	78,808	\$	478.46	\$	\$9,796,433.11	\$128.92
Nov-20	\$	\$1,212,234.00	0.9728	\$1,212,234.00	78,232	\$	450.40	\$	\$1,212,234.00	\$16.85
Dec-20	\$	\$1,611,887.43	0.9602	\$1,611,887.43	72,451	\$	474.04	\$	\$1,611,887.43	\$22.45

\*Express Completion Factor as a percentage

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

Carrier Name: QCC Insurance Company, Inc.  
Product(s): PPO  
Market Segment: Small Group  
Rate Effective Date: 1/1/2022

Table 2b. Manual Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-ENB portion of Allowed Claims	Total Prescription Drug Rebates**	Total ENB Capitation	Total Non-ENB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recovery
1,177,844,926.41	65,826,419.46	65,826,419.46	3,477,422	100.00%	65,826,419.46	65,826,419.46	100,168,166.41	11,634,541.07	16,817,427.77	6,006,291.00	471.36
Experience Period Total Allowed ENB Claims + ENB Capitation (PMPM) (net of prescription drug rebates)											77,325
Loss Ratio											

\*\*Excess Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Indexed Demand*	Composity Trend	Weight*
Inpatient Hospital	3.72%	8.23%	0.00%	12.45%	18.58%
Outpatient Hospital	5.61%	8.23%	0.00%	12.44%	19.29%
Professional	2.50%	8.23%	0.00%	10.94%	27.48%
Other Medical	5.0%	8.23%	0.00%	10.94%	1.00%
Capitation				11.47%	
Prescription Drugs	25.47%	8.23%	0.00%	7.23%	23.54%
Total Annual Trend				8.40%	1.00.00%
Months of Trend				24	
Total Annual Trend Projection Factor				1.17%	

\*Excess Cost, Utilization, Indexed Utilization and Weight as percentages

Table 4b. Historical Manual Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factor*	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-17	\$	70,068,316.45	1.0000	70,068,316.45	105,630	358.15	\$	11,526,261.43	55,478,344.95	436.52
Feb-17	\$	61,480,966.82	1.0000	61,480,966.82	105,768	316.81	\$	11,389,826.47	75,338,310.46	387.80
Mar-17	\$	75,868,899.38	1.0000	75,868,899.38	105,106	389.86	\$	11,493,671.28	67,351,265.43	447.71
Apr-17	\$	64,473,641.06	1.0000	64,473,641.06	104,621	331.27	\$	11,454,738.09	75,525,429.79	388.08
May-17	\$	72,484,031.44	1.0000	72,484,031.44	104,644	377.26	\$	11,430,875.79	64,787,106.91	434.49
Jun-17	\$	70,364,127.41	1.0000	70,364,127.41	104,361	361.82	\$	11,448,872.46	61,564,146.06	427.81
Jul-17	\$	66,014,541.54	1.0000	66,014,541.54	103,187	341.36	\$	11,494,671.63	75,819,473.15	392.16
Aug-17	\$	72,216,901.46	1.0000	72,216,901.46	103,530	373.14	\$	11,441,798.63	61,110,518.46	430.50
Sep-17	\$	66,740,113.46	1.0000	66,740,113.46	103,446	345.03	\$	11,472,442.41	76,868,476.26	387.24
Oct-17	\$	71,546,112.46	1.0000	71,546,112.46	102,485	383.29	\$	11,398,847.24	61,284,611.46	432.88
Nov-17	\$	71,587,604.38	1.0000	71,587,604.38	102,111	372.61	\$	11,517,121.68	62,261,466.64	428.19
Dec-17	\$	65,524,218.42	1.0000	65,524,218.42	100,811	345.26	\$	11,424,477.48	76,250,064.06	396.41
Jan-18	\$	66,147,578.46	1.0000	66,147,578.46	100,794	345.93	\$	11,424,598.09	61,424,487.46	426.61
Feb-18	\$	61,703,564.43	1.0000	61,703,564.43	100,172	347.14	\$	11,458,513.79	75,489,251.92	385.41
Mar-18	\$	64,817,576.75	1.0000	64,817,576.75	100,201	351.88	\$	11,746,169.10	76,746,949.10	416.44
Apr-18	\$	66,310,227.42	1.0000	66,310,227.42	101,976	364.39	\$	11,720,448.61	78,321,532.44	430.40
May-18	\$	66,187,445.41	1.0000	66,187,445.41	100,889	362.26	\$	11,746,431.51	61,371,362.14	409.86
Jun-18	\$	64,026,485.46	1.0000	64,026,485.46	100,721	359.25	\$	11,649,235.10	61,431,755.07	419.53
Jul-18	\$	64,112,869.54	1.0000	64,112,869.54	100,446	348.88	\$	11,727,154.41	76,839,814.04	419.35
Aug-18	\$	69,242,667.26	1.0000	69,242,667.26	100,480	389.18	\$	11,653,436.11	60,607,824.06	451.64
Sep-18	\$	69,734,242.41	1.0000	69,734,242.41	100,558	391.46	\$	11,680,736.48	77,720,584.86	402.40
Oct-18	\$	70,268,277.78	1.0000	70,268,277.78	100,331	384.03	\$	11,646,120.44	61,646,993.46	416.34
Nov-18	\$	65,876,831.84	1.0000	65,876,831.84	100,411	359.41	\$	11,809,871.30	76,307,012.77	428.31
Dec-18	\$	68,746,003.46	1.0000	68,746,003.46	100,024	344.16	\$	11,814,216.48	76,430,681.96	413.56
Jan-19	\$	66,413,759.38	1.0000	66,413,759.38	100,420	370.06	\$	11,934,626.46	61,714,021.46	405.86
Feb-19	\$	61,087,022.06	1.0000	61,087,022.06	101,170	347.60	\$	11,710,473.83	76,420,820.04	385.00
Mar-19	\$	69,020,591.13	1.0000	69,020,591.13	101,146	389.92	\$	11,871,519.18	61,989,879.70	412.45
Apr-19	\$	68,001,437.36	1.0000	68,001,437.36	101,371	380.94	\$	11,920,446.85	61,931,441.19	402.88
May-19	\$	70,144,477.41	1.0000	70,144,477.41	101,411	386.66	\$	11,964,501.56	61,879,799.46	406.41
Jun-19	\$	61,436,156.15	1.0000	61,436,156.15	101,790	359.94	\$	11,817,738.40	75,081,466.70	411.54
Jul-19	\$	69,181,215.75	1.0000	69,181,215.75	101,904	381.42	\$	12,021,499.79	61,106,514.02	446.07
Aug-19	\$	69,598,983.77	1.0000	69,598,983.77	102,241	381.90	\$	12,044,143.00	61,346,208.29	446.36
Sep-19	\$	66,831,892.43	1.0000	66,831,892.43	102,491	366.22	\$	11,940,426.40	76,081,484.26	422.82
Oct-19	\$	74,862,290.38	1.0000	74,862,290.38	102,074	408.92	\$	12,126,646.30	62,346,916.02	477.30
Nov-19	\$	68,484,300.63	1.0000	68,484,300.63	101,580	373.04	\$	12,014,920.37	76,790,661.61	424.61
Dec-19	\$	71,275,218.46	1.0000	71,275,218.46	100,800	383.93	\$	12,154,021.47	61,956,449.92	409.14
Jan-20	\$	74,070,161.91	1.0000	74,070,161.91	100,370	392.46	\$	12,276,106.76	61,814,056.76	406.61
Feb-20	\$	71,460,447.34	0.9981	71,793,196.57	100,487	386.25	\$	11,968,472.26	61,065,696.96	444.44
Mar-20	\$	61,939,956.43	0.9983	64,068,442.73	100,576	353.05	\$	11,543,851.40	71,040,387.70	388.93
Apr-20	\$	69,344,637.04	0.9974	69,472,458.55	101,800	369.16	\$	11,930,558.81	54,000,670.00	369.79
May-20	\$	57,242,154.44	0.9961	57,461,287.34	102,038	344.64	\$	11,846,171.46	64,454,148.44	367.46
Jun-20	\$	61,050,005.10	0.9914	60,305,705.34	101,011	377.89	\$	11,914,449.23	75,931,465.87	422.81
Jul-20	\$	69,937,915.76	0.9929	70,419,128.77	100,866	389.46	\$	11,818,493.49	75,122,221.71	417.46
Aug-20	\$	61,683,937.97	0.9891	60,458,444.84	100,100	369.39	\$	11,790,729.43	76,045,816.97	413.14
Sep-20	\$	68,760,392.96	0.9883	69,788,532.46	100,470	390.40	\$	11,920,026.41	78,324,154.14	438.04
Oct-20	\$	71,192,365.40	0.9863	74,433,556.23	100,424	417.82	\$	11,744,606.14	64,045,602.57	420.13
Nov-20	\$	67,804,995.36	0.9772	69,746,980.61	100,010	381.01	\$	11,547,590.80	78,609,772.82	442.96
Dec-20	\$	68,314,481.46	0.9660	71,028,411.81	100,572	408.01	\$	11,894,484.38	60,544,184.46	406.44

\*Excess Completion Factor as a percentage

\*\*Excess Prescription Drug Rebates as a negative number



PA Rate Template Part II  
Rate Development and Change

Company Name: GGC Insurance Company, Inc.  
Product(s): PPO  
Market Segment: Small Group  
Rate Effective Date: 1/1/2022

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

Development of the Projected Index Rate		Actual Experience 2020	Market Date
Total Allowed EIB Claims + EIB Crossover PMPM (out of association that reduced PMPM)	\$	1,343	127.09 \$ 471.36
Two year trend smoothing factor			1.0%
Unadjusted Projected Allowed EIB Claims PMPM	\$	588.84	\$ 553.87
Single Risk-Not-Adjusted Factors			
Change in Morbidity - Impact of Reinsurance Program		1.00%	1.00%
Change in Morbidity - All Other		1.00%	1.00%
Total Non-Morbidity Changes		1.00%	1.00%
Change in Demographics		1.00%	1.00%
Change in Network		1.00%	1.00%
Change in Benefits		1.00%	1.00%
Change in Other		1.00%	1.00%
Total Adjusted Projected Allowed EIB Claims PMPM	\$	722.16	\$ 722.16
Credibility Factors		96%	96%
Development of EIB Claims PMPM			\$ 722.16
Development of the Market-Adjusted Index Rate and Total Allowed Claims			
Adjusted Projected Allowed EIB Claims PMPM	\$	722.16	\$ 722.16
Projected Total Allowed Claims		\$ 26.96	
Projected Incurred EIB Claims PMPM	\$	538.91	
Projected Incurred EIB Crossover PMPM		\$ 26.96	
Projected Incurred EIB Allowable PMPM		\$ 565.87	
Projected Incurred Exchange User Fee PMPM		\$ 26.96	
Projected Incurred Reinsurance Recovery PMPM		\$ 535.91	
Market-Adjusted Projected Incurred EIB Claims PMPM			\$ 702.77
Market-Adjusted Projected Allowed EIB Claims PMPM			\$ 702.77
Projected Allowed Non-EIB Claims PMPM			\$ 5.40
Market-Adjusted Projected Incurred Total Claims PMPM			\$ 1,206.60
Market-Adjusted Projected Allowed Total Claims PMPM			\$ 708.17

Table 6. Retention

Retention (Items): Amount in percentage	Percentage	PMPM amount
Administrative Expenses	18.27%	\$62.63
General and Office	4.87%	\$16.48
Agent/Broker Fee and Commissions	4.07%	\$13.98
Quality Improvement Initiatives	2.50%	\$8.33
Taxes and Fees	2.50%	\$8.33
Risk Adjustment Level Fee	2.50%	\$8.33
PCORI Fee	2.50%	\$8.33
PA Premiums & Other Taxes (if applicable)	2.50%	\$8.33
Federal Income Tax	0.53%	\$1.80
Health Insurance Premium Fee (Borrowed for Small Group only)	0.00%	\$0.00
Profit/Contingency (after tax)	1.93%	\$6.46
Total Retention	18.75%	\$62.91
Projected Required Revenue PMPM		\$ 651.57

Table 8. Components of Rate Change

Rate Components		2021	2020	2020	2020	Percent Change
A. Categorized Risk-Adjusted Index Rate (PMPM)	\$	522.00	\$	512.63	\$	1.82%
B. Base period allowed claims before normalization	\$	-	\$	471.36	\$	112.36%
C. Normalization factor component of change	\$	-	\$	(52.28)	\$	(10.92)%
D. Change in Normalized Allowed Claims Adjustment Components						
D1. Base period allowed claims after normalization	\$	-	\$	308.96	\$	79.0%
D2. UHRT Morbidity	\$	-	\$	18.88	\$	4.8%
D3. UHRT Other	\$	-	\$	36.19	\$	9.2%
D4. UHRT Other	\$	-	\$	11.40	\$	2.9%
D5. Normalized UHRT Risk Adjustment on an allowed basis	\$	-	\$	11.40	\$	2.9%
D6. Normalized Exchange User Fee on an allowed basis	\$	-	\$	11.40	\$	2.9%
D7. Normalized Reinsurance Recovery on an allowed basis	\$	-	\$	11.40	\$	2.9%
D8. Subtotal - Surplus (10)	\$	-	\$	462.41	\$	112.36%
E. Change in Allowable Plan Adjusted Level Components						
E1. Network	\$	-	\$	-	\$	0.0%
E2. Pricing At	\$	0.42	\$	(18.23)	\$	(4.3)%
E3. Benefit Access	\$	0.00	\$	0.00	\$	0.0%
E4. Catastrophic Eligibility	\$	-	\$	-	\$	0.0%
E5. Subtotal - Surplus (14)	\$	0.42	\$	(18.23)	\$	(4.3)%
F. Change in Miscellaneous Components						
F1. Administrative Expenses	\$	61.42	\$	61.42	\$	0.0%
F2. Taxes and Fees	\$	14.47	\$	14.47	\$	0.0%
F3. Profit and/or Contingency	\$	8.41	\$	8.41	\$	0.0%
F4. Subtotal - Surplus (15)	\$	84.30	\$	84.30	\$	0.0%
G. Change in Miscellaneous Items						
G1. Miscellaneous Items	\$	0.00	\$	0.00	\$	0.0%
H. Sum of Components of Rate Change (Should approximate the change shown in line 4)	\$	70.00	\$	421.36	\$	225.33%

For informational purposes only - No input required.

Revised Base Period Unadjusted Claims before Normalization	\$	471.36
Revised Total Premiums	\$	1,000,000,000.00
Unadjusted EIB	\$	22.35

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

Effective Date	1/1/2022	4/1/2022	7/1/2022	10/1/2022	Total Single Risk Pool
# of Member Months Renewing in Quarter	327,062	145,539	151,462	255,047	881,890
Adjusted Projected Allowed EIB Claims PMPM	\$ 720.16	\$ 720.16	\$ 720.16	\$ 720.16	\$ 720.16
Months of Trend	-	-3	-	-	-
Annual Trend	6.14%	2.14%	6.14%	6.14%	6.14%
Single Risk Pool Projected Allowed Claims	\$ 720.16	\$ 730.96	\$ 741.93	\$ 753.06	\$ 734.08
Quarterly Trend Factor	1.00%	1.01%	1.03%	1.04%	1.01%

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2021	2020
Revised Rate Factor	1.11%	1.11%
Revised General Factor	1.00%	1.00%
Revised Tobacco Factor	1.00%	1.00%
Revised Reinsurance Factor (adjusted demand)	1.00%	1.00%
Revised Network Factor	1.00%	1.00%
Market-Adjusted Projected Allowed Total Claims PMPM	\$	708.17
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$	651.57

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

	2021	2020
End-to-Allowed	\$	\$
UHRT Trend (Total Applied Trend Factor)	\$	\$
UHRT Morbidity	\$	\$
UHRT "Other"	\$	\$
Risk Adjustment	\$	\$
Exchange User Fee	\$	\$
Reinsurance Recovery	\$	\$
Profit/Contingency	\$	\$
Network	\$	\$
Pricing At	\$	\$
Benefit Access	\$	\$
Catastrophic Eligibility	\$	\$
Administrative Expenses	\$	\$
Taxes and Fees	\$	\$
Profit and/or Contingency	\$	\$

**PA Rate Template Part III**  
Table 10. Plan Rates

Carrier Name:	CCC Insurance Company, Inc.
Product(s):	PPO
Market Segment:	Small Group
Rate Effective Date:	1/1/2022
Base Period Start Date	1/1/2020
Date of Most Recent Membership:	2/1/2021
Market Adjusted Index Rate:	\$ 702.77

Calibration	
Age Calibration Factor	1.514
Geographic Calibration Factor	1.003
Tobacco Calibration Factor	1.007
Aggregate Calibration Factor	1.526

Total Covered Lives @ 02-01-2021	73,064
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[illegible]

Carrier Name:	CCC Insurance Company, Inc.
Product(s):	WHY
Market Segment:	Small Business
Rate Effective Date:	3/1/2012

City/Region	Census Date (2020)	Population (2020)	Area (km²)	Density (/km²)	Population by Age Group (2020)												Total
					0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000	1,000	
Abkhazeti	2020-01-01	243,000	35,000	6.9	15,000	12,000	10,000	8,000	7,000	6,000	5,000	4,000	3,000				

## Table 12. Age and Tobacco Factors

\*PA follows the federal default age curve.

### Table 13. Geographic Factors

Geographic Area Factors			
Area	Counties	Current Factor	Proposed Factor
Rating Area 1			
Rating Area 2			
Rating Area 3			
Rating Area 4			
Rating Area 5			
Rating Area 6			
Rating Area 7			
Rating Area 8	Bucks, Chester, Delaware, Philadelphia, Montgomery	1.000	1.000
Rating Area 9			

[illegible]

Company Name:		ABC Insurance Company	
Market:		Small Group	
Product:		HMO	
Effective Date of Rates:		January 1, 2022	
Ending Date of Rates:		March 31, 2022	
HHS Plan ID (On Exchange)		HHS Plan ID (Off Exchange)	
Plan Marketing Name		Plan Marketing Name	
Form ID		Form ID	
Rate Class		Rate Class	
Network		Network	
Metal		Metal	
Deductible		Deductible	
Coinsurance		Coinsurance	
OOP Maximum		OOP Maximum	
Predicted Cost (Per/Per)		Predicted Cost (Per/Per)	
Age Band		Age Band	
0 - 14		0 - 14	
15		15	
16		16	16
17			17
18		18	
19		19	
20		20	
21		21	
22		22	
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64		64	

**QCC Insurance Company  
Small Group  
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
31609PA0150025	Personal Choice PPO Platinum Preferred \$10/\$20/\$40	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150026	Personal Choice PPO Platinum Preferred \$20/\$40/\$60	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150027	Personal Choice PPO Gold Preferred \$40/\$80/\$60	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150028	Personal Choice PPO Gold Classic \$1,500/\$20/\$40	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150029	Personal Choice PPO Silver Classic \$3,750/\$30/\$60	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150030	Personal Choice PPO Platinum HSA-50 \$1,800/100%	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150031	Personal Choice PPO Gold HSA-25 \$2,400/\$25/\$50	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150032	Personal Choice PPO Gold HSA-0 \$2,100/100%	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150034	Personal Choice PPO Silver HSA-0 \$2,100/70%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150035	Personal Choice PPO Silver HSA-0 \$3,000/90%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150036	Personal Choice PPO Bronze HSA-0 \$5,600/50%	PPO	Bronze	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150037	Personal Choice PPO Bronze HSA-0 \$7,050/100%	PPO	Bronze	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150039	Personal Choice PPO Gold HRA-20 \$3,700/100%	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150047	Personal Choice PPO Gold Classic \$2,500 \$40/\$80/\$100	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150048	Personal Choice PPO Silver Classic \$5,000/\$50/\$100	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150049	Personal Choice PPO Silver Secure \$4,750/\$40/\$80	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150050	Personal Choice PPO Silver HSA-0 \$3,700/100%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0170001	Personal Choice EPO Silver HSA-0 \$3,000/80%	EPO	Silver	Off	EPO	8	Philadelphia

Company Name QCC Insurance Company  
Market Small Group  
RATES FOR AGE 25, NON-TOBACCO USER, BY RATING AREA AND COUNTY

[illegible]

Company Name:		ACE Insurance Company	
Market:		Small Group	
Product:		HMO	
Effective Date of Rates:		April 1, 2022	
Ending Date of Rates:		June 30, 2022	
HHS Plan ID (On Exchange):		HHS Plan ID (Off Exchange):	
Plan Marking Name:		Plan Marking Name:	
Form #		Form #	
Rate Base		Rate Base	
Network		Network	
Metal		Metal	
Deductible		Deductible	
Coinsurance		Coinsurance	
OOP Maximum		OOP Maximum	
Predictive Cost (P/No)		Predictive Cost (P/No)	
Age Band		Age Band	
0 - 14		0 - 14	
15		15	
16		16	16
17			17
18		18	18
19			19
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**QCC Insurance Company  
Small Group  
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
31609PA0150025	Personal Choice PPO Platinum Preferred \$10/\$20/\$40	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150026	Personal Choice PPO Platinum Preferred \$20/\$40/\$60	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150027	Personal Choice PPO Gold Preferred \$40/\$80/\$60	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150028	Personal Choice PPO Gold Classic \$1,500/\$20/\$40	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150029	Personal Choice PPO Silver Classic \$3,750/\$30/\$60	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150030	Personal Choice PPO Platinum HSA-50 \$1,800/100%	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150031	Personal Choice PPO Gold HSA-25 \$2,400/\$25/\$50	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150032	Personal Choice PPO Gold HSA-0 \$2,100/100%	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150034	Personal Choice PPO Silver HSA-0 \$2,100/70%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150035	Personal Choice PPO Silver HSA-0 \$3,000/90%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150036	Personal Choice PPO Bronze HSA-0 \$5,600/50%	PPO	Bronze	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150037	Personal Choice PPO Bronze HSA-0 \$7,050/100%	PPO	Bronze	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150039	Personal Choice PPO Gold HRA-20 \$3,700/100%	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150047	Personal Choice PPO Gold Classic \$2,500 \$40/\$80/\$100	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150048	Personal Choice PPO Silver Classic \$5,000/\$50/\$100	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150049	Personal Choice PPO Silver Secure \$4,750/\$40/\$80	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150050	Personal Choice PPO Silver HSA-0 \$3,700/100%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0170001	Personal Choice EPO Silver HSA-0 \$3,000/80%	EPO	Silver	Off	EPO	8	Philadelphia

Company Name QCC Insurance Company  
Market Small Group  
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNT

[illegible]

[illegible]

**QCC Insurance Company  
Small Group  
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
31609PA0150025	Personal Choice PPO Platinum Preferred \$10/\$20/\$40	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150026	Personal Choice PPO Platinum Preferred \$20/\$40/\$60	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150027	Personal Choice PPO Gold Preferred \$40/\$80/\$60	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150028	Personal Choice PPO Gold Classic \$1,500/\$20/\$40	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150029	Personal Choice PPO Silver Classic \$3,750/\$30/\$60	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150030	Personal Choice PPO Platinum HSA-50 \$1,800/100%	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150031	Personal Choice PPO Gold HSA-25 \$2,400/\$25/\$50	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150032	Personal Choice PPO Gold HSA-0 \$2,100/100%	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150034	Personal Choice PPO Silver HSA-0 \$2,100/70%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150035	Personal Choice PPO Silver HSA-0 \$3,000/90%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150036	Personal Choice PPO Bronze HSA-0 \$5,600/50%	PPO	Bronze	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150037	Personal Choice PPO Bronze HSA-0 \$7,050/100%	PPO	Bronze	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150039	Personal Choice PPO Gold HRA-20 \$3,700/100%	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150047	Personal Choice PPO Gold Classic \$2,500 \$40/\$80/\$100	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150048	Personal Choice PPO Silver Classic \$5,000/\$50/\$100	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150049	Personal Choice PPO Silver Secure \$4,750/\$40/\$80	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150050	Personal Choice PPO Silver HSA-0 \$3,700/100%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0170001	Personal Choice EPO Silver HSA-0 \$3,000/80%	EPO	Silver	Off	EPO	8	Philadelphia

Company Name    QCC Insurance Company  
Market            Small Group  
RATES FOR AGE 25, NON-TOBACCO USER, BY RATING AREA AND COUNTY

[illegible]

[illegible]

**QCC Insurance Company  
Small Group  
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
31609PA0150025	Personal Choice PPO Platinum Preferred \$10/\$20/\$40	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150026	Personal Choice PPO Platinum Preferred \$20/\$40/\$60	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150027	Personal Choice PPO Gold Preferred \$40/\$80/\$60	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150028	Personal Choice PPO Gold Classic \$1,500/\$20/\$40	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150029	Personal Choice PPO Silver Classic \$3,750/\$30/\$60	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150030	Personal Choice PPO Platinum HSA-50 \$1,800/100%	PPO	Platinum	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150031	Personal Choice PPO Gold HSA-25 \$2,400/\$25/\$50	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150032	Personal Choice PPO Gold HSA-0 \$2,100/100%	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150034	Personal Choice PPO Silver HSA-0 \$2,100/70%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150035	Personal Choice PPO Silver HSA-0 \$3,000/90%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150036	Personal Choice PPO Bronze HSA-0 \$5,600/50%	PPO	Bronze	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150037	Personal Choice PPO Bronze HSA-0 \$7,050/100%	PPO	Bronze	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150039	Personal Choice PPO Gold HRA-20 \$3,700/100%	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150047	Personal Choice PPO Gold Classic \$2,500 \$40/\$80/\$100	PPO	Gold	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150048	Personal Choice PPO Silver Classic \$5,000/\$50/\$100	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150049	Personal Choice PPO Silver Secure \$4,750/\$40/\$80	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0150050	Personal Choice PPO Silver HSA-0 \$3,700/100%	PPO	Silver	Off	PPO	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
31609PA0170001	Personal Choice EPO Silver HSA-0 \$3,000/80%	EPO	Silver	Off	EPO	8	Philadelphia

Company Name QCC Insurance Company  
Market Small Group  
RATES FOR AGE 25, NON-TOBACCO USER, BY RATING AREA AND COUNTY

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Unified Rate Review v5.3

Company Legal Name:QCC Insurance Company, Inc.

HIOS Issuer ID:31609

Effective Date of Rate Change(s):1/1/2022

State:PA

Market:Small Group

To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P.

To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L.

To validate, select the Validate button or Ctrl + Shift + I.

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

Market Level Calculations (Same for all Plans)

Section I: Experience Period Data

Experience Period:1/1/2020to12/31/2020

Total

PMPM

Allowed Claims\$452,268,238.68\$507.09

Reinsurance\$0.00\$0.00

Incurred Claims in Experience Period\$368,351,936.84\$413.00

Risk Adjustment\$23,698,139.86\$26.57

Experience Period Premium\$535,642,538.45\$600.57

Experience Period Member Months891,890

Section II: Projections

Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims PMPM
		Cost	Utilization	Cost	Utilization	
Inpatient Hospital	\$92.00	1.037	1.132	1.037	1.132	\$126.78
Outpatient Hospital	\$115.91	1.036	1.132	1.036	1.132	\$159.42
Professional	\$163.96	1.025	1.132	1.025	1.132	\$220.74
Other Medical	\$0.00	1.025	1.132	1.025	1.132	\$0.00
Capitation	\$6.27	1.000	1.257	1.000	1.257	\$9.91
Prescription Drug	\$128.94	0.995	1.132	0.995	1.132	\$163.58
Total	\$507.08					\$680.42

Morbidity Adjustment1.052

Demographic Shift1.006

Plan Design Changes1.000

Other1.000

Adjusted Trended EHB Allowed Claims PMPM for1/1/2022\$720.09

Manual EHB Allowed Claims PMPM\$720.16

Applied Credibility %0.00%

Projected Period Totals

Projected Index Rate for1/1/2022\$720.16\$630,428,064.00

Reinsurance\$0.00\$0.00

Risk Adjustment Payment/Charge\$17.39\$15,223,206.00

Exchange User Fees0.00%\$0.00

Market Adjusted Index Rate\$702.77\$615,204,858.00

Projected Member Months875,400

Information Not Releasable to the Public Unless Authorized by Law: This information has not been publicly disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.



Rating Area Data Collection

Specify the total number of Rating Areas in your State by selecting the Create Rating Areas button or Ctrl + Shift + R.  
Select only the Rating Areas you are offering plans within and add a factor for each area.  
To validate, select the Validate button or Ctrl + Shift + I.  
To finalize, select the Finalize button or Ctrl + Shift + F.

Rating Area	Rating Factor
Rating Area 8	1.0000

## **URRT Part II – Consumer Friendly Justification**

### **Scope and Range of the Rate Increase:**

QCC Insurance Company ("QCC") is revising premium rates for the Pennsylvania Small Group ACA compliant products, effective from January 1, 2022. The proposed revisions to each plan are shown on the second page of this exhibit.

About 73,000 members will be affected.

### **Financial Experience of the Product:**

QCC is required by federal law to pay out a minimum of 80% percent of premium dollars for medical claims—this is referred to as the minimum Medical Loss Ratio (MLR). The rate action proposed in this filing is expected to achieve a Medical Loss Ratio of greater than 80%.

### **Changes in Taxes and Fees:**

The Federal government ended the Health Insurance Providers Fee beginning with premiums due in 2021.

### **Changes in Medical Service Costs:**

Premium rates for health care insurance are increasing as the cost of health care service rise. Health care service costs increase as health care providers increase their fees, members use more health care services and supplies, and the types of health care services and supplies change, among other factors.

We are projecting that claims will increase by 15.9% in 2022. Nearly half of the change in health care service costs is driven by changes to health care provider fees.

Morbidity was increased by an additional 5.2% to account for the impact of COVID-19 on overall projected claims. This represents the estimated increase for claims returning to more typical levels, which were reduced during the past year due to the pandemic. In addition, trend includes approximately an additional 2.8% to account for higher claims in 2022 related to COVID-related expenses and claims which have been delayed from 2020 and 2021 due to the pandemic.

### **Changes in Benefits:**

Some plan benefits are mandated by federal and state law. Benefit changes for some plans were also made. All changes in benefits are in compliance with the uniform modifications rules stipulated by the Federal government.

### **Administrative Costs:**

The premium rates presented in this filing include a 2% contribution to reserves. Furthermore, the Affordable Care Act (ACA) imposes taxes and other levies.

## URRT Part II – Consumer Friendly Justification

HIOS ID	Plan Name	1Q % Change	2Q % Change	3Q % Change	4Q % Change
31609PA0150025	Personal Choice PPO Platinum Preferred \$10/\$20/\$200	3.4%	3.3%	5.3%	5.2%
31609PA0150026	Personal Choice PPO Platinum Preferred \$20/\$40/\$250	3.4%	3.3%	5.3%	5.1%
31609PA0150027	Personal Choice PPO Gold Preferred \$40/\$80/\$600	2.6%	2.5%	4.5%	4.3%
31609PA0150028	Personal Choice PPO Gold Classic \$1,500/\$20/\$40/80%	2.4%	2.3%	4.2%	4.1%
31609PA0150029	Personal Choice PPO Silver Classic \$3,750/\$30/\$60/70%	3.2%	3.1%	5.1%	5.0%
31609PA0150030	Personal Choice PPO Platinum HSA-50 \$1,800/100%	3.7%	3.6%	5.6%	5.5%
31609PA0150031	Personal Choice PPO Gold HSA-25 \$2,400/\$25/\$50/90%	2.7%	2.6%	4.6%	4.5%
31609PA0150032	Personal Choice PPO Gold HSA-0 \$2,100/100%	2.9%	2.8%	4.8%	4.7%
31609PA0150034	Personal Choice PPO Silver HSA-0 \$2,100/70%	2.6%	2.5%	4.5%	4.4%
31609PA0150035	Personal Choice PPO Silver HSA-0 \$3,000/90%	2.6%	2.5%	4.5%	4.4%
31609PA0150036	Personal Choice PPO Bronze HSA-0 \$5,600/50%	2.3%	2.2%	4.1%	4.0%
31609PA0150037	Personal Choice PPO Bronze HSA-0 \$7,000/100%	3.9%	3.8%	5.8%	5.7%
31609PA0150039	Personal Choice PPO Gold HRA-20 \$3,700/100%	2.8%	2.7%	4.7%	4.6%
31609PA0150047	Personal Choice PPO Gold Classic \$2,500/\$40/\$80/100%	2.5%	2.4%	4.4%	4.3%
31609PA0150048	Personal Choice PPO Silver Classic \$5,000/\$50/\$100/90%	2.4%	2.3%	4.3%	4.2%
31609PA0150049	Personal Choice PPO Silver Secure \$4,750/\$40/\$80/\$600	2.5%	2.4%	4.3%	4.2%
31609PA0150050	Personal Choice PPO Silver HSA-0 \$3,700/100%	2.6%	2.5%	4.5%	4.4%
31609PA0170001	Personal Choice EPO Silver HSA-0 \$3,000/80%	2.6%	2.5%	4.5%	4.4%

## **GENERAL OVERVIEW**

### **PURPOSES**

This Actuarial Memorandum is provided along with the Unified Rate Review Template (URRT) to provide certain information to support the gross premium for the single risk pool for small group market health care insurance underwritten by QCC Insurance Company, Inc. in the Commonwealth of Pennsylvania. It is provided as a component of an application for certification as a Qualified Health Plan and a state rate filing. This submission may not be appropriate for other purposes.

### **GENERAL INFORMATION**

#### **COMPANY IDENTIFYING INFORMATION**

**Company Legal Name:** QCC Insurance Company, Inc. ("QCC")

**State:** Pennsylvania

**HIOS Issuer ID (5-digit):** 31609

**Market:** Small Group

**Effective Date(s):** 1/1/2022-3/31/2022, 4/1/2022 – 6/30/2022, 7/1/2022 – 9/30/2022,  
10/1/2022 – 12/31/2022

Worksheet 1 of the accompanying URRT contains experience period data and development of the projected Single Risk Pool Gross Premium Average Rate PMPM for the small group market for QCC. Worksheet 2 contains experience period data and projections by product for the single risk pool for the same entities.

#### **COMPANY CONTACT INFORMATION**

**Primary Contact Name:**

**Primary Contact Telephone Number:**

**Primary Contact Email Address:**

### **PROPOSED RATE INCREASE**

The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2020 to calendar year 2022 were incorporated into the pricing and reflected in the Unified Rate Review Template. The changes are driven by factors including: changes in market-wide population risk morbidity and covered services, increasing unit costs for medical services, increasing utilization of medical services, increasing fees and taxes imposed by the federal government, anticipated costs to administer the plan, and anticipated revenue or payments due to market-wide risk adjustment.

The Federal government ended the Health Insurance Providers Fee beginning with premiums due in 2022.

We are projecting that claims will increase by 15.9% in 2022. Nearly half of the change in health care service costs is driven by changes to health care provider fees.

Some plan benefits are mandated by federal and state law. Benefit changes for some plans were also made. All changes in benefits are in compliance with the uniform modifications rules stipulated by the Federal government.

The weighted average increase across QCC plans based on projected membership, inclusive of the impact of benefit and cost sharing changes, is 2.9%. The minimum increase is 2.3% and the maximum increase is 3.9%.

## **WORKSHEET 1: MARKET EXPERIENCE**

### **SECTION I: EXPERIENCE PERIOD DATA**

#### **SINGLE RISK POOL**

The single risk pool reflects all covered lives for every small group non-grandfathered product and plan combination for QCC in the state of Pennsylvania. It is established according to the Single Risk Pool requirements in 45 CFR § 156.80(d).

#### **PAID THROUGH DATE**

Experience period premium, claims, and member months are obtained from the company's internal data warehouse. The claims data is collected for incurred dates from January through December 2020 and paid through February 2021. Earned premiums and member months are for January through December 2020. The data are for all direct-written small group business of QCC in the Commonwealth of Pennsylvania.

#### **PREMIUMS IN EXPERIENCE PERIOD**

Earned Premiums in the Experience Period are developed by summing the earned premium reported in the company's internal data warehouse.

#### **ALLOWED AND INCURRED CLAIMS INCURRED DURING THE EXPERIENCE PERIOD**

##### **Paid-to-Date and Incurred Claims, and Member Months**

Insurer fee-for-service claims expenses and member liabilities for dates of service in January 2020 through December 2020 and paid through February 2020 are sourced from the IBCFOC's internal data warehouse. The claims and member liabilities are completed with incurred but not reported (IBNR) adjustments to develop ultimate incurred insurer fee-for-service claims expenses and member liabilities

for the January through December 2020 period. Capitation amounts are also sourced from the internal data warehouse for the January through December 2020 period but they are not adjusted for IBNR.

### **Allowed Claims**

Allowed claims are determined by separately obtaining paid-to-date fee-for-service claims and member cost-sharing amounts, applying claim lag factors to those amounts to estimate ultimate incurred fee-for-service claims and member-sharing amounts and adding them together with capitation amounts.

Allowed claims do not include ineligible claims, payments for services other than medical care provided, recovery payments related to internal large claim pooling mechanisms, or active live reserves.

### **IBNR Development**

Medical fee for service incurred but not reported (IBNR) claims are modeled through the use of standard claim lag methodologies. A range of results is developed, and a provision for adverse deviation is applied. The provision for adverse deviation is dependent on many factors such as stability, size, product mix, etc.

The completion factors are developed annually in the 2Q – 3Q period. We do not believe our IBNR is unusually high or unusually low for incurred 2020 paid through February 2021.

### **Experience Period Index Rate**

The Index Rate of Experience Period is estimated by removing cost and utilization trend from the Index Rate for Projection Period.

## **SECTION II: PROJECTIONS**

### **BENEFIT CATEGORIES**

Experience Period Index Rate PMPM Data is provided in Section II. The data is provided by benefit category using a standardized indicator from the internal data warehouse that assigns each claim line to a category based on the type of provider and the location of the service.

### **PROJECTION FACTORS**

The estimated incurred claims experience on an allowed basis for January 2020 through December 2020 is projected to the future rating period by several factors.

### **Morbidity Adjustment**

Experience period allowed claims are adjusted to account for differences in the average morbidity of the single risk pool population underlying the experience and the anticipated population in the projection period. This adjustment reflects changes in the small group market-wide morbidity.



## COVID-19 Impact


## Demographic Shift

This factor reflects the projected change in the average age, rating area, and tobacco utilization of the single risk pool.

## Plan Design Changes

This factor reflects any changes in EHB allowed claims due to plan design changes.

## Other Changes

This factor reflects changes in cost related to items other than changes in Morbidity, Demographic Shift, or Plan Design.

## Trend Factors

### a. Annualized Cost Trend

Annual cost trend reflects changes in costs of medical treatment due to medical inflation and changes in the distribution of services across network providers. The trend value is developed by reviewing historical medical costs for the single risk pool and adjusting them for anticipated future provider contracting reimbursement levels. The data is normalized for changes in age, benefit changes during the experience period, changes to provider contracts, and prescription drug formulary, and new drugs brought to market.

### b. Annualized Utilization Trend

Annual utilization trend reflects the change in the number of units per 1,000 members for a fixed level of illness burden and includes changes due to the mix and intensity of services provided and changes related to shifts in product mix. It also includes effects of selection, if any, since this cannot be reflected in the relative cost of the various products and plans offered.

### c. Quarterly Premium Trend

Rates for second, third and fourth quarters increase by 1.5% each quarter.

## CREDIBILITY MANUAL RATE DEVELOPMENT

The experience period claims for the single risk pool are determined to be fully credible; therefore no credibility adjustment is required.

## **RISK ADJUSTMENT AND REINSURANCE**

### **Projected Risk Adjustment PMPM**

Projected Risk Adjustment is accounted for in Projected Incurred Claims before the state based reinsurance program and Risk Adjustment to reflect anticipated risk adjustment transfer amounts for the projection period. The amount reflects the projected morbidity for the single risk pool in the projection period.

The estimated risk adjustment revenue for all of the plans in the risk pool is developed using the following methodology. We recognize that the HHS payment transfer formula implies that the projected incurred claims based solely on the experience period single risk pool claims need to be adjusted by the ratio of the current statewide market's risk relative to allowable rating factor (ARF) for age compared to the single risk pool's risk relative to ARF presented during the experience period. This adjustment, together with the assumed future changes in population risk morbidity, results in the issuer's pricing being consistent with the anticipated morbidity level of the future statewide market.

The anticipated risk adjustment transfer revenue is allocated proportionally based on plan premium. The Projected Risk Adjustment is subtracted from Projected Incurred Claims before ACA Risk Adjustment to reflect anticipated receipt of risk adjustment transfer amounts for the projection period.

The projected risk adjustment amounts for KHPE and Independence Blue Cross (QCC) are consistent with the projection made in the respective submissions. We also considered preliminary 2020 risk transfer results.

### **MARKET ADJUSTED INDEX RATE**

The template calculates a MAIR by subtracting the amounts entered for reinsurance and risk adjustment and dividing by 1 minus the exchange user fee percentage. The MAIR calculation flows into Worksheet 2.

The Market Adjusted Index rate is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules: federal reinsurance program adjustment, risk adjustment and exchange user fees. The Market Adjusted Index Rate reflects the average demographic characteristics of the single risk pool.

## **WORKSHEET 2: PRODUCT-PLAN DATA COLLECTION**

### **SECTION I: GENERAL PRODUCT AND PLAN INFORMATION**

All products and plans included in the single risk pool are shown in Worksheet 2.

## **AV METAL VALUES**

The AV Metal Values included in Worksheet 2 of the URRT were valued using the AV Calculator, where possible, otherwise the AV Metal Values were developed under an alternate methodology. Actuarial certifications required by 45 CFR Part 156, §156.135 are provided in a separate document.

## **SECTION II: EXPERIENCE PERIOD AND CURRENT PLAN LEVEL INFORMATION**

Experience Period data is shown for each plan included in the single risk pool.

## **SECTION III: PLAN ADJUSTMENT FACTORS**

The MAIR is adjusted for each plan based on its plan design, provider network, and non-EHBs. Administrative costs are added to calculate the Plan Adjusted Index Rate. The Plan Adjusted Index Rate is multiplied by the Age Calibration Factor, Geographic Calibration Factor, and Tobacco Calibration Factor to calculate the Calibrated Plan Adjusted Index Rate.

### **PLAN ADJUSTED INDEX RATE**

The Plan Adjusted Index Rate is calculated as the issuer Market Adjusted Index Rate adjusted for all allowable plan level modifiers defined in the market rating rule. These include actuarial value and cost sharing adjustment, provider network, delivery system and utilization management adjustment, adjustment for benefits in addition to the EHBs, impact of specific eligibility categories for the catastrophic plan and administrative costs.

### **NON-BENEFIT EXPENSES AND PROFIT & RISK**

#### **Administrative Expense Load**

An Administrative Expense Load is applied to Projected Incurred Claims to reflect expenses related to quality improvement and fraud detection/recovery and other expenses of operating a business, broker commissions, and premium payment processing fees.

#### **Profit & Risk Load/Contribution to Surplus**

A Profit & Risk Load/Contribution to Surplus for the single risk pool is applied to Projected Incurred Claims for the projection period, if applicable.

#### **Taxes and Fees**

A Taxes & Fees load is applied to Projected Incurred Claims to pass through fees and taxes levied by the federal and state governments.

## **CALIBRATION**

The plan adjusted index rate is projected for all products using the same anticipated age distribution and the mandated age curve. Therefore the consumer adjusted premium rate is the plan adjusted index rate divided by the average age, geographic and tobacco factors for the expected distribution. The average age of the combined small group risk pool population is 36.

The Average Age factor is the reciprocal of the weighted average age factor based on the projected membership. The Tobacco Factor is calculated as the reciprocal of the projected average factor for tobacco users multiplied by the projected tobacco use prevalence.

There is only one geographic rating area for this filing. The geographic rating area factor for this filing is 1.0.

Small differences result between the Calibrated Plan Adjusted Index rates and the Age 21 non-tobacco rates in the Rate Template due to rounding restrictions required in the URRT Part 1.

When rounded to the nearest dollar, the Calibrated Plan Adjusted Index Rates match the Age 21 non-tobacco rates in the Rate Template as required in the DIT.

## **MEMBERSHIP PROJECTIONS**

Enrollment is projected based on current and anticipated enrollment by plan. Items impacting these projections include changes in the size of the market due to guarantee issue requirements and the individual mandate changes. The enrollment is our February 2021 enrollment.

## **LOSS RATIO**

The loss ratio calculated in Section IV is generated within the template and is not based on the MLR formula. The projected loss ratio for the single risk pool is estimated to exceed 80% reflecting premium adjustments permitted by the federal MLR calculation.

## **INDEX RATE**

The Index Rate is defined as the EHB portion of projected allowed claims divided by all projected single risk pool lives. The Index Rate is the same value for all non-grandfathered plans for QCC Small Group Plans in Pennsylvania. The Index Rate reflects the twelve month projection for calendar year 2022. It has been developed following the specifications of 45 CFR § 156.80(d)(1).

## **TERMINATED PLANS**

There are no plans being terminated during 2022.

## **WORKSHEET 3: RATING AREAS**

There are nine rating areas in Pennsylvania. These plans are offered only in Rating Area 8, which consists of Bucks, Chester, Delaware, Montgomery, and Philadelphia counties.

## **ACTUARIAL CERTIFICATION**

I, [REDACTED], am Director & Actuary of Commercial Markets for the Independence Blue Cross Family of Companies. I am a member of the Society of Actuaries and the American Academy of Actuaries in good standing with the education and experience necessary to perform the work necessary and meet the Qualification Standards of the American Academy of Actuaries to render the qualified actuarial opinion contained herein. The developed rates and memorandum have been prepared in conformity with appropriate Actuarial Standards of Practice and the Academy's Code of Professional Conduct.

The Part I Unified Rate Review Template does not demonstrate the process used by the issuer to develop the premium rates and allowable rating factors. 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.

I hereby certify that, to the best of my knowledge and judgment, the following:

- The projected index rate is:
  - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102);
  - Developed in compliance with applicable Actuarial Standards of Practice;
  - Reasonable in relation to the benefits provided and the population anticipated to be covered; and
  - Neither excessive nor deficient.
- 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.
- Geographic rating factors reflect only differences in the costs of delivery of and do not include differences for population morbidity by geographic area.
- The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans, unless an alternate methodology was required. When an alternate methodology was used to calculate the AV Metal Value a copy of the actuarial certification required by 45 CFR Part 156, §156.135 was included.

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[REDACTED]  
May 18, 2021

Financial Statement Analysis - Q3 2024									
Company		Revenue		Profit		Market		Growth	
Entity	Segment	Q3 2024	Q3 2023	Q3 2024	Q3 2023	Value	Index	YoY %	QoQ %
Alpha Corp	Product A	1200000	1150000	300000	280000	1.2	1.1	15%	5%
	Product B	800000	780000	200000	190000	0.8	0.7	12%	3%
	Product C	500000	480000	120000	110000	0.5	0.4	10%	2%
	Product D	300000	290000	70000	65000	0.3	0.2	8%	1%
	Product E	200000	190000	50000	45000	0.2	0.1	7%	0%
	Product F	150000	140000	40000	35000	0.1	0.0	6%	0%
	Product G	100000	95000	25000	22000	0.0	0.0	5%	0%
	Product H	80000	75000	20000	18000	0.0	0.0	4%	0%
	Product I	60000	55000	15000	13000	0.0	0.0	3%	0%
	Product J	40000	38000	10000	9000	0.0	0.0	2%	0%
Beta Corp	Product A	900000	880000	220000	210000	0.9	0.8	10%	4%
	Product B	600000	580000	150000	140000	0.6	0.5	8%	3%
	Product C	400000	380000	100000	90000	0.4	0.3	7%	2%
	Product D	250000	240000	60000	55000	0.2	0.1	6%	1%
	Product E	180000	170000	45000	40000	0.1	0.0	5%	0%
	Product F	120000	110000	30000	25000	0.0	0.0	4%	0%
	Product G	80000	75000	20000	18000	0.0	0.0	3%	0%
	Product H	60000	55000	15000	13000	0.0	0.0	2%	0%
	Product I	40000	38000	10000	9000	0.0	0.0	1%	0%
	Product J	30000	28000	7000	6000	0.0	0.0	1%	0%
Gamma Corp	Product A	700000	680000	170000	160000	0.7	0.6	9%	3%
	Product B	450000	430000	110000	100000	0.4	0.3	7%	2%
	Product C	300000	280000	70000	65000	0.3	0.2	6%	1%
	Product D	200000	190000	50000	45000	0.2	0.1	5%	0%
	Product E	150000	140000	35000	30000	0.1	0.0	4%	0%
	Product F	100000	95000	25000	22000	0.0	0.0	3%	0%
	Product G	70000	65000	17000	15000	0.0	0.0	2%	0%
	Product H	50000	48000	12000	11000	0.0	0.0	1%	0%
	Product I	30000	28000	7000	6000	0.0	0.0	1%	0%
	Product J	20000	18000	5000	4000	0.0	0.0	0%	0%
Delta Corp	Product A	500000	480000	120000	110000	0.5	0.4	8%	2%
	Product B	350000	330000	85000	78000	0.3	0.2	6%	1%
	Product C	250000	230000	60000	55000	0.2	0.1	5%	0%
	Product D	180000	170000	45000	40000	0.1	0.0	4%	0%
	Product E	120000	110000	30000	25000	0.0	0.0	3%	0%
	Product F	80000	75000	20000	18000	0.0	0.0	2%	0%
	Product G	60000	55000	15000	13000	0.0	0.0	1%	0%
	Product H	40000	38000	10000	9000	0.0	0.0	1%	0%
	Product I	30000	28000	7000	6000	0.0	0.0	0%	0%
	Product J	20000	18000	5000	4000	0.0	0.0	0%	0%
Epsilon Corp	Product A	300000	280000	70000	65000	0.3	0.2	7%	1%
	Product B	200000	190000	50000	45000	0.2	0.1	6%	0%
	Product C	150000	140000	35000	30000	0.1	0.0	5%	0%
	Product D	100000	95000	25000	22000	0.0	0.0	4%	0%
	Product E	70000	65000	17000	15000	0.0	0.0	3%	0%
	Product F	50000	48000	12000	11000	0.0	0.0	2%	0%
	Product G	30000	28000	7000	6000	0.0	0.0	1%	0%
	Product H	20000	18000	5000	4000	0.0	0.0	0%	0%
	Product I	15000	13000	3500	3000	0.0	0.0	0%	0%
	Product J	10000	9000	2500	2000	0.0	0.0	0%	0%
Zeta Corp	Product A	200000	190000	50000	45000	0.2	0.1	6%	0%
	Product B	150000	140000	35000	30000	0.1	0.0	5%	0%
	Product C	100000	95000	25000	22000	0.0	0.0	4%	0%
	Product D	70000	65000	17000	15000	0.0	0.0	3%	0%
	Product E	50000	48000	12000	11000	0.0	0.0	2%	0%
	Product F	30000	28000	7000	6000	0.0	0.0	1%	0%
	Product G	20000	18000	5000	4000	0.0	0.0	0%	0%
	Product H	15000	13000	3500	3000	0.0	0.0	0%	0%
	Product I	10000	9000	2500	2000	0.0	0.0	0%	0%
	Product J	5000	4000	1000	800	0.0	0.0	0%	0%

Financial Statement									
Period		Revenue		Expenses		Profit		Balance	
Start	End	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
2023-01-01	2023-01-31	100000	100000	50000	50000	50000	50000	50000	50000
2023-02-01	2023-02-28	120000	120000	60000	60000	60000	60000	110000	110000
2023-03-01	2023-03-31	150000	150000	75000	75000	75000	75000	185000	185000
2023-04-01	2023-04-30	180000	180000	90000	90000	90000	90000	275000	275000
2023-05-01	2023-05-31	200000	200000	100000	100000	100000	100000	375000	375000
2023-06-01	2023-06-30	220000	220000	110000	110000	110000	110000	485000	485000
2023-07-01	2023-07-31	250000	250000	125000	125000	125000	125000	610000	610000
2023-08-01	2023-08-31	280000	280000	140000	140000	140000	140000	750000	750000
2023-09-01	2023-09-30	300000	300000	150000	150000	150000	150000	900000	900000
2023-10-01	2023-10-31	320000	320000	160000	160000	160000	160000	1060000	1060000
2023-11-01	2023-11-30	350000	350000	175000	175000	175000	175000	1235000	1235000
2023-12-01	2023-12-31	380000	380000	190000	190000	190000	190000	1425000	1425000
2024-01-01	2024-01-31	400000	400000	200000	200000	200000	200000	1625000	1625000
2024-02-01	2024-02-28	420000	420000	210000	210000	210000	210000	1835000	1835000
2024-03-01	2024-03-31	450000	450000	225000	225000	225000	225000	2060000	2060000
2024-04-01	2024-04-30	480000	480000	240000	240000	240000	240000	2300000	2300000
2024-05-01	2024-05-31	500000	500000	250000	250000	250000	250000	2550000	2550000
2024-06-01	2024-06-30	520000	520000	260000	260000	260000	260000	2810000	2810000
2024-07-01	2024-07-31	550000	550000	275000	275000	275000	275000	3085000	3085000
2024-08-01	2024-08-31	580000	580000	290000	290000	290000	290000	3375000	3375000
2024-09-01	2024-09-30	600000	600000	300000	300000	300000	300000	3675000	3675000
2024-10-01	2024-10-31	620000	620000	310000	310000	310000	310000	3985000	3985000
2024-11-01	2024-11-30	650000	650000	325000	325000	325000	325000	4310000	4310000
2024-12-01	2024-12-31	680000	680000	340000	340000	340000	340000	4650000	4650000
2025-01-01	2025-01-31	700000	700000	350000	350000	350000	350000	5000000	5000000
2025-02-01	2025-02-28	720000	720000	360000	360000	360000	360000	5360000	5360000
2025-03-01	2025-03-31	750000	750000	375000	375000	375000	375000	5735000	5735000
2025-04-01	2025-04-30	780000	780000	390000	390000	390000	390000	6125000	6125000
2025-05-01	2025-05-31	800000	800000	400000	400000	400000	400000	6525000	6525000
2025-06-01	2025-06-30	820000	820000	410000	410000	410000	410000	6935000	6935000
2025-07-01	2025-07-31	850000	850000	425000	425000	425000	425000	7360000	7360000
2025-08-01	2025-08-31	880000	880000	440000	440000	440000	440000	7800000	7800000
2025-09-01	2025-09-30	900000	900000	450000	450000	450000	450000	8250000	8250000
2025-10-01	2025-10-31	920000	920000	460000	460000	460000	460000	8710000	8710000
2025-11-01	2025-11-30	950000	950000	475000	475000	475000	475000	9185000	9185000
2025-12-01	2025-12-31	980000	980000	490000	490000	490000	490000	9675000	9675000
2026-01-01	2026-01-31	1000000	1000000	500000	500000	500000	500000	10175000	10175000
2026-02-01	2026-02-28	1020000	1020000	510000	510000	510000	510000	10685000	10685000
2026-03-01	2026-03-31	1050000	1050000	525000	525000	525000	525000	11210000	11210000
2026-04-01	2026-04-30	1080000	1080000	540000	540000	540000	540000	11750000	11750000
2026-05-01	2026-05-31	1100000	1100000	550000	550000	550000	550000	12300000	12300000
2026-06-01	2026-06-30	1120000	1120000	560000	560000	560000	560000	12860000	12860000
2026-07-01	2026-07-31	1150000	1150000	575000	575000	575000	575000	13435000	13435000
2026-08-01	2026-08-31	1180000	1180000	590000	590000	590000	590000	14025000	14025000
2026-09-01	2026-09-30	1200000	1200000	600000	600000	600000	600000	14625000	14625000
2026-10-01	2026-10-31	1220000	1220000	610000	610000	610000	610000	15235000	15235000
2026-11-01	2026-11-30	1250000	1250000	625000	625000	625000	625000	15860000	15860000
2026-12-01	2026-12-31	1280000	1280000	640000	640000	640000	640000	16500000	16500000
2027-01-01	2027-01-31	1300000	1300000	650000	650000	650000	650000	17150000	17150000
2027-02-01	2027-02-28	1320000	1320000	660000	660000	660000	660000	17810000	17810000
2027-03-01	2027-03-31	1350000	1350000	675000	675000	675000	675000	18485000	18485000
2027-04-01	2027-04-30	1380000	1380000	690000	690000	690000	690000	19175000	19175000
2027-05-01	2027-05-31	1400000	1400000	700000	700000	700000	700000	19875000	19875000
2027-06-01	2027-06-30	1420000	1420000	710000	710000	710000	710000	20585000	20585000
2027-07-01	2027-07-31	1450000	1450000	725000	725000	725000	725000	21310000	21310000
2027-08-01	2027-08-31	1480000	1480000	740000	740000	740000	740000	22050000	22050000
2027-09-01	2027-09-30	1500000	1500000	750000	750000	750000	750000	22800000	22800000
2027-10-01	2027-10-31	1520000	1520000	760000	760000	760000	760000	23560000	23560000
2027-11-01	2027-11-30	1550000	1550000	775000	775000	775000	775000	24335000	24335000
2027-12-01	2027-12-31	1580000	1580000	790000	790000	790000	790000	25125000	25125000
2028-01-01	2028-01-31	1600000	1600000	800000	800000	800000	800000	25925000	25925000
2028-02-01	2028-02-28	1620000	1620000	810000	810000	810000	810000	26735000	26735000
2028-03-01	2028-03-31	1650000	1650000	825000	825000	825000	825000	27560000	27560000
2028-04-01	2028-04-30	1680000	1680000	840000	840000	840000	840000	28400000	28400000
2028-05-01	2028-05-31	1700000	1700000	850000	850000	850000	850000	29250000	29250000
2028-06-01	2028-06-30	1720000	1720000	860000	860000	860000	860000	30110000	30110000
2028-07-01	2028-07-31	1750000	1750000	875000	875000	875000	875000	30985000	30985000
2028-08-01	2028-08-31	1780000	1780000	890000	890000	890000	890000	31875000	31875000
2028-09-01	2028-09-30	1800000	1800000	900000	900000	900000	900000	32775000	32775000
2028-10-01	2028-10-31	1820000	1820000	910000	910000	910000	910000	33685000	33685000
2028-11-01	2028-11-30	1850000	1850000	925000	925000	925000	925000	34610000	34610000
2028-12-01	2028-12-31	1880000	1880000	940000	940000	940000	940000	35550000	35550000
2029-01-01	2029-01-31	1900000	1900000	950000	950000	950000	950000	36500000	36500000
2029-02-01	2029-02-28	1920000	1920000	960000	960000	960000	960000	37460000	37460000
2029-03-01	2029-03-31	1950000	1950000	975000	975000	975000	975000	38435000	38435000
2029-04-01	2029-04-30	1980000	1980000	990000	990000	990000	990000	39425000	39425000
2029-05-01	2029-05-31	2000000	2000000	1000000	1000000	1000000	1000000	40425000	40425000
2029-06-01	2029-06-30	2020000	2020000	1010000	1010000	1010000	1010000	41435000	41435000
2029-07-01	2029-07-31	2050000	2050000	1025000	1025000	1025000	1025000	42460000	42460000
2029-08-01	2029-08-31	2080000	2080000	1040000	1040000	1040000	1040000	43500000	43500000
2029-09-01	2029-09-30	2100000	2100000	1050000	1050000	1050000	1050000	44550000	44550000
2029-10-01	2029-10-31	2120000	2120000	1060000	1060000	1060000	1060000	45610000	45610000
2029-11-01	2029-11-30	2150000	2150000	1075000	1075000	1075000	1075000	46685000	46685000
2029-12-01	2029-12-31	2180000	2180000	1090000	1090000	1090000	1090000	47775000	47775000
2030-01-01	2030-01-31	2200000	2200000	1100000	1100000	1100000	1100000	48875000	48875000
2030-02-01	2030-02-28	2220000	2220000	1110000	1110000	1110000	1110000	49985000	49985000
2030-03-01	2030-03-31	2250000	2250000	1125000	1125000	1125000	1125000	51110000	51110000
2030-04-01	2030-04-30	2280000	2280000	1140000	1140000	1140000	1140000	52250000	52250000
2030-05-01	2030-05-31	2300000	2300000	1150000	1150000	1150000	1150000	53400000	53400000
2030-06-01	2030-06-30	2320000	2320000	1160000	1160000	1160000	1160000	54560000	54560000
2030-07-01	2030-07-31	2350000	2350000	1175000	1175000	1175000	1175000	55735000	55735000
2030-08-01	2030-08-31	2380000	2380000	1190000	1190000	1190000	1190000	56925000	56925000
2030-09-01	2030-09-30	2400000	2400000	1200000	1200000	1200000	1200000	58125000	58125000
2030-10-01	2030-10-31	2420000	2420000	1210000	1210000	1210000	1210000	59335000	59335000
2030-11-01	2030-11-30	2450000	2450000	1225000	1225000	1225000	1225000	60560000	60560000
2030-12-01									

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Financial Statement									
Period		Revenue		Expenses		Profit		Balance	
Start	End	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
2023-01-01	2023-01-31	100000	100000	50000	50000	50000	50000	50000	50000
2023-02-01	2023-02-28	120000	120000	60000	60000	60000	60000	110000	110000
2023-03-01	2023-03-31	150000	150000	75000	75000	75000	75000	185000	185000
2023-04-01	2023-04-30	180000	180000	90000	90000	90000	90000	275000	275000
2023-05-01	2023-05-31	200000	200000	100000	100000	100000	100000	375000	375000
2023-06-01	2023-06-30	220000	220000	110000	110000	110000	110000	485000	485000
2023-07-01	2023-07-31	250000	250000	125000	125000	125000	125000	610000	610000
2023-08-01	2023-08-31	280000	280000	140000	140000	140000	140000	750000	750000
2023-09-01	2023-09-30	300000	300000	150000	150000	150000	150000	900000	900000
2023-10-01	2023-10-31	320000	320000	160000	160000	160000	160000	1060000	1060000
2023-11-01	2023-11-30	350000	350000	175000	175000	175000	175000	1235000	1235000
2023-12-01	2023-12-31	380000	380000	190000	190000	190000	190000	1425000	1425000
2024-01-01	2024-01-31	400000	400000	200000	200000	200000	200000	1625000	1625000
2024-02-01	2024-02-28	420000	420000	210000	210000	210000	210000	1835000	1835000
2024-03-01	2024-03-31	450000	450000	225000	225000	225000	225000	2060000	2060000
2024-04-01	2024-04-30	480000	480000	240000	240000	240000	240000	2300000	2300000
2024-05-01	2024-05-31	500000	500000	250000	250000	250000	250000	2550000	2550000
2024-06-01	2024-06-30	520000	520000	260000	260000	260000	260000	2810000	2810000
2024-07-01	2024-07-31	550000	550000	275000	275000	275000	275000	3085000	3085000
2024-08-01	2024-08-31	580000	580000	290000	290000	290000	290000	3375000	3375000
2024-09-01	2024-09-30	600000	600000	300000	300000	300000	300000	3675000	3675000
2024-10-01	2024-10-31	620000	620000	310000	310000	310000	310000	3985000	3985000
2024-11-01	2024-11-30	650000	650000	325000	325000	325000	325000	4310000	4310000
2024-12-01	2024-12-31	680000	680000	340000	340000	340000	340000	4650000	4650000
2025-01-01	2025-01-31	700000	700000	350000	350000	350000	350000	5000000	5000000
2025-02-01	2025-02-28	720000	720000	360000	360000	360000	360000	5360000	5360000
2025-03-01	2025-03-31	750000	750000	375000	375000	375000	375000	5735000	5735000
2025-04-01	2025-04-30	780000	780000	390000	390000	390000	390000	6125000	6125000
2025-05-01	2025-05-31	800000	800000	400000	400000	400000	400000	6525000	6525000
2025-06-01	2025-06-30	820000	820000	410000	410000	410000	410000	6935000	6935000
2025-07-01	2025-07-31	850000	850000	425000	425000	425000	425000	7360000	7360000
2025-08-01	2025-08-31	880000	880000	440000	440000	440000	440000	7800000	7800000
2025-09-01	2025-09-30	900000	900000	450000	450000	450000	450000	8250000	8250000
2025-10-01	2025-10-31	920000	920000	460000	460000	460000	460000	8710000	8710000
2025-11-01	2025-11-30	950000	950000	475000	475000	475000	475000	9185000	9185000
2025-12-01	2025-12-31	980000	980000	490000	490000	490000	490000	9675000	9675000
2026-01-01	2026-01-31	1000000	1000000	500000	500000	500000	500000	10175000	10175000
2026-02-01	2026-02-28	1020000	1020000	510000	510000	510000	510000	10685000	10685000
2026-03-01	2026-03-31	1050000	1050000	525000	525000	525000	525000	11210000	11210000
2026-04-01	2026-04-30	1080000	1080000	540000	540000	540000	540000	11750000	11750000
2026-05-01	2026-05-31	1100000	1100000	550000	550000	550000	550000	12300000	12300000
2026-06-01	2026-06-30	1120000	1120000	560000	560000	560000	560000	12860000	12860000
2026-07-01	2026-07-31	1150000	1150000	575000	575000	575000	575000	13435000	13435000
2026-08-01	2026-08-31	1180000	1180000	590000	590000	590000	590000	14025000	14025000
2026-09-01	2026-09-30	1200000	1200000	600000	600000	600000	600000	14625000	14625000
2026-10-01	2026-10-31	1220000	1220000	610000	610000	610000	610000	15235000	15235000
2026-11-01	2026-11-30	1250000	1250000	625000	625000	625000	625000	15860000	15860000
2026-12-01	2026-12-31	1280000	1280000	640000	640000	640000	640000	16500000	16500000
2027-01-01	2027-01-31	1300000	1300000	650000	650000	650000	650000	17150000	17150000
2027-02-01	2027-02-28	1320000	1320000	660000	660000	660000	660000	17810000	17810000
2027-03-01	2027-03-31	1350000	1350000	675000	675000	675000	675000	18485000	18485000
2027-04-01	2027-04-30	1380000	1380000	690000	690000	690000	690000	19175000	19175000
2027-05-01	2027-05-31	1400000	1400000	700000	700000	700000	700000	19875000	19875000
2027-06-01	2027-06-30	1420000	1420000	710000	710000	710000	710000	20585000	20585000
2027-07-01	2027-07-31	1450000	1450000	725000	725000	725000	725000	21310000	21310000
2027-08-01	2027-08-31	1480000	1480000	740000	740000	740000	740000	22050000	22050000
2027-09-01	2027-09-30	1500000	1500000	750000	750000	750000	750000	22800000	22800000
2027-10-01	2027-10-31	1520000	1520000	760000	760000	760000	760000	23560000	23560000
2027-11-01	2027-11-30	1550000	1550000	775000	775000	775000	775000	24335000	24335000
2027-12-01	2027-12-31	1580000	1580000	790000	790000	790000	790000	25125000	25125000
2028-01-01	2028-01-31	1600000	1600000	800000	800000	800000	800000	25925000	25925000
2028-02-01	2028-02-28	1620000	1620000	810000	810000	810000	810000	26735000	26735000
2028-03-01	2028-03-31	1650000	1650000	825000	825000	825000	825000	27560000	27560000
2028-04-01	2028-04-30	1680000	1680000	840000	840000	840000	840000	28400000	28400000
2028-05-01	2028-05-31	1700000	1700000	850000	850000	850000	850000	29250000	29250000
2028-06-01	2028-06-30	1720000	1720000	860000	860000	860000	860000	30110000	30110000
2028-07-01	2028-07-31	1750000	1750000	875000	875000	875000	875000	30985000	30985000
2028-08-01	2028-08-31	1780000	1780000	890000	890000	890000	890000	31875000	31875000
2028-09-01	2028-09-30	1800000	1800000	900000	900000	900000	900000	32775000	32775000
2028-10-01	2028-10-31	1820000	1820000	910000	910000	910000	910000	33685000	33685000
2028-11-01	2028-11-30	1850000	1850000	925000	925000	925000	925000	34610000	34610000
2028-12-01	2028-12-31	1880000	1880000	940000	940000	940000	940000	35550000	35550000
2029-01-01	2029-01-31	1900000	1900000	950000	950000	950000	950000	36500000	36500000
2029-02-01	2029-02-28	1920000	1920000	960000	960000	960000	960000	37460000	37460000
2029-03-01	2029-03-31	1950000	1950000	975000	975000	975000	975000	38435000	38435000
2029-04-01	2029-04-30	1980000	1980000	990000	990000	990000	990000	39425000	39425000
2029-05-01	2029-05-31	2000000	2000000	1000000	1000000	1000000	1000000	40425000	40425000
2029-06-01	2029-06-30	2020000	2020000	1010000	1010000	1010000	1010000	41435000	41435000
2029-07-01	2029-07-31	2050000	2050000	1025000	1025000	1025000	1025000	42460000	42460000
2029-08-01	2029-08-31	2080000	2080000	1040000	1040000	1040000	1040000	43500000	43500000
2029-09-01	2029-09-30	2100000	2100000	1050000	1050000	1050000	1050000	44550000	44550000
2029-10-01	2029-10-31	2120000	2120000	1060000	1060000	1060000	1060000	45610000	45610000
2029-11-01	2029-11-30	2150000	2150000	1075000	1075000	1075000	1075000	46685000	46685000
2029-12-01	2029-12-31	2180000	2180000	1090000	1090000	1090000	1090000	47775000	47775000
2030-01-01	2030-01-31	2200000	2200000	1100000	1100000	1100000	1100000	48875000	48875000
2030-02-01	2030-02-28	2220000	2220000	1110000	1110000	1110000	1110000	49985000	49985000
2030-03-01	2030-03-31	2250000	2250000	1125000	1125000	1125000	1125000	51110000	51110000
2030-04-01	2030-04-30	2280000	2280000	1140000	1140000	1140000	1140000	52250000	52250000
2030-05-01	2030-05-31	2300000	2300000	1150000	1150000	1150000	1150000	53400000	53400000
2030-06-01	2030-06-30	2320000	2320000	1160000	1160000	1160000	1160000	54560000	54560000
2030-07-01	2030-07-31	2350000	2350000	1175000	1175000	1175000	1175000	55735000	55735000
2030-08-01	2030-08-31	2380000	2380000	1190000	1190000	1190000	1190000	56925000	56925000
2030-09-01	2030-09-30	2400000	2400000	1200000	1200000	1200000	1200000	58125000	58125000
2030-10-01	2030-10-31	2420000	2420000	1210000	1210000	1210000	1210000	59335000	59335000
2030-11-01	2030-11-30	2450000	2450000	1225000	1225000	1225000	1225000	60560000	60560000
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# Cover Page

**HIOS Issuer ID:** 31609

**HIOS Product ID:** 31609PA015

This single PDF file contains two separate actuarial certifications for the unique plan designs under Issuer ID 31609. Please refer to all of the pages contained herein.

# Unique Plan Design Supporting Documentation and Justification

## ACTUARIAL MEMORANDUM

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**HIOS Issuer ID:** 31609

**HIOS Product IDs:** 31609PA015

**Applicable HIOS Plan IDs (Standard Component):** 31609PA0150025, 31609PA0150026, 31609PA0150027, 31609PA0150028, 31609PA0150047, 31609PA0150049, 31609PA0150048, 31609PA0150029

**Purpose of document:**

The purpose of this document is to provide CMS with a justification of the methods used in calculating the actuarial value for unique plan designs offered in the individual or small group market for the plan year beginning 1/1/2022. As prescribed by law, the AV calculation was based on the AV calculator to the full extent possible. The AV is meant to represent the average percent of costs paid by the insurer for a standard population and may vary from actual member experience. The resulting AV was based on prescribed methodology and, therefore, may not reasonably reflect the actuary's estimate of the portion of allowed costs covered by the health insurance plan. The AV was determined based on the plan's benefits and coverage data, the standard population, and utilization and continuance tables published by HHS for purposes of the valuation of AV. This actuarial analysis is not appropriate for any other purposes.

**Reasons the plan design is unique (benefits that are not compatible with the parameters of the AV calculator and the materiality of those benefits):**

The cost-sharing for laboratory outpatient and professional services varies by site of service. Lab work done at the office or a free-standing facility has zero cost-sharing, while lab work done by a hospital has 50% coinsurance after deductible (if applicable). Laboratory outpatient and professional services account for roughly 3% of allowed costs in the AV calculation.

The cost-sharing for occupational and physical therapy varies by site of service. Occupational and physical therapy accounts for roughly 2% of allowed costs in the AV calculation.

The cost-sharing for x-rays and diagnostic imaging varies by site of service. X-rays and diagnostic imaging accounts for roughly 4% of allowed costs in the AV calculation.

The cost-sharing for imaging (CT/PET scans, MRIs) varies by site of service. Imaging accounts for roughly 2% of allowed costs in the AV calculation.

31609PA0150028, 31609PA0150047, 31609PA0150048, and 31609PA0150029 have cost-sharing for outpatient facility fee which varies by site of service. Outpatient facility fee accounts for roughly 14% of allowed costs in the AV calculation.

The cost sharing of primary care for these plans is a combination of copays for office visits in person and virtual care. Primary care services account for about 3% of allowed costs in the AV calculation.



The cost sharing of specialist care for these plans is a combination of copays for office visits in person and virtual care. Specialist services account for about 4% of allowed costs in the AV calculation.

**Acceptable alternate method used per 156.135(b)(2) or 156.135(b)(3):**

Method 156.135(b)(2) was used for laboratory (for plans with no deductible), x-rays, imaging, and outpatient facility site of service cost-sharing and the copays of primary care and specialist physicians.

Method 156.135(b)(3) was used for laboratory site of service cost-sharing (for plans with deductibles).

**Confirmation that only in-network cost-sharing, including multitier networks, was considered:**

I confirm that only in-network cost-sharing was considered.

**Description of the standardized plan population data used:**

For the freestanding and hospital utilization data for outpatient facility, we used our commercial PPO and HMO data incurred between July 2019 and June 2020.

For the physical therapy and radiology site-of-service utilization, we used our commercial PPO data incurred between July 2019 and June 2020.

For the freestanding and hospital utilization data for laboratory services, we used our commercial PPO data incurred between July 2019 and June 2020.

However, due to COVID-19's disruption on utilization patterns and with the 2022 AV calculator being unchanged from the 2021 AV calculator, we have decided to use last year's assumptions.

For primary care and specialist utilization, we used our commercial PPO and HMO data incurred between January 2020 and December 2020.

**If the method described in 156.135(b)(2) was used, a description of how the benefits were modified to fit the parameters of the AV calculator:**

*Laboratory Site-of-service Differential for Plans with No Deductible*

For the lab site of service cost-sharing, our recent data suggested that 20% of units are at a hospital setting with an average unit cost of \$53.60, while 80% of units are at a freestanding setting with an average unit cost of \$20.16. Taking a weighted average of a 50% issuer coinsurance applied to \$53.60 and a 100% issuer coinsurance applied to \$20.16 produced an average issuer paid amount of \$21.21 out of an average cost of \$25.44, giving an effective issuer coinsurance of 83.4% which was entered into the AV calculator.

*Occupational and Physical Therapy Site-of-service Differential*

For the physical therapy site of service cost-sharing, our recent data indicated that 88 % of utilization came from the preferred site. The cost-sharing entered into the AV calculator is a weighted average of the copays at each site.

*X-rays and Diagnostic Imaging Site-of-service Copay Differential*

For the x-ray site of service cost-sharing, our recent data indicated that 45% of utilization came

from the preferred site. The cost-sharing entered into the AV calculator is a weighted average of copays based on utilization at each site.

*X-rays and Diagnostic Imaging Site-of-service Coinsurance Differential*

For the x-ray site of service cost-sharing, our recent data indicated that 20% of claims came from the preferred site. The cost-sharing entered into the AV calculator is a weighted average of coinsurance based on claims at each site.

*Imaging (CT/PET scans, MRIs) Site-of-service Copay Differential*

For the imaging site of service cost-sharing, our recent data indicated that 45% of utilization came from the preferred site. The cost-sharing entered into the AV calculator is a weighted average of copays based on utilization at each site.

*Imaging (CT/PET scans, MRIs) Site-of-service Coinsurance Differential*

For the imaging site of service cost-sharing, our recent data indicated that 25% of claims came from the preferred site. The cost-sharing entered into the AV calculator is a weighted average of coinsurance based on claims at each site.

*Outpatient Facility Fee Site-of-service Differential*

For the outpatient facility site of service cost-sharing, our recent data indicated that 80% of outpatient facility claims came from the hospital setting.

The cost-sharing entered into the AV calculator is a weighted average of the coinsurance at a hospital and the coinsurance at an ambulatory surgery center.

HIOS ID	Service Type	Cost-sharing		AV Input
		Preferred Site	Non-preferred Site	
31609PA0150025	Phys. Ther.	\$20	\$50	\$23.60
	X-rays	\$50	\$150	\$105.00
	Imaging	\$125	\$250	\$193.75
31609PA0150026	Phys. Ther.	\$40	\$70	\$43.60
	X-rays	\$50	\$150	\$105.00
	Imaging	\$125	\$250	\$193.75
31609PA0150027	Phys. Ther.	\$80	\$110	\$83.60
	X-rays	\$70	\$175	\$127.75
	Imaging	\$150	\$300	\$232.50
31609PA0150028	Phys. Ther.	\$40	\$80	\$44.80
	X-rays	80%	60%	64%
	Imaging	80%	60%	65%
	OP Facility	80%	50%	56%
31609PA0150047	Phys. Ther.	\$80	\$110	\$83.60
	X-rays	\$70	\$175	\$127.75
	Imaging	\$150	\$300	\$232.50
	OP Facility	100%	70%	76%
31609PA0150049	Phys. Ther.	\$80	\$110	\$83.60
	X-rays	\$80	\$200	\$146.00
	Imaging	\$200	\$400	\$310.00
31609PA0150048	Phys. Ther.	\$100	\$130	\$103.60
	X-rays	\$80	\$200	\$146.00
	Imaging	\$200	\$400	\$310.00
	OP Facility	90%	70%	74%
31609PA0150029	Phys. Ther.	\$60	\$90	\$63.60
	X-rays	70%	50%	54%
	Imaging	70%	50%	55%
	OP Facility	70%	50%	54%

## ***Combination of Copays for Primary Care and Specialist***

### ***Primary Care Copay Differential***

For primary care, our recent data indicated that 85% of utilization came from office visits in person and 15% from virtual care. The cost-sharing entered into the AV calculator is a weighted average of copays based on utilization at each site.

HIOS_ID	Cost - sharing		AV Input
	PCP	Virtual PCP	
31609PA0150025	\$10	\$5	\$9.25
31609PA0150026	\$20	\$15	\$19.25
31609PA0150027	\$40	\$30	\$38.50
31609PA0150028	\$20	\$15	\$19.25
31609PA0150047	\$40	\$30	\$38.50
31609PA0150049	\$40	\$30	\$38.50
31609PA0150048	\$50	\$35	\$47.75
31609PA0150029	\$30	\$20	\$28.50

### ***Specialist Copay Differential***

For specialist visits, our recent data indicated that 90% of utilization came from office visits in person and 10% from virtual care. The cost-sharing entered into the AV calculator is a weighted average of copays based on utilization at each site.

HIOS_ID	Cost - sharing		AV Input
	SP	Virtual SP	
31609PA0150025	\$20	\$10	\$19.00
31609PA0150026	\$40	\$25	\$38.50
31609PA0150027	\$80	\$55	\$77.50
31609PA0150028	\$40	\$25	\$38.50
31609PA0150047	\$80	\$55	\$77.50
31609PA0150049	\$80	\$55	\$77.50
31609PA0150048	\$100	\$70	\$97.00
31609PA0150029	\$60	\$40	\$58.00

**If the method described in 156.135(b)(3) was used, a description of the data and method used to develop the adjustments:**

*Laboratory Site-of-service Differential for Plans with Deductible*

For the lab site of service cost-sharing, our recent data indicated that 20% of lab claims came from the hospital setting.

Using the AV calculation resulting from method 156.135(b)(2), two separate AVs were calculated; the first AV was calculated with zero lab cost-sharing to reflect lab work done by at an office or free-standing facility, and the second AV was calculated with 50% coinsurance after deductible to reflect lab work done by a hospital. The final AV for the plan was then calculated by taking a weighted average of the two AVs using the utilizations by lab site. The following exhibit details this calculation.

HIOS ID	AV		
	Free-standing	Hospital	Average
31609PA0150028	80.15%	78.67%	79.85%
31609PA0150047	79.97%	78.22%	79.62%
31609PA0150049	71.69%	69.70%	71.29%
31609PA0150048	71.11%	69.07%	70.70%
31609PA0150029	72.28%	70.47%	71.91%

Utilization	80%	20%
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**Certification Language:**

The development of the actuarial value is based on one of the acceptable alternative methods outlined in 156.135(b)(2) or 156.135(b)(3) for those benefits that deviate substantially from the parameters of the AV Calculator and have a material impact on the AV.

The analysis was

- (i) conducted by a member of the American Academy of Actuaries; and
- (ii) performed in accordance with generally accepted actuarial principles and methodologies.

I am an employee of the issuer, I meet the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* promulgated by the American Academy of Actuaries, and I have the education and experience necessary to perform this work. All AVs herein were determined in accordance with the ASOPs established by the Actuarial Standards Board and comply with applicable laws and regulations; furthermore, all metal levels herein were appropriately assigned based on applicable law.

**Actuary signature:** \_\_\_\_\_

**Actuary Printed Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_ 5/14/2021

AV screenshots redacted.

# Unique Plan Design Supporting Documentation and Justification

## ACTUARIAL MEMORANDUM

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**HIOS Issuer ID:** 31609

**HIOS Product IDs:** 31609PA015

**Applicable HIOS Plan IDs (Standard Component):** 31609PA0150031

### **Purpose of document:**

The purpose of this document is to provide CMS with a justification of the methods used in calculating the actuarial value for unique plan designs offered in the individual or small group market for the plan year beginning 1/1/2022. As prescribed by law, the AV calculation was based on the AV calculator to the full extent possible. The AV is meant to represent the average percent of costs paid by the insurer for a standard population and may vary from actual member experience. The resulting AV was based on prescribed methodology and, therefore, may not reasonably reflect the actuary's estimate of the portion of allowed costs covered by the health insurance plan. The AV was determined based on the plan's benefits and coverage data, the standard population, and utilization and continuance tables published by HHS for purposes of the evaluation of AV. This actuarial analysis is not appropriate for any other purposes.

### **Reasons the plan design is unique (benefits that are not compatible with the parameters of the AV calculator and the materiality of those benefits):**

The cost sharing of primary care for these plans is a combination of copays for office visits in person and virtual care. Primary care services account for about 3% of allowed costs in the AV calculation.

The cost sharing of specialist care for these plans is a combination of copays for office visits in person and virtual care. Specialist services account for about 4% of allowed costs in the AV calculation.

### **Acceptable alternate method used per 156.135(b)(2) or 156.135(b)(3):**

Method 156.135(b)(2) was used for the copays of primary care and specialist physicians.

### **Confirmation that only in-network cost sharing, including multitier networks, was considered:**

I confirm that only in-network cost sharing was considered.

### **Description of the standardized plan population data used:**

For primary care and specialist utilization, we used our commercial PPO and HMO data incurred between January 2020 and December 2020.



**If the method described in 156.135(b)(2) was used, a description of how the benefits were modified to fit the parameters of the AV calculator:**

***Combination of Copays for Primary Care and Specialist***

***Primary Care Copay Differential***

For primary care, our recent data indicated that 85% of utilization came from office visits in person and 15% from virtual care. The cost-sharing entered into the AV calculator is a weighted average of copays based on utilization at each site.

	Cost - sharing		
HIOS_ID	PCP	Virtual PCP	AV Input
31609PA0150031	\$25	\$20	\$24.25

***Specialist Copay Differential***

For specialist visits, our recent data indicated that 90% of utilization came from office visits in person and 10% from virtual care. The cost-sharing entered into the AV calculator is a weighted average of copays based on utilization at each site.

	Cost - sharing		
HIOS_ID	SP	Virtual SP	AV Input
31609PA0150031	\$50	\$35	\$48.50

**Certification Language:**

The development of the actuarial value is based on one of the acceptable alternative methods outlined in 156.135(b)(2) or 156.135(b)(3) for those benefits that deviate substantially from the parameters of the AV Calculator and have a material impact on the AV.

The analysis was

- (i) conducted by a member of the American Academy of Actuaries; and
- (ii) performed in accordance with generally accepted actuarial principles and methodologies.

I am an employee of the issuer, I meet the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* promulgated by the American Academy of Actuaries, and I have the education and experience necessary to perform this work. All AVs herein were determined in accordance with the ASOPs established by the Actuarial Standards Board and comply with applicable laws and regulations; furthermore, all metal levels herein were appropriately assigned based on applicable law.

**Actuary signature:** \_\_\_\_\_

**Actuary Printed Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_ 5/14/2021

AV screenshots redacted.

A COVID-19 Morbidity Adjustment of 1.052 was used in the rate calculation.

The change in demographics was calculated considering changes to age, geography, and tobacco use.

The change in the average age was measured by comparing the average age factor calculated in this filing, based on February 2021 enrollments, to the average age factor calculated for the prior annual filing.

	2021 Filing	2022 Filing	Change
Age Factor	1.513	1.514	1.001
Geographic Factor	1.000	1.000	1.000
Tobacco Factor	1.006	1.007	1.001
Total change			1.002

No changes were assumed for this filing.

The network factors used in Table 10 are based on the network differentials from the prior filing.

The network factor used for PPO was 1.000.

The network factor used for EPO was 0.950.

The factors used in Table 10 recalibrate the values so that the differentials between the factors remains constant, and the composite factor equals 1.000.

Table 10 factors:	PPO	1.001
	EPO	0.951

## REDACTION JUSTIFICATION

### DOCUMENT

#### URRT Part III – Federal Actuarial Memorandum

Redacted Name of opining actuary (page 8)

Redacted COVID-19 Impact (page 4) – confidential and proprietary information

Redacted Company Contact Information (page 1) – name, telephone number, email address

#### PA Actuarial Memorandum

Redacted Name of opining actuary (pages 7 and 8)

Redacted COVID-19 Impact (page 5) – confidential and proprietary information

Redacted Company Contact Information (page 1) – name, telephone number, email address

#### Cover Letter

Redacted names and contact information (page 2)

#### AV Screenshots

Entire File Redacted

#### Unique AV Justification file

Redacted name of opining actuary (pages 8 and 24)

Redacted AV Screenshots (pages 9-21 and 25)




# 2021 and 2022 Service Area


Issuer: QCC Insurance Company

Market: Small Group



**Key** (*modify as needed*)

 : On-exchange service area

 : Off-exchange only service area

The following questions were provided by the Department's consulting actuary:

**1. The following questions are related to the projected risk adjustment transfer amount:**

- a. Please explain and provide the quantitative development of the projected risk adjustment transfer amount PMPM equal to \$13.00.**

The calculation is shown on Tab Q1a of the "QCC Small Group Response to June 10 Obj" excel worksheet.

- b. Please compare the projected 2022 risk adjustment transfer amount PMPM to the anticipated 2020 risk adjustment transfer amount PMPM, identifying the specific driver(s) of any differences between the two values and providing detailed support for those differences.**

We request that this response be deferred until the updated 2020 risk adjustment is released.

**2. The following questions are related to the proposed annual trend rate included in the filing.**

- a. Please provide the actual observed trends based on historical allowed claims experience for each benefit category as well as in aggregate for years 2018, 2019, 2020, and 2021 (year to date). We realize 2021 trends will be partially based on estimated claim costs. In providing your response, for each calendar year, provide the total member months, allowed claims, and any normalization adjustments that should be applied to the claims experience. Please provide both raw and COVID-19 adjusted values for 2020 and 2021, as applicable.**

We have added historical trend information in Tab Q2 of the "QCC Small Group Response to June 10 Obj" excel worksheet.

- b. Please compare the proposed annual trend rate to the actual observed trend rates per your response above. To the extent they are significantly different, please explain and justify why it is reasonable that they should be different.**

Please refer to Tab Q2 of the "QCC Small Group Response to June 10 Obj" excel worksheet.

- c. Please provide qualitative and quantitative support for the additional 2.8% adjustment to account for higher claims in 2022 related to COVID-related expenses and claims delayed from 2020 and 2021 due to the pandemic. If external studies were utilized to develop the 2.8% assumption, please provide specific references to those studies that were utilized. Further, please clarify whether the additional 2.8% adjustment is on an annual basis (e.g., an additional 2.8% was added to the base annual trend rate) or cumulative (e.g., an additional 1.4% was added to the base annual trend rate).**

The 2.8% is our projected increase from 2021 to 2022 for additional costs related to COVID-19 going forward. These include costs related to care for new variants, further incidence in the unvaccinated population, and the excess costs for care that has been delayed in 2020 and 2021. The 2.8% is not applied to two years' of trend as it reflects increases from 2021 to 2022.

- 3. The filing documents indicate that morbidity was increased by an additional 5.2% to account for the impact of COVID-19 on overall projected claims. Please provide both qualitative and**

**quantitative support for this increase, including a numerical development of the adjustment and detailed description of the methodology that was utilized in calculating it.**

Please refer to the information in Tab Q3 of the “QCC Small Group Response to June 10 Obj” excel worksheet. This illustrates the impact compared to normal claim levels in 2020 related to the pandemic. For the year 2020, this was 5.2%. The additional 5.2% applied to morbidity is the return to normal pre-COVID-19 claim levels for 2021.

- 4. Please provide support for and demonstrate the numerical development of the change in network factor as reported on the ‘Rate Development & Change’ tab of the PA Rate Template.**

To be more consistent with our pricing methodology we have created Manual Data by pooling the experience of QCC with KHPE, as our companies are offering coverage to exactly the same populations geographically and customers may choose to enroll in plans from either entity. The pooling results in less difference and volatility in the claim trend rates between QCC and KHPE when kept separate. The network factor includes an adjustment that results in the appropriate rate differential between QCC and KHPE plans.

It is unlikely that this factor will remain constant over time, due to the impact of Risk Adjustment, as well as the mixes of the different provider networks offered by the two entities. A summary of the factors is shown on Tab Q4 of the “QCC Small Group Response to June 10 Obj” excel worksheet.

- 5. Please provide an explanation and exhibit supporting the numerical development of the projected 2022 MLR that shows compliance with the 80% minimum MLR. Include all components of the numerator and denominator, and indicate how components not already supported were determined.**

The calculation of the MLR is shown on Tab Q5 of the “QCC Small Group Response to June 10 Obj” excel worksheet.

- 6. As indicated in Item 14 of the Revisions section of the guidance, the Department requests an MLR comparison between the actual and pricing values for the most recent 3 calendar years of complete data (I.e. 2017-2019 for plan year 2022). Section E, Item #3 of the guidance describes the requested information that should be included in the actuarial memorandum. Please provide the requested comparison of the projected vs. actual MLR for each of calendar years 2017, 2018, and 2019.**

Please refer to Tab Q6 of the “QCC Small Group Response to June 10 Obj” excel worksheet.

**The following questions are based on the Department’s review:**

- 7. Please confirm that you have tested to ensure that the rates in Table 11 of the PA AM Exhibits, PA Plan Design Summary and Rate Table, Federal Rates Template, and binder are identical.**

We tested the rates in the exhibits and rate tables to assure that they were identical.

- 8. Please provide an exhibit that quantitatively shows a comparison of the actual to projected claim cost PMPMs for calendar years 2017-2020, as applicable.**

Please refer to Tab Q2 of the “QCC Small Group Response to June 10 Obj” excel worksheet.

- 9. The requested trend for this filing is above the average for all Pennsylvania issuers in this market. Please provide a short list of bullet points that discuss the main causes/drivers of this higher-than-average trend.**

Our trend is based on our projections for 2022 costs and includes both unit cost and utilization assumptions, as it does in other years. However, with calendar year 2020 being the experience period and what trend is applied to, it is not unexpected that there are differences in insurers. Different insurers may have been affected by COVID-19 to different degrees, which affects the 2020 experience period, and their projection for “return to normal” may be different than others’. In addition to the COVID impact differences, the Philadelphia market is significantly more expensive than the PA statewide market and also trends at a different rate.

- 10. As stated in Item 12 of the Revisions section of the guidance, the Department requested a detailed explanation and support for any adjustments to the experience data, and/or projected data due to the impact of COVID. This explanation should be included in the actuarial memorandum. More detail is provided in Section D, Part 2a of the guidance.**

In Section 2.A. of the Actuarial Memorandum, the “COVID-19” impact section discusses our assumptions for the impact on COVID-19, including the additional cost to return to more typical claim levels and the projected impact on claims beginning in 2022. We have also included additional information in Tab Q3 of the “QCC Small Group Response to June 10 Obj” excel worksheet.

- 11. Please provide the quantitative impact and a narrative description of all significant factors driving the proposed rate increase. As an example, these factors could include:**

- Single risk pool experience which is more adverse than that assumed in the current rates
- Medical inflation
- Increased utilization
- Prospective changes to benefits covered by the product or successor products
- New taxes and fees imposed on the issuer
- Anticipated changes in the average morbidity of the covered population that is market-wide, as opposed to issuer specific morbidity that is reflected in risk adjustment

Please see tab Q11 of the “QCC Small Group Response to June 10 Obj” excel worksheet.

- 12. Please reconcile the ultimate incurred claims and allowed claims between the rate exhibits and URRT; the difference appears to be the Total Prescription Drug Rebates and Total EHB Capitation amounts shown in cell I36 and J36 of the Data tab of the rate exhibits.**

The amounts reconcile as indicated in this question. Please note that the Allowed Claims in Cell F14 of Section 1 of Worksheet 1 of the URRT Part I are equal to the amount in Cell M37 of Table 2 in Tab I Data of the Actuarial Memorandum Rate Exhibits.

- 13. Please provide an explanation and support for the development of the administrative expense load shown in the actuarial memorandum and Table 6, including general and claims expenses and agent/broker fees and commissions.**

Please see tab Q13 of the “QCC Small Group Response to June 10 Obj” excel worksheet.

**14. The administrative expenses assumed in this filing are above average among Pennsylvania issuers in this market. Please provide a short list of bullet points that discuss the main causes/drivers of this higher-than-average expense load.**

The costs for operating in the Philadelphia market are higher than costs in the rest of the state. This is reflected in our administrative costs as well.

**15. Please provide quantitative development and support of each component of the following adjustments included in Table 5 of the PA Rate Template, for both the experience and manual rate.**

- a. Change in Morbidity – All Other
- b. Change in Demographics
- c. Change in Network; indicate the methodology and assumptions used to determine each of the two components of the change in network factor calculation (i.e. a constant for the market and a factor to regulate the relationship between KHPE and QCC).

Please see tab Q15 of the “QCC Small Group Response to June 10 Obj” excel worksheet.

**16. Please provide an explanation for the large differences that are shown for several plans between the Metallic Tier AV (Column H) and the Pricing AV (Column K) in Table 10.**

The metal AV is to determine compliance with Actuarial Value and is not a Pricing AV. The metal AV is based on the AV calculator which is calibrated to national average costs. The Philadelphia market is significantly more expensive than the national average from a cost of services standpoint. This means that the same deductible or copay is worth significantly less as a percentage of total allowed cost in the Philadelphia market compared to the national average. This leads to different Pricing AVs for the same metal level.

**17. Please provide an exhibit that demonstrates that the criteria for the expanded bronze plans has been met.**

Please see tab Q17 of the “QCC Small Group Response to June 10 Obj” excel worksheet.

**18. Per the Pennsylvania Final Rate Filing Guidance, it is anticipated that the profit listed in Table 6 will be an after-tax amount; therefore, the federal income tax percentage of 0.42% shown in Table 6 in cell C57 is understated. Given that the profit of 2% is an after-tax profit, please either update the estimated federal income tax percentage to 0.5316456% if the company wishes to assume an after-tax profit of 2.0%, or revise the after-tax profit to 1.58% if the company wishes to maintain its current federal income tax assumption of 0.42%, and update all exhibits and documents that are impacted by a change in the federal income tax or profit assumption.**

We have revised the profit and federal income tax in Tables 6 and 10 to allocate correctly between the two entries. From the combined total of 2.42%, we attributed 0.5082% to federal income tax (21% of the total) and the remaining 1.9118% to profit (79% of the total). The resulting rates are unchanged.

**19. Please provide an explanation for the assumed annual trend factor shown in Table 5A, which differs from the trend in Table 3b.**

We used a 6.14% annual trend in Table 5A. We feel that a more moderate trend is appropriate for projecting the quarterly rates which will be in force into 2023.

QCC Small Group

Metal	BMMO	PLRS		ARF	GCF	IDF	AV	Product w Risk	Product w/o Risk	
Plat	226,548	1.608		1.498		0.990	1.150	0.900	1.831	1.535
Gold	293,004	1.283		1.481		0.990	1.080	0.800	1.372	1.266
Silver	212,136	1.049		1.522		0.990	1.030	0.700	1.069	1.086
Bronze	143,712	0.952		1.595		0.990	1.000	0.600	0.943	0.947
Total	875,400	1.256		1.514		0.990	1.073	0.769	1.347	1.240
Est. StateWide Average		1.244	\$ 459.80	1.506		1.00	1.078	0.786	1.341	1.276

13.00

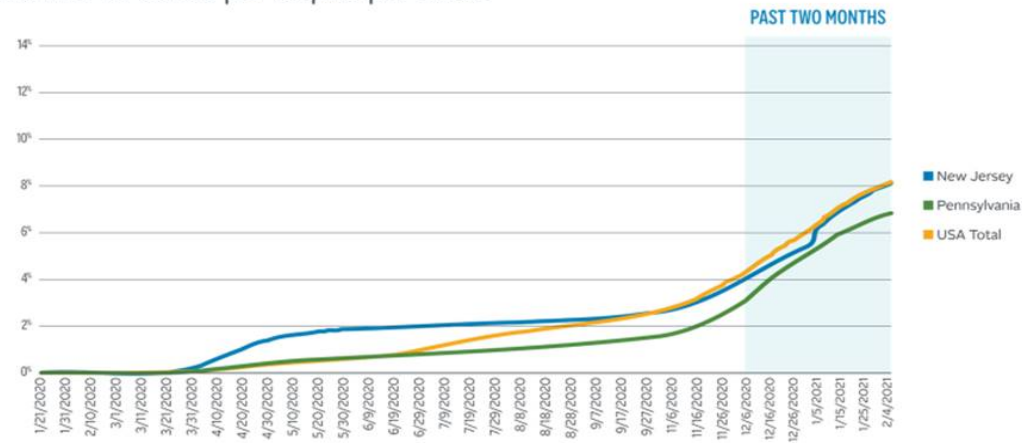
Entity - Unit cost trends (2a)	Segment	2018	2019	2020	2021
Comm1 QCC - SG 2-50					
	Inpatient	3.0%	3.6%	4.3%	3.4%
	Outpatient	2.5%	3.2%	3.5%	3.3%
	Professional	1.7%	1.7%	2.1%	2.5%
	Total	2.3%	2.7%	3.2%	3.0%

**QCC Small Group - Actual (2b)**

Member Months		PMPM Premium	PMPM Allowed Claims	PMPM Incurred Claims	Premium Trend	Allowed Claims Trend	Incurred Claims Trend	MAIR	
2017	897,438	\$ 545.17	\$ 510.14	\$ 431.46				\$ 567.96	
2018	838,663	\$ 603.89	\$ 516.83	\$ 432.14	10.77%	1.31%	0.16%	\$ 552.70	-2.69%
2019	877,473	\$ 591.40	\$ 539.40	\$ 449.96	-2.07%	4.37%	4.12%	\$ 612.90	10.89% <- Membership differences
2020	891,890	\$ 600.57	\$ 500.88	\$ 438.77	1.55%	-7.14%	-2.49%	\$ 621.25	1.36% <- Membership differences

## 2020 COVID-19 Directly related claims

COVID-19 Cases per Capita per State



Sources: State and local health agencies

4

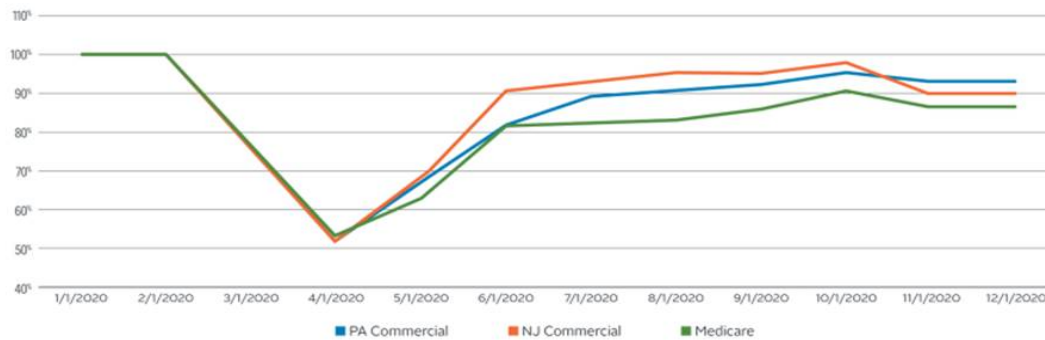
## 2020 Experience

### COVID Adjustment by Month

Jan	0.00%
Feb	0.00%
Mar	-14.60%
April	-25.60%
May	-16.80%
June	-8.50%
July	-6.80%
Aug	-2.50%
Sep	1.10%
Oct	3.10%
Nov	4.00%
Dec	4.10%
	-5.20% <- Total

## Avoided and Deferred Care: 2020

% of Normal Paid Claims



5



Data from Tables 5 and 10 of the Actuarial Memo Rate Exhibits

Small Group

	<u>Projected Lives</u>	<u>Age 21 rate</u>	<u>Premium</u>	<u>Network factor</u>	<u>Calibration factor</u>
QCC	72,950	\$ 432.61	\$659.99	1.226	1.526
KHPE	103,319	\$ 375.14	\$570.67	0.961	1.521
Composite Factor				1.0806	

$$\text{Federal MLR} = \frac{(\text{Projected Claims, after Risk Adjustment} + \text{Quality Improvement Expense} - \text{Risk Adj Prog User Fee})}{(\text{Premium, before Risk Adjustment} - \text{HCR Taxes \& Fees} - \text{Federal Income Tax} - \text{Premium Tax})}$$

	<b>QCC Small Group</b>
<b>Projected Claims PMPM (After Reinsurance)</b>	\$ 536.50
<b>Premium PMPM</b>	\$ 659.99
<b>Quality Improvement Expense PMPM</b>	\$ 5.28
<b>Exchange User Fee PMPM</b>	\$ -
<b>HIF PMPM</b>	\$ -
<b>Federal Income Tax PMPM</b>	\$ 3.35
<b>Premium Tax PMPM</b>	\$ 13.20
<b>Federal MLR</b>	84.2%

Calendar Year	MLR		Member Months	
	Actual	Pricing	Actual	Pricing
2017	80.2%	83.2%	897,438	895,392
2018	80.1%	82.9%	838,663	897,456
2019	78.2%	88.2%	877,473	857,076

<- Membership growth in certain plans lowered MLR by more than expected

QCC Small Group

	Change
Cost Trend	1.96%
Utilization Trend	6.20%
Benefit Changes	-0.88%
Taxes & Fees	0.09%
COVID - 2022 impact	2.80%
Actual vs. Expected	-7.27%
Rate Change	2.90%

Administrative Expenses		13.07%
General and Claims	10.40%	
Agent/Broker Fees and Commissions	1.87%	
Quality Improvement Initiatives	0.80%	
Taxes and Fees		2.59%
RA User Fee	0.04%	
PCORI Fee	0.04%	
PA Premium Tax	2.00%	
Federal Income Tax	0.51%	
Health Insurance Providers Fee	0.00%	
Profit/Contingency		1.91%
Total Retention		17.57%

Change in Morbidity		Change in Demographic			Change in Network
COVID-19 Impact	Change in Morbidity	2020 Avg Age Factor	2020 Avg Age Factor	Change in Demographic	Unnormalized Weighted Avg Network Factor
1.052	1.052	1.506	1.514	1.006	1.000

These plans satisfy the requirements by offering HSAs:

	<u><b>HIOS IDs</b></u>	<u><b>Plan Marketing Name</b></u>	<u><b>HSA Plan</b></u>
QCC Small Group	31609PA0150036	Personal Choice PPO Bronze HSA-0 \$5,600/50%	X
	31609PA0150037	Personal Choice PPO Bronze HSA-0 \$7,050/100%	X

The following questions were provided by the Department's consulting actuary:

1. The 'Q1a' tab of the file "QCC Small Group Response to June 10 Obj.xlsx" provides a numerical development of the projected 2022 risk adjustment transfer PMPM.
  - a. Please provide this same exhibit for the calculation of the 2020 risk adjustment transfer PMPM.
  - b. Please identify and support any significant differences in the components of the risk adjustment calculation between 2020 and 2022 on an issuer and/or statewide basis.

Please see Tab Q1 of the "QCC Small Group Response to July 6 Obj" excel worksheet.

2. The 'Q2' tab of the file "QCC Small Group Response to June 10 Obj.xlsx" provides historical trend information. However, it is unclear how the pricing trends utilized in this filing are consistent with the historical trend information included in this exhibit. Please provide additional support demonstrating how the pricing trends utilized in this filing are consistent with the historical trend information included in the 'Q2' tab. If they are not consistent, please explain and justify why it is reasonable that they are not.

We have reviewed our trends. We are comfortable with the 8.40% trend used in this filing.

3. The response to Question 2c of the first round of objections provides a qualitative description of the 2.8% COVID adjustment applied to trend. Please provide additional numerical support for this assumption. Based on the response provided, it is unclear how it was determined that a 2.8% adjustment is a reasonable assumption to reflect future costs of care related to new variants, further incidence in the unvaccinated population, and the excess costs for care that has been delayed in 2020 and 2021.

In consultation with our clinical and Informatics areas, our trend area modeled 4 possible scenarios based on 3 possible severity levels to determine the 2.8%.

The scenarios were

- 1) New variants emerge at a high rate that sends us back into stay-at-home orders "new variant" scenario
- 2) Unvaccinated spread leads to high rates of COVID-hospitalization
- 3) Vaccines are effective and widespread and excess care returns quickly as things open back up ("Herd Immunity and Excess Return of Care" scenario)
- 4) Vaccines are effective and widespread but excess care returns slowly as things open back up ("Herd Immunity and Excess Return of Care w/Shifts" scenario)

We then selected what we thought was likely. We went with Scenario 3 at high severity. A graphic illustration is included in Tab Q3 of the "QCC Small Group Response to July 6 Obj" excel worksheet.

4. The 'Q4' tab of the file "QCC Small Group Response to June 10 Obj.xlsx" provides the network factors for QCC and KHPE but does not provide specific support for these factors. Please provide numerical support for the 1.226 network factor for QCC and the 0.961 network factor for KHPE. In providing your response, please also include a detailed description outlining how the estimated network factors were developed.

To be more consistent with our pricing methodology we have created Manual Data by pooling the experience of QCC with KHPE, as our companies are offering coverage to exactly the same populations geographically and customers may choose to enroll in plans from either entity. The



Cover Letter for Responses to July 6 Objection Letter – QCC Small Group INAC-132818434  
Response Date July 13, 2021

pooling results in less difference and volatility in the claim trend rates between QCC and KHPE when kept separate. The network factor includes an adjustment that results in the appropriate rate differential between QCC and KHPE plans.

It is unlikely that this factor will remain constant over time, due to the impact of Risk Adjustment, as well as the mixes of the different provider networks offered by the two entities.

- 5. The 'Q5' tab of the file "QCC Small Group Response to June 10 Obj.xlsx" provides the development of the federal MLR. The projected claims in this exhibit differs from the projected claims included in Worksheet 2 of the URRT. Please explain the source of this discrepancy.**

The MLR Calculation used claims from the AM Exhibit in the calculation, which are correct. We compared the incurred claims (Line 4.25) in Worksheet 2 of the URRT and were able to update our calculations to be correct and consistent with the AM Exhibits. We note that this section of the URRT is not part of the development of rates.

**The following items are the result of the Department's review of the company's Round 1 responses:**

- 6. Please provide an exhibit showing the actual experience for calendar years 2016-2020 and the projection experience for 2021 and 2022 for the following categories: Member Months, Total Administrative Expenses, Total Incurred Claims, Total Premium, Total Actual Paid Taxes and Fees, Profit, Total Underwriting Gain/Loss and Underwriting Gain/Loss PMPM.**

We do not have this data readily available at the level that is being requested, therefore we are unable to provide a response to this question. We also view this data as proprietary, and since the filing responses are made public, we think it would be inappropriate to provide this information if it were readily available.

- 7. Does this company have any transitional membership? If so, has there recently been a significant drop in transitional membership? Do you anticipate a drop in 2022?**

We do not have any transitional membership. We therefore do not anticipate any change in 2022 since we have no transitional membership.

- 8. Please update the 2020 experience period risk adjustment amount, in Table 2, to reflect the final CMS risk adjustment amount released on June 30th.**

We have made this update.

- 9. If the projected risk adjustment transfer amount in Table 5 will be modified due to the final CMS transfer amount published on June 30th, please provide narrative and detailed supporting data to justify the proposed changes.**

The published June 30 risk adjusted transfer amount is extremely similar to our earlier projection. Therefore, we are not updating the projected amount in Table 5.

- 10. Please confirm that you have tested to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, PA Plan Design Summary and Rate Tables, and Federal Rate Templates submitted with your round 2 responses are identical.**

Cover Letter for Responses to July 6 Objection Letter – QCC Small Group INAC-132818434  
Response Date July 13, 2021

We tested the rates in the exhibits and rate tables to assure that they were identical.

- 11. Please ensure that the 7/13/21 versions of the following items are posted in SERFF with your July 13th response to this data call.**
- a. Cover Letter identifying all changes made and the reasons for the change. Also, show the revised rate change.** – This letter, no rate changes.
  - b. PA Actuarial Memorandum** – No changes
  - c. PA Actuarial Memorandum Exhibits** – Update included
  - d. Department’s Plan Design Summary and Rate Template Exhibits (please ensure that the rate template by county is populated with only numeric values – do not enter “NA” in cells for which there is no rate).** – No changes
  - e. URRT** – Update included
  - f. Federal Rate Template** – No changes
  - g. Part III: Actuarial Memorandum** – No changes
  - h. Updated Rate Change Request Summary (Attachment I)** – No changes
  - i. Public PDF with limited redactions as previously directed in the Guidance (includes all correspondence and supporting exhibits after the initial submission, in addition to all the above items).** – Update included

The updated components are included with this response.

- 12. As requested in Item 8 of the Round 1 data request, please provide an exhibit that quantitatively shows a comparison of the actual to projected claim cost PMPMs for calendar years 2017-2020. This chart should include columns for the year, actual claim costs, previously projected claim costs, and the percentage differential between the actual and projected costs.**

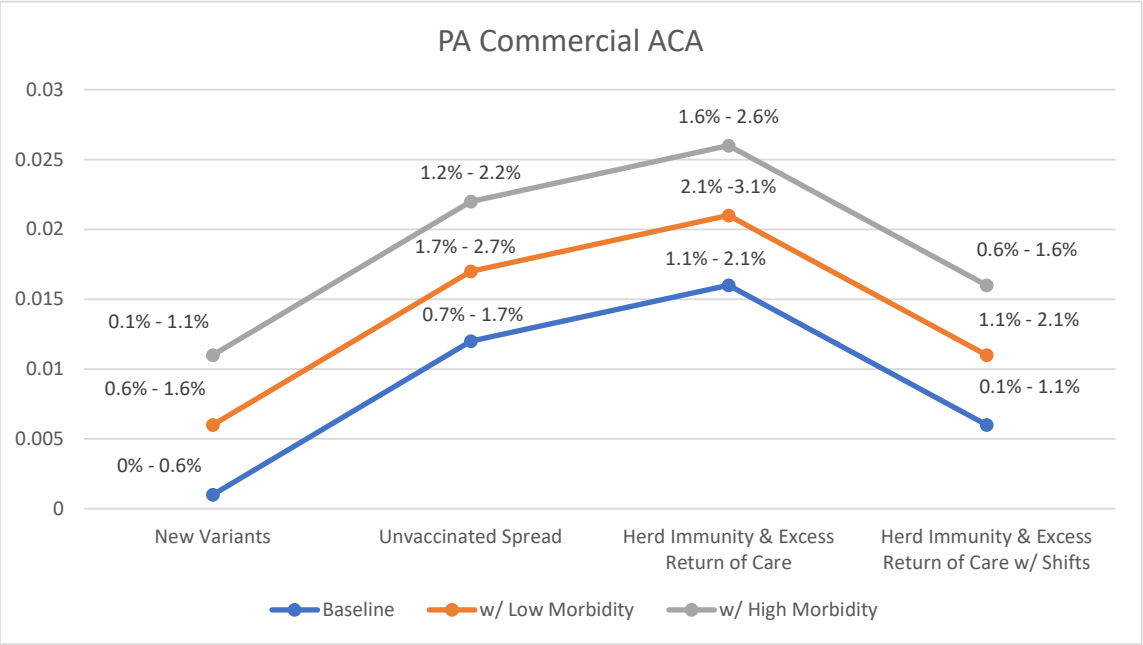
Please see tab Q12 of the “QCC Small Group Response to July 6 Obj” excel worksheet.

- 13. Regarding your response to Question 14, please provide further support for the assumption that the administrative expense percentage is higher in Philadelphia than in areas of the state, given the cost differences in various areas.**

We are researching this issue with our FP&A area. We will follow up with a response once it is available.

QCC Small Group

Metal	BMMO	PLRS	ARF	GCF	IDF	AV	Product w Risk	Product w/o Risk	
Plat	239,942	1.647	1.498	0.996	1.150	0.900	1.887	1.545	
Gold	294,402	1.305	1.481	0.996	1.080	0.800	1.405	1.274	
Silver	209,156	1.088	1.522	0.996	1.030	0.700	1.116	1.093	
Bronze	148,545	1.010	1.595	0.996	1.000	0.600	1.006	0.953	
Total	892,045	1.297	1.514	0.996	1.074	0.770	1.400	1.251	
Est. StateWide Average		1.244	\$ 445.54	1.51	1.00	1.078	0.786	1.341	1.275



QCC Small Group
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			PMPM Allowed	PMPM Incurred		Allowed	Incurred		
	Member Months		PMPM Premium	Claims	Premium Trend	Claims Trend	Claims Trend	MAIR	
2017		897,438	\$ 545.17	\$ 510.14				\$ 567.96	
2018		838,663	\$ 603.89	\$ 516.83	10.77%	1.31%	0.16%	\$ 552.70	-2.69%
2019		877,473	\$ 591.40	\$ 539.40	-2.07%	4.37%	4.12%	\$ 612.90	10.89% <- Membership differences
2020		891,890	\$ 600.57	\$ 500.88	1.55%	-7.14%	-2.49%	\$ 621.25	1.36% <- Membership differences

$$\text{Federal MLR} = \frac{(\text{Projected Claims, after Risk Adjustment} + \text{Quality Improvement Expense} - \text{Risk Adj Prog User Fee})}{(\text{Premium, before Risk Adjustment} - \text{HCR Taxes \& Fees} - \text{Federal Income Tax} - \text{Premium Tax})}$$

	<b>QCC Small Group</b>
<b>Projected Claims PMPM (After Reinsurance)</b>	\$ 536.50
<b>Premium PMPM</b>	\$ 659.99
<b>Quality Improvement Expense PMPM</b>	\$ 5.28
<b>Exchange User Fee PMPM</b>	\$ -
<b>HIF PMPM</b>	\$ -
<b>Federal Income Tax PMPM</b>	\$ 3.35
<b>Premium Tax PMPM</b>	\$ 13.20
<b>Federal MLR</b>	84.2%

## Completeness and Redaction Justification Checklist

Issuer Name: QCC Insurance Company, Inc.  
 Market: Small Group PPO  
 SERFF ID: INAC-132818434

TOC #	Description	Completed (Mark with "X")	Redaction Justification		
			Redacted (Y/N)	Page # in Public PDF	Justification submitted (Y/NA)
Federal Documents Required to Be Filed with PID					
A.2.	RFJ Part I - Unified Rate Review Template	X			
	RFJ Part II – Consumer Friendly Justification	X			
	RFJ Part III – Actuarial Memorandum	X	Y	38-45	Y
	Federal Rates Template	X			
Summary Documents/Confirmation of HIOS & SERFF Submissions					
A.2.B.	HIOS Submission	X			
A.2.C.	SERFF Submission	X			
A.2.D.	SERFF Rate/Rule Schedule Tab	X			
B.	Cover Letter & PA Bulletin Information	X			
C.	Rate Change Request Summary	X			
PA Actuarial Memorandum and Rate Exhibits					
D.1.A.	Company Information	X	Y	7	Y
D.1.B.	Rate History & Proposed Variation in Rate Changes	X	N	8	N/A
D.1.C.	Average Rate Change	X	N	8	N/A
D.1.D.	Membership Count	X	N	8	N/A
	PA Act. Exhibits Table 1	X	N	15	N/A
D.1.E.	Benefit Changes	X	N	8-9	N/A
D.1.F.	Experience Period Claims & Premium	X	N	9-10	N/A
	PA Act. Exhibits Table 2	X	N	15	N/A
D.1.G.	Credibility of Data	X	N	10	N/A
	PA Act. Exhibits Tables 2b, 3b, 4b (if applicable)	X	N	16	N/A
D.1.H.	Trend Identification	X	N	10	N/A
	PA Act. Exhibits Table 3	X	N	15	N/A
D.1.I.	Historical Experience	X	N	10	N/A
	PA Act. Exhibits Table 4	X	N	15	N/A
D.2.A.	Development of PAIR, MAIR and Total Allowed Claims	X	N	11-12	N/A
	PA Act. Exhibits Table 5	X	N	17	N/A
D.2.B.	Retention Items	X	N	12	N/A
	PA Act. Exhibits Table 6	X	N	17	N/A
D.2.C.	Normalized Market-Adjusted Projected Allowed Total Claims	X	N	12	N/A
	PA Act. Exhibits Table 7	X	N	17	N/A
D.2.D.	Components of Rate Change	X	N	12	N/A
	PA Act. Exhibits Table 8	X	N	17	N/A
	PA Act. Exhibits Table 9	X	N	17	N/A
D.3.	Plan Rate Development	X	N	12-13	N/A
	PA Act. Exhibits Table 10	X	N	18	N/A
D.4.	Plan Premium Development for 21-Year-Old Non-Tobacco User	X	N	13	N/A
	PA Act. Exhibits Table 11	X	N	19	N/A
D.5.A.	Age and Tobacco Factors	X	N	13	N/A
	PA Act. Exhibits Table 12	X	N	20	N/A
D.5.B.	Geographic Factors	X	N	13	N/A
	PA Act. Exhibits Table 13	X	N	20	N/A
D.5.C.	Network Factors	X	N	13	N/A
	PA Act. Exhibits Table 14	X	N	20	N/A
D.5.D.	Service Area Composition	X	N	13	N/A
D.5.E.	Composite Rating	X	N	13	N/A
D.6.	Actuarial Certifications	X	Y	13-14	Y
Additional Exhibits					
E.	Department Plan Design Summary & Rate Tables	X	N	21-32	N/A
	Service Area Map	X	N	73	N/A
Redaction Justification (must be submitted if any information is redacted)		X			Y