

May 17, 2023

Ms. Lindsi Swartz, Director
Bureau of Life, Accident and Health Insurance
Office of Insurance Product Regulation and Administration
Commonwealth of Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

Re: **Keystone Health Plan Central**
Individual Rates
Filing No 23-34
TOI Code: H151 Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H151.001 Hospital/Surgical/Medical Expense
Filing Type: Rate

Dear Ms. Swartz:

By this filing Capital Blue Cross, on behalf of its wholly owned subsidiary Keystone Health Plan Central, submits to the Department Individual Rates effective January 1, 2024.

The following is a summary of the rate filing:

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2024
- Average Rate Change Requested: 4.4%
- Range of Requested Rate Change: 2.5% to 8.7%
- Total additional annual revenue generated from the proposed rate change: \$98,186
- Product: HMO
- Rating Areas: 6,7,9
- Metal Levels: Bronze, Catastrophic
- Current Covered Lives and Policyholders: 387/294
- 2024 Number of Plans and Change: 2/No Plan Change
- Contract Form #: KHPC-Ind-HMO-21cnty-AGRMT-v0124
- Form Filing SERFF #: CABC-133645003
- Binder SERFF #: CABC-PA24-125116241
- HIOS Issuer ID: 53789

In support of this filing, I have included an Actuarial Memorandum with supporting exhibits, URRT, Rates Table Template, and PA Plan Design Summary and Rate Tables.

If you have any questions regarding this filing, please call me at [REDACTED] (or via email at [REDACTED]) or [REDACTED] at [REDACTED] ([REDACTED]). Thank you for your assistance in this matter.

Sincerely,

[REDACTED]

[REDACTED], ASA, MAAA
Director, Actuarial Services
Capital Blue Cross

Enclosures

cc: [REDACTED], FSA, MAAA, Senior Director, Actuarial Services
[REDACTED], Associate General Counsel

KEYSTONE HEALTH PLAN CENTRAL

ACTUARIAL MEMORANDUM

Individual Rates

Effective January 1, 2024

General Information

Company Information

- Company Legal Name: Keystone Health Plan Central
- State: PA
- HIOS Issuer ID: 53789
- Market: Individual
- Effective Date: 1/1/2024

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Company Contact Information

- Primary Contact Name: [REDACTED]
- Primary Contact Telephone Number: [REDACTED]
- Primary Contact Email Address: [REDACTED]

Scope and Purpose

By this filing, Keystone Health Plan Central (KHPC), a subsidiary of Capital Blue Cross (Capital), submits rates for products to be made available to individuals on and after January 1, 2024. KHPC will only offer products off the PA state-based exchange.

Rate History and Proposed Variations in Rate Changes

Market	Company	Effective Date	SERFF #	Annual Increase
Individual	KHPC	1/1/2020	CABC-131915679	-8.0%
Individual	KHPC	1/1/2021	CABC-132354935	-1.7%
Individual	KHPC	1/1/2022	CABC-132795960	-1.7%
Individual	KHPC	1/1/2023	CABC-133267272	-8.5%

Average Rate Change

KHPC is proposing an aggregate annual 4.4% rate change, which varies by plan. The rate change is calculated in PA Rate Exhibits Part IV, Table 11, cell AN13.

The key drivers of the rate change and approximate impact are as follows:

- Future cost and utilization: 6.6%
- Favorable 2022 experience: -8.7%
- Proposed changes to the PA reinsurance program: 6.5%

Regulatory Considerations

Rates submitted by this filing assume changes to the current regulatory framework. As directed by the Insurance Department, the following factors have been applied to the rates for regulatory changes:

- Reinsurance Morbidity Adjustment of 1.0
- Reinsurance attachment point of \$60,000, a cap of \$100,000, and a coinsurance parameter of 0% (placeholder).

Membership

Membership is shown in PA Rate Template Part I, Table 1. The average age is 42.

Benefit Changes 2023-2024

A summary of proposed 2024 benefits is included in Exhibit A.

There are several benefit changes being implemented in 2023. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). Any plan with a benefit change that did not meet the uniform modification of coverage standard was terminated, and a new plan was created in its place. Benefit changes by plan are listed in Exhibit B, highlighted in yellow.

Experience Period Premium and Claims

Single Risk Pool: The data used to develop rates and shown in URRT and PA Rate Exhibits abides by 45 CFR part 156.80(d) single risk pool requirements. The single risk pool reflects all covered lives for every non-grandfathered, non-transitional product/plan combination for KHPC in the individual market.

Base Experience Period: The base experience period (BEP) includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2022 and December 31, 2022.

Paid Through Date: Claims in the BEP are paid through February 28, 2023

Premiums (net of MLR Rebate) in BEP: Premiums are calculated on an earned basis in the BEP. MLR rebate adjustments applied are equal to zero.

Allowed and Incurred Claims in BEP:

- Allowed claims are developed by combining paid claims with member cost-sharing. Allowed claims meet the definition in the URR instructions. They do not include provider quality incentive payments.
- Incurred claims are net of HHS CSR payments.
- Capital only covers Essential Health benefits (EHBs).
- KHPC has PCP and mental health capitated services.
- Allowed and Incurred claims are net of pharmacy rebates. BEP rebates are completed based on actual utilization of rebate-eligible drugs and rebate amounts.

Estimated Incurred but Not Paid Claims: Paid claims by date of service come directly from Capital's data warehouse. The method for calculating incurred claims in the BEP is as follows:

1. Historical fee-for-service claims are viewed by date of service and date of payment in a claims triangle.
2. The claims triangle payments are then accumulated by date of service to develop factors that represent the rate of accumulation or rate of "completion".
3. Historical rates of completion by duration are used to derive projected rates of completion. Some of the methods used to develop projected completion factors are averages (e.g.

harmonic averages, time weighted averages, geometric averages) and regression methods. Numerous items are considered when viewing these averages or regression statistics, such as the impact of high claims on perceived completion patterns.

4. For durations that exhibit a projected completion factor greater than the Valuation Actuary's chosen threshold (e.g. 80% complete), cumulative paid and incurred claims are divided by the projected completion factor to arrive at ultimate incurred claims. For durations that are less than the chosen threshold, a projection methodology is used. Similar to completion factor development, projection methodologies are worthy of a lengthy discussion. In general, an ultimate incurred claims PMPM is derived by projecting a recent 12-month period to the current month(s) and seasonally adjusting.
5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

$$BEP\ Incurred\ Claims = \sum \frac{BEP\ Paid\ Claims\ by\ Incurred\ Month}{Completion\ by\ Incurred\ Month}$$

$$BEP\ Allowed\ Claims = \sum \frac{BEP\ Paid\ Claims + BEP\ Member\ Cost\ Share\ by\ Incurred\ Month}{Completion\ by\ Incurred\ Month}$$

Risk Adjustment in BEP: Risk adjustment amounts in the BEP are equal to the amounts sent by the Department on 5/3/2023.

Loss Ratio in BEP: Loss ratio is 56.25%

Credibility of Data

No Credibility Manual was used.

Trend Identification

Trend: 6.60%

Trend levels reflect Capital's best estimate of changes in utilization, provider reimbursement contracts, the network of facilities and providers, disease management initiatives and the impact of utilization management.

The following is a description of considerations used to determine trend.

1. Base Cost/ Change in hospital and physician contracting: The contracted increase in reimbursements to hospitals and physicians is the basis of cost trends. Capital uses the following to project future costs:

- a. Vendor Physician Cost Model and Internal Hospital Contracting Model
 - i. The medical cost models use best estimates of Capital Blue Cross (Capital)'s future contracting increases with physicians and hospitals. The models use cost estimates based on varying contract effective dates by physician and hospital. All facilities and providers are considered in this modeling effort (i.e. acute and non-acute, network and non-network, inpatient and outpatient, in- area and out-of-area). From there, a monthly anticipated cost (assuming static utilization) summary is produced which can be used in projecting future claims costs. Cost trends are determined at the Capital book of business level for all commercial business.
 - b. Internal Prescription Drug Trend Model
 - i. Price Inflation
 - ii. Contract Pricing
 - iii. Member Cost-Sharing
 - iv. Units per Script
 - v. Brand/Generic Mix
 - vi. Therapeutic Mix
 - vii. Cost per Script
 - viii. Pipeline (new drugs)
2. Utilization Considerations:
 - a. Intensity of medical services rendered
 - b. Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
 - c. Further migration from brand prescription drugs to generic prescription drugs
 - d. Favorable impacts of value based benefits designs
 - e. Medical utilization estimates reviewed by Capital's Chief Medical Officer
 3. Leveraging: The trend model is based on allowed cost increases. Paid claims trend at a higher rate than allowed due to leveraging. Leveraging is the impact of static cost-share, such as deductibles and copays, to the paid trend.
 4. Intensity: Measure of cost increase due to change in treatment sophistication. An example is migration from x-rays to MRIs at significantly higher cost.
 5. Underwriting Cycle: The underwriting cycle is defined as the tendency to swing between profitable and unprofitable periods over time. The underwriting cycle is exacerbated partly by pricing performed with incomplete information as to the level of current experience trends. A reaction delay occurs, as carriers tend to rely on measurements of past experience in developing current pricing assumptions. As a result, carriers are often increasing their pricing trends when actual experience trends have begun to decline, and decreasing their pricing trends actual trends are increasing. Capital strives to mitigate the underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

Historical Experience: Historical experience was not used to the develop trend.

Benefit Categories: Claims in the benefit categories displayed in URRT come directly from Capital’s data warehouse. These same categories are used to develop category-level trend. See Exhibit C for a description of benefits by benefit category.

See Exhibit E for KHPC’s pricing trend, as well as cost and utilization components of the pricing trend.

Rate Development & Change

Projection Factors

Changes in Morbidity: Found in URRT Worksheet 1, “Morbidity Adjustment”, and PA Rate Exhibits, Table 5.

$$\text{Total Morbidity Factor} = [\text{Other Morbidity Factor}] \times [\text{Reinsurance Morbidity Factor}]$$

The Reinsurance Morbidity Factor is discussed in *Regulatory Considerations* above. The Other Morbidity Factor is 1.0.

Changes in Benefits: Benefit changes are not applied to allowed claims as allowed should stay consistent from 2022 to 2024. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from Capital’s internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

In addition to cost-sharing changes, Capital is also implementing two benefit coverage changes.

- Senate Bill 8: Coverage of mammographic examinations and diagnostic breast imaging at no cost share. This bill goes into effect for Small Group and Individual policies in 2025, but Capital is adopting early compliance and will cover the relevant services at no cost share starting in 2024.
 - Claim PMPM is developed by pulling 2022 Group and Individual MRI and diagnostic breast imaging member cost share associated with the relevant diagnosis codes.
 - Additional Claim Cost PMPM is equal to member cost share divided by Group and Individual membermonths.
- The Mental Health Parity and Addiction Equity Act (MHPAEA) has expanded definitions of mental health services to include Autism coverage. With this expansion, Capital will cover Autism services in the Individual market starting in 2024.
 - Claim PMPM is developed by pulling 2022 Group and Individual denied Autism service claims.
 - Additional Claim Cost PMPM is equal to denied Autism claims divided by 2022 Group and Individual membermonths.

The additional claim cost PMPMs are shown on Exhibit D2. Senate Bill 8 only impacts incurred claims (the change is to member cost share), and MHPAEA change impacts both allowed and incurred claims.

The PMPM calculations are included with this filing in the following supporting workbooks:

Ind_23-34_Initial_KHP_HMO_AutismDefinition_Supporting_20230517.xls

Ind_23-34_Initial_KHP_HMO_SenateBill8_Supporting_20230517.xls

Changes in Demographics: KHPC does not expect changes in demographics in its individual population.

Changes in Network: No network adjustment is applied.

Other Adjustments: No other adjustment is applied to the BEP.

Benefits, Demographics, Network and Other adjustments are found in URRT Worksheet 1 and PA Rate Exhibits Table 5.

Index Rate

The experience period index rate is KHPC's allowed claims PMPM, set in accordance with the single risk pool provision. All KHPC covered benefits are categorized as Essential Health Benefits (EHBs), therefore no adjustment was made to the experience period index.

Projected Allowed Claims: The KHPC experience period allowed claims, benefit-adjusted, trended to the projection period (See Projection Factors section above), and credibility adjusted, is the *Projected Allowed Claims at Current Benefits*. This number is reflected in Worksheet 1 of URRT ("Projected Allowed Experience Claims PMPM (w/ applied credibility if applicable)").

To calculate the projected index rate:

1. Start with *Projected Allowed Claims at Current Benefits*
2. The *Projected Allowed Claims at Current Benefits* reflect EHBs 100 percent, so no adjustment needs to be made to add EHBs and remove non-EHB claim cost. This is the index rate for individuals renewing January – December.

See Exhibit J as well as PA Rate Exhibits Table 5 for the Index Rate.

Paid to Allowed Ratio

KHPC used the prescribed URRT allowed claim rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. URRT projects allowed claims, and uses a paid-to-allowed ratio in order to adjust allowed claims to paid

levels. This value is then used to develop premiums. In order to determine the paid-to-allowed ratio, KHPC projected paid and incurred claims, adjusted for benefits, to the experience period.

Projected Paid and Incurred Claims are calculated as follows:

1. Gather claims experience as described in the Data section above.
 - a. Base Experience Period (BEP) Paid Claims, Capitation, and Rx Rebates
 - b. BEP Member Months
2. Develop BEP *Paid and Incurred Claims*:

$$\text{BEP Paid and Incurred Claims} = \frac{\text{BEP Paid Claims}}{\text{Completion Factor}}$$

The development of completion factors is described in Experience Period Premium and Claims above.

3. Develop the *BEP Paid and Incurred Claim PMPM*:

$$\text{BEP Paid and Incurred Claim PMPM} = \frac{\text{BEP Paid and Incurred Claims}}{\text{BEP Member Months}}$$

4. Develop *Trended Claim PMPM*: Using the aggregate trend described in the Projection Factors section above, trend the BEP Paid and Incurred Claim PMPM from the midpoint of the experience period to the midpoint of the rating period.

Trended Claim PMPM

$$= [\text{BEP Paid and Incurred Claim PMPM}] \times (1 + [\text{Trend}\%])^{\text{Trend Months}/12}$$

5. Develop *Projected Paid and Incurred Claim PMPM*:

$$\begin{aligned} \text{Projected Paid and Incurred Claims PMPM} \\ &= [\text{Trended Claim PMPM}] \times [\text{Benefit Adjustment}] \\ &\quad \times [\text{Morbidity Adjustment}] + [\text{Benefit Additions}] \end{aligned}$$

The *Benefit Adjustment*, *Morbidity Adjustment*, *Network Adjustment*, and *Benefit Additions* and are discussed in the Projections Factors section above

6. Develop *Projected Claims PMPM by Benefit* as follows:
 - a. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit

design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on cumulative probability distributions (CPDs), where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.

- b. This actuarial cost model derives a Manual Cost for each benefit design in the experience period, as well as plans being offered in the projection period. The average Manual Cost of the experience is compared to the Manual Cost of the base plan. The projected experience period data is then adjusted to the base plan:

$$\text{Benefit Level Adjustment} = \frac{\text{Average Manual Cost in Projection Period}}{\text{Manual Cost of Base Plan}}$$

- c. The *Projected Paid and Incurred Claim PMPM* (Step 5) is then adjusted to the Base Plan as follows:

$$\begin{aligned} &\text{Base Plan Paid and Incurred Claims PMPM} \\ &= \frac{\text{Benefit Adjusted Paid and Incurred Claims PMPM}}{\text{Benefit Level Adjustment}} \end{aligned}$$

- d. Each additional benefit design has its own unique Manual Cost, which can then be compared to the Base Plan to develop a Benefit Relativity:

$$\text{Benefit Relativity A} = \frac{\text{Manual Cost of Benefit A}}{\text{Manual Cost of Base Plan}}$$

- e. The Benefit Relativity developed in d. above is then used as a gauge to develop a final *Pricing Relativity*. This pricing relativity is developed using actuarial judgment including the following considerations:
 - i. Final premium relativities must make sense based on benefits. For example, the annual cost difference between a 2000 plan and 1000 plan must be less than \$1000.
 - ii. Adjustments for plan designs that fall outside of the actuarial cost model.

- a. So the *Projected Claims PMPM by Benefit* is:

$$\begin{aligned} &\text{Projected Claims PMPM Benefit A} \\ &= \text{Projected Claims PMPM Base Plan} \\ &\times \text{Pricing Relativity A} \end{aligned}$$

- b. And to arrive at the *Total Projected Claims PMPM*, KHPC assumes a distribution of members across the benefit plans being offered in the projection period. The *Total Projected Claims PMPM* :

$$= \text{Projected Claims PMPM Benefit A} \times \text{Expected Member Dist of Benefit A} \\ + \text{Projected Claims PMPM Benefit B} \\ \times \text{Expected Member Dis of Benefit B} + \dots$$

7. The Paid-To-Allowed Ratio is then:

$$\text{Paid to Allowed Ratio} = \frac{\text{Total Projected Claims PMPM}}{\text{Projected Allowed Claims at Current Benefits}}$$

See Exhibit G for the development of the *Paid-to-Allowed Ratio*. And see Exhibit L for the plan-level projected incurred amount development.

Market Adjusted Index Rate

The Market Adjusted Index Rate is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules, 45 CFR Part 156.80(d)(1). So,

$$[\text{Market Adjusted Index Rate}] \\ = ([\text{Index Rate}] \times [\text{Paid to Allowed Ratio}] \\ - [\text{Projected Incurred Reinsurance Recoveries}] \\ - [\text{Projected Incurred Risk Adjustment PMPM}] \\ + [\text{Exchange Fees PMPM}]) \div [\text{Paid to Allowed Ratio}]$$

Projected Incurred Risk Adjustments PMPM:

Relevant to 2024 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2024. The following items are those that we deem important in generating a CRA payment transfer adjustment:

1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
2. Statewide average premiums
3. Current market penetration of this company and competitors in the market and in the state
4. 2018-2022 risk adjustment results
5. Market improvement in coding risk: Capital's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that Capital is disadvantaged in the market. This will drive Capital's relative risk to the market down over time.

Risk adjustment amounts have vary widely over the past 4 years, shown in Exhibit S. 2019-2021 averaged a risk adjustment PMPM of -\$150, while 2022 is +\$7. Because of the wild swings, projected 2024 RA was set well above the 4 year average, but below 2022 results. This is to stabilize the annual rate change while also reflecting the positive financial performance of this small population.

Projected Incurred Reinsurance Recoveries:

In order to calculate the value of reinsurance, the following is provided:

1. PA Rate Exhibits, tab II.a show the company-specific BEP claims data.
2. PA Rate Exhibits, tab II.b shows the company-specific projected claims. The claims represent BEP claims trended at 7% to the projection period.

Exchange Fee PMPM:

KHPC only offers plans off exchange, so the exchange fee is \$0.

The exchange fee PMPM is calculated as:

$$\begin{aligned} \text{Exchange Fee PMPM} \\ &= [\text{Avg 2024 On} - \text{Exchange Premium PMPM}] \times [\% \text{ Members On} \\ &\quad - \text{Exchange}] \end{aligned}$$

Where

$$\begin{aligned} [\text{Avg 2024 On} - \text{Exchange Premium PMPM}] \\ &= [\text{Avg 2023 On} - \text{Exchange Premium PMPM}] \times (1 \\ &\quad + [\text{Avg Proposed Rate Change}]) \end{aligned}$$

See Exhibit K for the development of the Market Adjusted Index Rate.

Retention Items

Administrative Expense Load:

1. Risk Adjustment User Fee: To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.21 PMPM. The Risk Adjustment Fee PMPM is included in URRT Worksheet 1, URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.
2. Administrative Expense: Calculated using an allocation method from Capital’s Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all

costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to Capital individual products. Administrative expenses are included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.

- a. Value-Based Benefits (VBB): Standard with each plan, Capital Blue Cross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
 - i. Complete Health Risk Assessment questionnaire and receive a gift card.
 - ii. Participate in an online coaching program and receive a gift card reward.
 - iii. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
 - iv. Fees are included in overall administrative expense fee discussed above.
 - v. Included in URRT Worksheet 2 “Administrative Expense”, and PA Rate Exhibits Table 6.
3. Broker Expense: Calculated based on Capital’s explicit per contract broker fee. Broker Expense is included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Capital pays commissions for new business and renewal enrollment received during open enrollment and the special enrollment period (SEP), both on and off exchange, and in all geographic areas. Attached please find the proposed 2024 broker agreements – redacted versions. Files are as follows:
 - a. Redacted Agent Agreement: “Ind_23-34_Initial_KHP_HMO_WBEBrokerIndRedacted_Supporting_20220517.pdf”
 - b. Redacted Preferred Producer Master Agreement: “Ind_23-34_Initial_KHP_HMO_PPMABrokerIndRedacted_Supporting_20230517.pdf”
4. Additional Quality Improvement: Additional QI amounts applied in rating equal 0.0%. Included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.

Profit (or Contribution to Surplus) & Risk Margin:

5. Contingency: Contingency is included in URRT Worksheet 1, “Profit and Risk”, and PA Rate Exhibits Table 6.

Taxes and Fees:

1. Fee for Patient-Centered Outcomes Research Trust Fund (PCORTF): As per the Notice of Proposed Rulemaking for Fees on Health Insurance Policies and Self-Insured Plans for the Patient-Centered Outcomes Research Trust Fund (REG-136008-11), 77 Fed. Reg. 22691: For policy years ending on or after October 1, 2022, and before October 1, 2023, the applicable dollar amount is \$3 per member per year (\$0.25 PMPM). Capital assumes the 2024 projected fee will be trended at 0%.
2. Exchange Fee – All issuers participating in the state-based-facilitated exchange will remit 3% of premium. The exchange user fee is applied as an adjustment to the Index Rate at

the market level. KHPC only offers off-exchanges products, therefore no exchange fee is applied.

3. Federal Income Tax: Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in URRT Worksheet 2, “Taxes and Fees”, and PA Rate Exhibits, Table 6.

See Exhibit H for all retention values.

Plan Adjusted Index Rates

The Plan Adjusted Index Rates are included in Worksheet 2, Section IV of URRT.

The following adjustments were used to derive the Plan Adjusted Index Rate:

1. Actuarial Value and Cost Sharing adjustment: The Actuarial Value and Cost Sharing Adjustment is determined using KHPC’s actuarial cost model. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a claim PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on CPDs, where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
2. Induced Demand: Please see Table 8. Induced Demand is calculated as:
$$[Pricing\ AV]^2 - [Pricing\ AV] + 1.24$$
Where *Pricing AV* is adjusted by the Non-Funding of CSR factor: PA Rate Exhibits, Table 10, column K x column P.
3. Provider Network: The Provider network is the same across all HMO plans.
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Catastrophic Plans: Applied to catastrophic plans to reflect lower morbidity. This factor is the same as approved in 2023.
6. Adjustment for distribution and administrative costs: Described in Retention section above.
7. Tobacco Adjustment: Calculated as the average tobacco factor applied across the risk pool.

The development of the Plan Adjusted Index rate is found in Exhibit L, and summarized in Exhibit M.

Calibrated Plan Adjusted Index Rates

Age Curve Calibration: The average age factor is calculated by taking the member-weighted average of current individual enrollment by age in KHPC. Age factors are applied in accordance

with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file Ind_23-34_Initial_KHP_HMO_List-Billed_Supporting_20230517.xlsb for the calculation.

Geographic Factor Calibration: The average geographic rating factor is calculated by taking the Capital member-weighted average by region.

Geographic Factors are changing from 2023 to 2024:

- a. Exhibit O1- Region shows the risk-adjusted loss ratio by region. The data shows that region 9 underperforms regions 6 and 7.
- b. Capital is proposing to incrementally improve the financial performance of 9 without significant disruption to those members.
- c. PA Rate Exhibits Table IV show the resulting average rate change by region, with region 9 approximate 4% above the average rate increase.

Tobacco Factor Calibration: Average tobacco factor is calculated using current month member by smoking status data.

The calibration is:

$$[\text{Calibrated Plan Adjusted Index Rate}] = [\text{Plan Adjusted Index Rate}] \div ([\text{Age Curve Calibration}] \times [\text{Geographic Factor Calibration}] \times [\text{Tobacco Factor}])$$

Calibrated Plan Adjusted Index Rates are found on PA Rate Exhibits Table 10. The calibration factors and development are found on Exhibit N.

Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

$$\begin{aligned} [\text{Member} - \text{Level Consumer Adjusted Premium Rate}] \\ = [\text{Calibrated Plan Adjusted Index Rate}] \times [\text{Age Factor}] \\ \times [\text{Geographic Factor}] \times [\text{Tobacco Factor}] \end{aligned}$$

2. $[\text{Family Consumer Adjusted Premium Rate}] = \sum[\text{Member} - \text{Level Consumer Adjusted Premium Rate}]$

With no more than three child dependents under age 21 taken into account

All consumer-level adjustments are applied uniformly to all plans in the Single Risk Pool. These adjustments do not vary by plan. Age and Geographic factors are displayed in Exhibits O.

Base Rates, i.e. Calibrated Plan Adjusted Index Rates, are found on Exhibit P.

AV Metal Values

All AV Metal Values included in URRT Worksheet 2 and PA Rate Exhibits, Table 10 are based on the federally issued AV Calculator.

See AV Screenshots included with the submission:

Ind_23-34_Initial_KHP_HMO_AVScreenPrints_Supporting_CONF_20230517

AV Pricing Values

All AV Pricing values were developed using KHPC’s actuarial cost model and actuarial judgment as described in section Paid to Allowed above. Differences in health status are not included.

Projected Loss Ratio

See Exhibit I for the projected loss ratio calculation. The projected loss ratio is calculated using the federally prescribed MLR methodology.

Membership Projection

The membership projections found in Worksheet 2 of URRT were developed by assuming steady enrollment and similar distribution to current.

Projected versus Actual MLR

Exhibit R shows a history of projected versus actual MLR and Member Months. Projected comes from the 2019-2021 filings. Actual comes from Table 4.

Calendar Year	MLR		Member Months	
	Actual	Pricing	Actual	Pricing
2019	90.76%	86.95%	15,211	26,652
2020	81.03%	83.72%	12,244	17,727
2021	68.00%	86.83%	7,216	12,420

Claim Cost Projection

Exhibit S shows a history of claim cost projection versus actual from 2019-2022 filings.

Attachments and Examples

The following is a list of Exhibits and Data to support this filing:

PA Rate Exhibits Part I through Part VI

Table B

Exhibit A – Benefit Summary
Exhibit B – Benefit Change Summary
Exhibit C – Benefit Categories
Exhibit D – Benefit Mix
Exhibit D1 – Benefit Additions
Exhibit E – Trend
Exhibit F – URRT
Exhibit G – Paid-to-Allowed Development
Exhibit H – Retention
Exhibit I – Projected Loss Ratio
Exhibit J – Index Rate
Exhibit K – Market Adjusted Index Rate
Exhibit L – Rate Development by Plan
Exhibit M – Plan Adjusted Index Rates
Exhibit N – Calibration
Exhibit O – Rating Factors
Exhibit O1 – Region
Exhibit P – Quarterly Base Rates
Exhibit R – MLR Exhibit
Exhibit S – Claim Cost Projection

Broker Contracts
Actuarial Value Screenshots
List-Billed Data
Benefit Addition Calculation Workbooks
Standard Questions

Actuarial Statement

I, [REDACTED], ASA, MAAA, am of the opinion that this filing is in compliance with the applicable Federal and State Laws and Regulations concerning the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010.

I, [REDACTED], ASA, MAAA, do hereby certify that:

1. This filing has been prepared in accordance with the following:
 - a. Actuarial Standard of Practice No. 5, “Health and Disability Claims”
 - b. Actuarial Standard of Practice No. 8, “Regulatory Filings for Rates and Financial Projections for Health Plans”
 - c. Actuarial Standard of Practice No. 12, “Risk Classification”
 - d. Actuarial Standard of Practice No. 23, “Data Quality”
 - e. Actuarial Standard of Practice No. 25, “Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverage”
 - f. Actuarial Standard of Practice No. 26, “Compliance with Statutory and

Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans”

- g. Actuarial Standard of Practice No. 41, “Actuarial Communications”.
2. The index rate is:
 - a. Projected in compliance with all applicable state and federal statutes and regulations (45 CFR 156.80(d) (1)).
 - b. Developed in compliance with the applicable Actuarial Standards of Practice.
 - c. Reasonable in relation to the benefits provided and the population anticipated to be covered.
 - d. Neither excessive nor deficient.
 - e. Adjusted by only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) to generate plan level rates.
3. The percent of total premium that represents essential health benefits were calculated in accordance with actuarial standards of practice.
4. 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, and in accordance with CFR 156.135(b)(2) as necessary. For any plan requiring an alternative method, 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 benefits that deviate substantially from the parameters of the AVC and have a material impact on the actuarial value.
 - a. 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 methods.
5. Geographic area rating factors reflect only differences in the costs of delivery and not differences due to population morbidity.
6. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
7. New plans are not considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
8. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the Rate Filing Justification.



[Redacted], ASA, MAAA
Director, Actuarial Services
Capital Blue Cross

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	Keystone Health Plan Central
Product(s):	HMO
Market Segment:	Individual
Rate Effective Date:	1/1/2024
Base Period Start Date:	1/1/2022
Date of Most Recent Membership:	2/1/2023

to 12/31/2024
 to 12/31/2022

Table 1. Number of Members

	Member-months	Members	Member-months
	Experience Period	Current Period (as of 02-01-2023)	Projected Rating Period
Average Age	42.7	42.1	42.1
Total	5,196	387	4,644
0-9	562	46	552
10-14	375	27	324
15-19	285	19	228
20-24	520	37	444
25-29	267	23	276
30-34	504	42	504
35-39	414	35	420
40-44	498	33	396
45-49	755	52	624
50-54	528	45	540
55-59	488	28	336
60-63			
64+			

Table 2. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member + HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$2,699,810.23	\$1,797,039.09	\$1,809,757.99	5,196	\$602,190.24	\$2,411,948.22	\$0.00	(\$157,386.97)	\$10,597.52	\$0.00	\$35,368.00	\$124,363.85
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											\$
Loss Ratio											56.25%

*Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weight*
Inpatient Hospital	5.00%	0.50%	0.00%	5.53%	23.48%
Outpatient Hospital	5.20%	1.00%	0.00%	6.25%	32.46%
Professional	4.90%	1.00%	0.00%	5.95%	19.00%
Other Medical	5.20%	0.50%	0.00%	5.73%	2.11%
Capitation				3.00%	0.47%
Prescription Drugs	7.75%	1.05%	0.00%	8.88%	22.48%
Total Annual Trend				6.60%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.136	

* Express Cost, Utilization, Induced Utilization and Weight as percentages
 ** Should equal CRRT 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-19		\$618,862.61	1.0000	\$ 618,862.61	1,411	\$		(\$ 521.88)	\$903,324.90	\$ 640.20
Feb-19		\$329,003.10	1.0000	\$ 329,003.10	1,375	\$		(\$ 9,249.07)	\$496,869.47	\$ 361.43
Mar-19		\$302,697.79	1.0000	\$ 302,697.79	1,339	\$		(\$ 24,675.72)	\$420,200.51	\$ 313.82
Apr-19		\$372,188.79	1.0000	\$ 372,188.79	1,322	\$		(\$ 58,915.40)	\$440,577.53	\$ 333.27
May-19		\$642,414.28	1.0000	\$ 642,414.28	1,303	\$		(\$ 37,384.31)	\$747,287.18	\$ 573.51
Jun-19		\$375,192.81	1.0000	\$ 375,192.81	1,272	\$		(\$ 15,540.48)	\$490,404.14	\$ 385.54
Jul-19		\$393,856.82	1.0000	\$ 393,856.82	1,254	\$		(\$ 11,246.71)	\$487,857.06	\$ 389.04
Aug-19		\$443,187.55	1.0000	\$ 443,187.55	1,236	\$		(\$ 15,374.24)	\$562,080.61	\$ 454.76
Sep-19		\$498,727.76	1.0000	\$ 498,727.76	1,204	\$		(\$ 14,181.66)	\$562,781.36	\$ 467.43
Oct-19		\$638,007.18	1.0000	\$ 638,007.18	1,190	\$		(\$ 15,098.73)	\$720,900.92	\$ 605.80
Nov-19		\$381,151.05	1.0000	\$ 381,151.05	1,172	\$		(\$ 10,301.64)	\$464,773.18	\$ 396.56
Dec-19		\$568,630.49	1.0000	\$ 568,630.49	1,133	\$		(\$ 19,387.13)	\$684,818.38	\$ 604.43
Jan-20	\$8,045,050.93	\$750,207.86	1.0000	\$ 750,207.86	1,086	\$	\$1,649,731.98	(\$ 6,291.64)	\$463,287.30	\$ 426.60
Feb-20		\$191,694.50	1.0000	\$ 191,694.50	1,046	\$		(\$ 4,979.38)	\$313,584.88	\$ 299.79
Mar-20		\$192,773.59	1.0000	\$ 192,773.59	1,040	\$		(\$ 6,540.66)	\$287,436.63	\$ 276.38
Apr-20		\$290,470.06	1.0000	\$ 290,470.06	1,054	\$		(\$ 10,198.55)	\$346,195.40	\$ 328.46
May-20		\$299,884.05	1.0000	\$ 299,884.05	1,042	\$		(\$ 4,900.61)	\$360,700.82	\$ 346.16
Jun-20		\$297,243.54	1.0000	\$ 297,243.54	1,026	\$		(\$ 7,767.91)	\$382,414.03	\$ 372.72
Jul-20		\$383,567.89	1.0000	\$ 383,567.89	1,030	\$		(\$ 5,451.74)	\$474,378.33	\$ 460.56
Aug-20		\$281,039.33	1.0000	\$ 281,039.33	1,016	\$		(\$ 7,687.64)	\$380,712.67	\$ 374.72
Sep-20		\$401,850.55	1.0000	\$ 401,850.55	1,000	\$		(\$ 6,001.62)	\$510,790.43	\$ 510.79
Oct-20		\$254,709.67	1.0000	\$ 254,709.67	981	\$		(\$ 6,165.04)	\$350,995.25	\$ 357.79
Nov-20		\$338,552.44	1.0000	\$ 338,552.44	973	\$		(\$ 6,168.99)	\$441,413.16	\$ 453.66
Dec-20		\$353,730.38	1.0000	\$ 353,730.38	950	\$		(\$ 9,791.24)	\$435,291.82	\$ 458.73
Jan-21	\$6,337,389.07	\$104,084.56	1.0000	\$ 104,084.60	710	\$	\$1,291,999.93	(\$ 5,985.40)	\$184,021.51	\$ 259.19
Feb-21		\$82,387.17	1.0000	\$ 82,387.21	664	\$		(\$ 7,721.92)	\$147,239.39	\$ 221.75
Mar-21		\$151,526.35	1.0000	\$ 151,528.28	651	\$		(\$ 4,612.13)	\$255,343.81	\$ 392.23
Apr-21		\$135,580.55	1.0000	\$ 135,581.18	637	\$		(\$ 8,221.97)	\$200,886.93	\$ 315.36
May-21		\$135,702.20	0.9951	\$ 136,373.28	614	\$		(\$ 7,199.72)	\$200,873.60	\$ 327.16
Jun-21		\$153,939.84	1.0000	\$ 153,943.19	604	\$		(\$ 6,400.26)	\$227,125.01	\$ 376.03
Jul-21		\$280,133.02	0.9999	\$ 280,147.50	582	\$		(\$ 10,801.47)	\$343,233.32	\$ 589.75
Aug-21		\$165,204.75	0.9987	\$ 165,422.43	569	\$		(\$ 9,878.53)	\$224,930.64	\$ 395.31
Sep-21		\$188,695.69	0.9999	\$ 188,711.32	561	\$		(\$ 6,410.84)	\$240,524.11	\$ 428.74
Oct-21		\$163,598.77	0.9999	\$ 163,620.31	551	\$		(\$ 8,784.20)	\$225,031.63	\$ 408.41
Nov-21		\$225,298.28	0.9997	\$ 225,355.69	538	\$		(\$ 8,068.39)	\$282,916.52	\$ 525.87
Dec-21		\$217,967.37	0.9997	\$ 218,023.53	535	\$		(\$ 10,713.34)	\$265,216.04	\$ 495.73
Jan-22	\$3,773,377.48	\$123,046.59	0.9996	\$ 123,093.68	486	\$	\$886,962.16	(\$ 6,867.70)	\$194,522.24	\$ 400.25
Feb-22		\$232,363.60	0.9996	\$ 232,466.12	461	\$		(\$ 9,596.39)	\$326,735.01	\$ 707.67
Mar-22		\$112,323.33	0.9995	\$ 112,377.30	451	\$		(\$ 10,691.26)	\$144,272.49	\$ 319.89
Apr-22		\$159,154.56	0.9994	\$ 159,252.03	443	\$		(\$ 13,485.10)	\$173,362.76	\$ 391.34
May-22		\$119,277.44	0.9992	\$ 119,371.98	438	\$		(\$ 16,929.71)	\$142,188.34	\$ 324.63
Jun-22		\$184,560.31	0.9982	\$ 184,894.51	434	\$		(\$ 10,479.98)	\$242,058.65	\$ 557.74
Jul-22		\$118,598.84	0.9975	\$ 118,896.87	433	\$		(\$ 15,719.36)	\$164,602.96	\$ 380.15
Aug-22		\$151,528.43	0.9939	\$ 152,461.98	427	\$		(\$ 13,711.94)	\$167,815.84	\$ 393.01
Sep-22		\$171,514.23	0.9898	\$ 179,338.93	413	\$		(\$ 14,943.81)	\$217,006.39	\$ 525.44
Oct-22		\$116,867.96	0.9861	\$ 118,519.15	408	\$		(\$ 16,453.57)	\$133,813.49	\$ 327.97
Nov-22		\$130,241.66	0.9607	\$ 135,570.58	405	\$		(\$ 11,019.68)	\$162,603.00	\$ 401.49
Dec-22		\$171,562.14	0.9318	\$ 184,113.37	397	\$		(\$ 17,488.87)	\$196,677.80	\$ 495.41

* Express Completion Factor as a percentage
 ** Express Prescription Drug Rebates as a negative number

Carrier Name: Keystone Health Plan Central
 Product(s): HMO
 Market Segment: Individual
 Rate Effective Date: 1/1/2024

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-EHB portion of Allowed Claims	Total Prescription Drug Rebates**	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$441,911,124.50	\$429,866,137.34	\$437,814,678.99	628,971	\$78,845,984.10	\$516,660,663.09		(\$22,121,264.47)	\$10,597.52	\$0.00	\$2,215,465.00	\$27,972,963.42
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											
											786.28
Loss Ratio											87.30%

**Express Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weight*
Inpatient Hospital	5.00%	0.50%	0.00%	5.53%	23.48%
Outpatient Hospital	5.20%	1.00%	0.00%	6.25%	32.46%
Professional	4.90%	1.00%	0.00%	5.95%	19.00%
Other Medical	5.20%	0.50%	0.00%	5.73%	2.11%
Capitation				3.00%	0.47%
Prescription Drugs	7.75%	1.05%	0.00%	8.88%	22.48%
Total Annual Trend				6.60%	100.00%
Months of Trend	24				
Total Applied Trend Projection Factor	1.136				

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

Table 4b. Historical Manual 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-19		\$25,445,295.27	1.0000	\$25,445,295.27	46,545	\$546.68		(\$534,557.34)	\$35,250,960.59	757.35
Feb-19		\$25,740,394.76	1.0000	\$25,740,394.76	46,673	\$551.51		(\$651,179.81)	\$33,474,164.72	695.78
Mar-19		\$28,224,906.49	1.0000	\$28,224,906.49	46,505	\$606.92		(\$1,707,379.55)	\$33,435,363.42	718.96
Apr-19		\$29,429,421.74	1.0000	\$29,429,421.74	46,164	\$637.50		(\$1,110,964.08)	\$34,638,763.27	750.34
May-19		\$32,893,221.65	1.0000	\$32,893,221.65	45,090	\$723.09		(\$1,203,066.09)	\$37,501,110.61	824.43
Jun-19		\$28,541,070.86	1.0000	\$28,541,070.86	45,090	\$632.98		(\$1,122,101.50)	\$32,492,461.22	720.61
Jul-19		\$29,286,731.24	1.0000	\$29,286,731.24	44,743	\$654.55		(\$1,156,933.78)	\$33,356,646.85	745.52
Aug-19		\$31,069,561.95	1.0000	\$31,069,561.95	44,392	\$699.89		(\$1,212,890.07)	\$34,617,717.95	779.82
Sep-19		\$32,331,391.45	1.0000	\$32,331,391.45	44,021	\$734.45		(\$1,213,511.34)	\$35,667,490.90	810.24
Oct-19		\$35,055,154.04	1.0000	\$35,055,154.04	43,343	\$805.07		(\$1,328,609.99)	\$38,518,478.09	884.61
Nov-19		\$31,303,620.35	1.0000	\$31,303,620.35	43,152	\$725.43		(\$1,217,270.10)	\$34,027,905.38	788.56
Dec-19	\$426,168,897.07	\$33,190,242.88	1.0000	\$33,190,242.88	42,249	\$785.59	\$69,269,786.45	(\$1,240,356.82)	\$36,098,915.00	854.43
Jan-20		\$19,793,893.87	1.0000	\$19,793,893.87	37,101	\$533.51		(\$389,387.38)	\$28,157,149.87	758.93
Feb-20		\$20,591,931.87	1.0000	\$20,591,931.87	36,218	\$568.56		(\$482,564.23)	\$26,776,926.63	739.33
Mar-20		\$20,246,002.15	1.0000	\$20,246,002.15	35,803	\$565.48		(\$684,552.79)	\$24,536,384.05	685.32
Apr-20		\$14,977,852.66	1.0000	\$14,977,852.66	35,420	\$422.86		(\$758,567.98)	\$16,813,683.35	474.69
May-20		\$20,767,488.96	1.0000	\$20,767,488.96	35,146	\$590.89		(\$752,349.62)	\$23,301,719.92	663.00
Jun-20		\$24,287,292.19	1.0000	\$24,287,292.19	34,939	\$695.13		(\$833,953.38)	\$27,624,907.11	790.66
Jul-20		\$22,550,092.98	1.0000	\$22,550,092.98	34,746	\$649.00		(\$827,503.38)	\$25,858,887.12	744.23
Aug-20		\$23,332,448.32	1.0000	\$23,332,448.32	34,467	\$676.95		(\$829,788.56)	\$26,512,478.88	769.21
Sep-20		\$23,441,336.38	1.0000	\$23,441,336.38	34,160	\$684.22		(\$798,318.16)	\$26,429,026.36	771.43
Oct-20		\$25,603,599.26	1.0000	\$25,603,599.26	33,787	\$757.79		(\$747,200.99)	\$28,756,542.11	851.11
Nov-20		\$24,549,444.82	1.0000	\$24,549,444.82	33,370	\$735.67		(\$748,867.96)	\$27,171,686.02	814.25
Dec-20	\$328,273,173.24	\$26,313,500.21	1.0000	\$26,313,500.21	32,820	\$801.76	\$52,866,661.79	(\$837,916.12)	\$28,691,303.61	874.20
Jan-21		\$21,910,093.16	1.0000	\$21,910,093.16	44,118	\$496.63		(\$795,053.10)	\$29,439,822.45	667.30
Feb-21		\$27,140,899.51	1.0000	\$27,140,899.51	46,301	\$587.45		(\$1,001,484.02)	\$33,109,962.84	718.90
Mar-21		\$33,937,035.97	1.0000	\$33,937,035.97	46,336	\$732.42		(\$1,330,553.45)	\$40,263,841.84	868.95
Apr-21		\$34,342,663.04	1.0000	\$34,342,663.04	47,104	\$729.09		(\$1,253,179.58)	\$39,624,503.60	841.21
May-21		\$33,609,280.39	0.9933	\$33,837,527.19	48,006	\$704.86		(\$1,264,019.74)	\$38,641,573.70	804.93
Jun-21		\$36,040,305.31	1.0000	\$36,040,305.31	49,158	\$733.17		(\$1,523,715.68)	\$40,630,931.74	826.54
Jul-21		\$37,737,056.19	0.9999	\$37,739,263.91	50,532	\$746.84		(\$1,500,415.72)	\$41,222,074.70	825.66
Aug-21		\$38,977,084.43	0.9984	\$39,039,169.78	51,099	\$756.59		(\$1,613,186.18)	\$42,912,603.63	831.66
Sep-21		\$39,296,427.22	0.9999	\$39,299,913.02	52,785	\$744.53		(\$1,593,706.38)	\$43,117,420.11	816.85
Oct-21		\$41,840,320.06	0.9998	\$41,846,620.09	52,886	\$791.26		(\$1,556,996.79)	\$45,389,596.57	858.25
Nov-21		\$45,250,179.21	0.9997	\$45,262,573.11	52,884	\$855.88		(\$1,667,993.95)	\$48,585,709.91	918.72
Dec-21	\$411,592,717.89	\$42,464,939.07	0.9997	\$42,477,896.25	52,558	\$808.21	\$72,908,235.40	(\$1,757,142.65)	\$45,496,084.35	865.64
Jan-22		\$31,864,449.44	0.9998	\$31,876,280.49	53,600	\$584.71		(\$1,407,791.53)	\$40,069,501.40	747.57
Feb-22		\$31,786,469.38	0.9998	\$31,799,709.93	54,152	\$587.23		(\$1,574,838.52)	\$38,701,085.67	714.68
Mar-22		\$37,784,832.53	0.9994	\$37,806,644.58	53,402	\$707.96		(\$1,960,267.20)	\$44,183,691.36	827.38
Apr-22		\$35,674,629.79	0.9993	\$35,700,972.99	53,155	\$671.64		(\$1,750,328.69)	\$41,071,674.01	772.68
May-22		\$34,256,828.08	0.9989	\$34,295,570.09	52,727	\$650.44		(\$1,868,945.05)	\$39,052,598.10	740.66
Jun-22		\$35,770,840.37	0.9989	\$35,836,925.96	52,537	\$682.13		(\$1,934,712.46)	\$40,298,345.99	766.78
Jul-22		\$35,121,614.05	0.9953	\$35,265,929.15	52,173	\$676.94		(\$1,937,108.82)	\$38,887,326.36	745.35
Aug-22		\$37,546,534.32	0.9923	\$37,831,658.91	52,041	\$726.96		(\$1,984,998.22)	\$41,824,834.73	803.69
Sep-22		\$36,225,786.80	0.9876	\$36,682,099.65	51,714	\$709.33		(\$2,009,692.08)	\$39,897,153.91	771.50
Oct-22		\$38,884,970.38	0.9745	\$39,902,373.57	51,634	\$772.79		(\$1,880,649.97)	\$43,174,894.04	836.17
Nov-22		\$37,854,040.99	0.9460	\$40,013,682.88	51,265	\$780.53		(\$1,880,232.82)	\$43,444,432.49	847.45
Dec-22	\$441,911,124.50	\$37,095,341.20	0.9080	\$40,813,427.90	50,571	\$807.05	\$78,845,984.10	(\$1,931,698.11)	\$45,958,459.07	869.24

* Express Completion Factor as a percentage

**Express Prescription Drug Rebates as a negative number

Continuance Table for Calculating Reinsurance Impact - Individual Market Only, Experience Period Information

Carrier Name: **Keystone Health Plan Central**
 Product(s): **HMO**
 Market Segment: **Individual**
 Rate Effective Date: **1/1/2024**
 Incurred Dates: **1/1/2022 to 12/31/2022**

Attachment Point: **\$60,000**
 Reinsurance Cap: **\$100,000**
 Coinsurance Rate: **0%**
 Proj. Incurred Claim Impact: **0.0%**

Individual ACA Compliant Policies Only: Incurred Dates 1/1/2022 to 12/31/2022					
Annual Incurred Claims Range		Unique Members	Member Months	Total Incurred Claims	Total Incurred Claims with Reinsurance
\$0	\$29,999	473	5,109	\$459,696	\$459,696
\$30,000	\$34,999	2	24	\$63,895	\$63,895
\$35,000	\$39,999	2	24	\$74,590	\$74,590
\$40,000	\$44,999	2	24	\$82,220	\$82,220
\$45,000	\$49,999	4	37	\$189,150	\$189,150
\$50,000	\$54,999	1	12	\$52,507	\$52,507
\$55,000	\$59,999	0	0	\$0	\$0
\$60,000	\$64,999	1	12	\$61,271	\$61,271
\$65,000	\$69,999	0	0	\$0	\$0
\$70,000	\$74,999	1	12	\$74,524	\$74,524
\$75,000	\$79,999	2	19	\$154,984	\$154,984
\$80,000	\$84,999	0	0	\$0	\$0
\$85,000	\$89,999	1	12	\$85,334	\$85,334
\$90,000	\$94,999	0	0	\$0	\$0
\$95,000	\$99,999	0	0	\$0	\$0
\$100,000	\$109,999	0	0	\$0	\$0
\$110,000	\$119,999	0	0	\$0	\$0
\$120,000	\$129,999	0	0	\$0	\$0
\$130,000	\$139,999	1	12	\$136,002	\$136,002
\$140,000	\$149,999	0	0	\$0	\$0
\$150,000	\$159,999	1	12	\$152,607	\$152,607
\$160,000	\$169,999	0	0	\$0	\$0
\$170,000	\$179,999	0	0	\$0	\$0
\$180,000	\$189,999	1	12	\$189,476	\$189,476
\$190,000	\$199,999	0	0	\$0	\$0
\$200,000	\$209,999	0	0	\$0	\$0
\$210,000	\$219,999	0	0	\$0	\$0
\$220,000	\$229,999	0	0	\$0	\$0
\$230,000	\$239,999	0	0	\$0	\$0
\$240,000	\$249,999	0	0	\$0	\$0
\$250,000	\$259,999	0	0	\$0	\$0
\$260,000	\$269,999	0	0	\$0	\$0
\$270,000	\$279,999	0	0	\$0	\$0
\$280,000	\$289,999	0	0	\$0	\$0
\$290,000	\$299,999	0	0	\$0	\$0
\$300,000	\$324,999	0	0	\$0	\$0
\$325,000	\$349,999	0	0	\$0	\$0
\$350,000	\$374,999	0	0	\$0	\$0
\$375,000	\$399,999	0	0	\$0	\$0
\$400,000	\$424,999	0	0	\$0	\$0
\$425,000	\$449,999	0	0	\$0	\$0
\$450,000	\$474,999	0	0	\$0	\$0
\$475,000	\$499,999	0	0	\$0	\$0
\$500,000	\$599,999	0	0	\$0	\$0
\$600,000	\$699,999	0	0	\$0	\$0
\$700,000	\$799,999	0	0	\$0	\$0
\$800,000	\$899,999	0	0	\$0	\$0
\$900,000	\$999,999	0	0	\$0	\$0
\$1,000,000+		0	0	\$0	\$0
Total		492	5,321	\$1,776,255	\$1,776,255

Continuance Table for Calculating Reinsurance Impact - Individual Market Only, Projection Period Information

Carrier Name: **Keystone Health Plan Central**
 Product(s): **HMO**
 Market Segment: **Individual**
 Rate Effective Date: **1/1/2024**

Attachment Point: **\$60,000**
 Reinsurance Cap: **\$100,000**
 Coinsurance Rate: **0%**

Proj. Incurred Claim Impact: **0.0%**
 Proj. Morbidity Impact: **0.0%**

Reinsurance Program Impact Continuance Table Development - Plan Year 2024					
Annual Incurred Claims Range		Unique Members	Member Months	Total Incurred Claims	Total Incurred Claims with Reinsurance
\$0	\$29,999	472	5,097	\$495,577	\$495,577
\$30,000	\$34,999	1	12	\$30,729	\$30,729
\$35,000	\$39,999	2	24	\$73,154	\$73,154
\$40,000	\$44,999	2	24	\$85,398	\$85,398
\$45,000	\$49,999	2	24	\$94,133	\$94,133
\$50,000	\$54,999	3	27	\$161,350	\$161,350
\$55,000	\$59,999	1	10	\$55,208	\$55,208
\$60,000	\$64,999	1	12	\$60,115	\$60,115
\$65,000	\$69,999	0	0	\$0	\$0
\$70,000	\$74,999	1	12	\$70,149	\$70,149
\$75,000	\$79,999	0	0	\$0	\$0
\$80,000	\$84,999	0	0	\$0	\$0
\$85,000	\$89,999	3	31	\$262,764	\$262,764
\$90,000	\$94,999	0	0	\$0	\$0
\$95,000	\$99,999	1	12	\$97,699	\$97,699
\$100,000	\$109,999	0	0	\$0	\$0
\$110,000	\$119,999	0	0	\$0	\$0
\$120,000	\$129,999	0	0	\$0	\$0
\$130,000	\$139,999	0	0	\$0	\$0
\$140,000	\$149,999	0	0	\$0	\$0
\$150,000	\$159,999	1	12	\$155,709	\$155,709
\$160,000	\$169,999	0	0	\$0	\$0
\$170,000	\$179,999	1	12	\$174,720	\$174,720
\$180,000	\$189,999	0	0	\$0	\$0
\$190,000	\$199,999	0	0	\$0	\$0
\$200,000	\$209,999	0	0	\$0	\$0
\$210,000	\$219,999	1	12	\$216,931	\$216,931
\$220,000	\$229,999	0	0	\$0	\$0
\$230,000	\$239,999	0	0	\$0	\$0
\$240,000	\$249,999	0	0	\$0	\$0
\$250,000	\$259,999	0	0	\$0	\$0
\$260,000	\$269,999	0	0	\$0	\$0
\$270,000	\$279,999	0	0	\$0	\$0
\$280,000	\$289,999	0	0	\$0	\$0
\$290,000	\$299,999	0	0	\$0	\$0
\$300,000	\$324,999	0	0	\$0	\$0
\$325,000	\$349,999	0	0	\$0	\$0
\$350,000	\$374,999	0	0	\$0	\$0
\$375,000	\$399,999	0	0	\$0	\$0
\$400,000	\$424,999	0	0	\$0	\$0
\$425,000	\$449,999	0	0	\$0	\$0
\$450,000	\$474,999	0	0	\$0	\$0
\$475,000	\$499,999	0	0	\$0	\$0
\$500,000	\$599,999	0	0	\$0	\$0
\$600,000	\$699,999	0	0	\$0	\$0
\$700,000	\$799,999	0	0	\$0	\$0
\$800,000	\$899,999	0	0	\$0	\$0
\$900,000	\$999,999	0	0	\$0	\$0
\$1,000,000+		0	0	\$0	\$0
Total		492	5,321	\$2,033,635	\$2,033,635

PA Rate Template Part II
Rate Development and Change

Carrier Name: Keystone Health Plan Central
Product(s): HMO
Market Segment: Individual
Rate Effective Date: 1/1/2024

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

Development of the Projected Index Rate	Actual Experience Data	Manual Data	
Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates) PMPM	\$ 435.94	\$ 786.28	< Actual Experience PMPM should be consistent with the Index Rate for Experience Period on URRT
Two year trend projection factor	1.136	1.136	
Unadjusted Projected Allowed EHB Claims PMPM	\$ 495.35	\$ 893.44	
Single Risk Pool Adjustment Factors			
Change in Morbidity - Impact of Reinsurance Program	1.000	1.000	
Change in Morbidity - All Other	1.000	1.000	< See URRT Instructions
Total Non-Morbidity Changes	1.000	1.000	
Change in Demographics	1.000	1.000	< See URRT Instructions
Change in Network	1.000	1.000	
Change in Benefits	1.000	1.000	< See URRT Instructions
Change in Other	1.000	1.000	< See URRT Instructions
Total Adjusted Projected Allowed EHB Claims PMPM	\$ 495.85	\$ 894.33	
Credibility Factors	100%	0%	< See Instructions
Blended Projected EHB Claims PMPM		\$ 495.85	< Projected Index Rate
Development of the Market-Adjusted Index Rate and Total Allowed Claims			
Adjusted Projected Allowed EHB Claims PMPM	\$ 495.85		< Index Rate for Projection Period on URRT
Projected Paid to Allowed Ratio	0.729		
Projected Incurred EHB Claims PMPM	\$ 361.35		
Market-wide Adjustments			
Projected Incurred Risk Adjustment PMPM	-560.00		
Projected Incurred Exchange User Fees PMPM	50.00		
Projected Incurred Reinsurance Recoveries PMPM	50.00		
Market-Adjusted Projected Incurred EHB Claims PMPM	\$ 421.35		
Market-Adjusted Projected Allowed EHB Claims PMPM	\$ 578.18		< Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM	50.00		
Market-Adjusted Projected Incurred Total Claims PMPM	\$ 421.35		
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 578.18		

Table 6. Retention

Retention Items - Express in percentages	Percentages	PMPM Amounts
Administrative Expenses	14.00%	\$70.75
General and Claims	12.27%	\$62.51
Agent/Broker Fees and Commissions	1.63%	\$8.24
Quality Improvement Initiatives	0.00%	\$0.00
Taxes and Fees	0.62%	\$3.17
Risk Adjustment User Fee	0.04%	\$0.21
PCORI Fee	0.00%	\$0.25
RA Premium & Other Taxes (if applicable)	0.00%	\$0.00
Federal Income Tax	0.53%	\$2.69
Health Insurance Providers Fee (Prorated for Small Groups only)	0.00%	\$0.00
Profit/Contingency (after tax)	2.00%	\$10.11
Total Retention	16.63%	\$84.03
Projected Required Revenue PMPM		\$ 505.38

Table 8. Components of Rate Change

Rate Components	2023	2024	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$ 254.84	\$ 264.83	\$ 9.99	3.9%
B. Base period allowed claims before normalization	\$571.58	\$ 435.94	\$ 64.36	25.3%
C. Normalization factor component of change	\$ (169.06)	\$ (168.38)	\$ (29.31)	-11.3%
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 202.52	\$ 237.57	\$ 35.05	13.8%
D2. URRT Trend	\$ 27.54	\$ 32.37	\$ 4.83	1.9%
D3. URRT Morbidity	\$ -	\$ -	\$ -	0.0%
D4. URRT Other	\$ -	\$ 0.27	\$ 0.27	0.1%
D5. Normalized URRT Risk Adjustment on an allowed basis	\$ 102.23	\$ 44.87	\$ (57.37)	-22.5%
D6. Normalized Exchange User Fee on an allowed basis	\$ 0.42%	\$ -	\$ -	0.0%
D7. Normalized Reinsurance Recoveries on an allowed basis	\$ (13.74)	\$ -	\$ 13.74	5.4%
D8. Subtotal - Sum(D1-D7)	\$ 318.55	\$ 315.08	\$ (3.47)	-1.4%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ -	\$ -	\$ -	0.0%
E2. Pricing AV	\$ (90.79)	\$ (85.47)	\$ 5.32	2.1%
E3. Benefit Richness	\$ -	\$ 0.00	\$ 0.00	0.0%
E4. Catastrophic Eligibility	\$ (9.34)	\$ (8.67)	\$ 0.66	0.3%
E5. Subtotal - Sum(E1-E4)	\$ (100.12)	\$ (94.14)	\$ 5.98	2.3%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 29.31	\$ 37.07	\$ 7.77	3.0%
F2. Taxes and Fees	\$ 1.58	\$ 1.66	\$ 0.08	0.0%
F3. Profit and/or Contingency	\$ 5.10	\$ 5.30	\$ 0.20	0.1%
F4. Subtotal - Sum(F1-F3)	\$ 35.98	\$ 44.03	\$ 8.05	3.2%
G. Change in Miscellaneous Items	\$ 50.00	\$ -	\$ -	0.0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 254.41	\$ 264.97	\$ 10.56	4.1%

For Informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 435.94	< Index Rate of Experience Period on URRT
Blended Earned Premium	\$ 2,699,810.23	
Blended Loss Ratio	\$6.25%	

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

Effective Date	1/1/2024	4/1/2024	7/1/2024	10/1/2024	Total Single Risk Pool
# of Member Months Renewing in Quarter					
Adjusted Projected Allowed EHB Claims PMPM	\$ 495.85	\$ 495.85	\$ 495.85	\$ 495.85	\$ 495.85
Months of Trend		3	6	9	
Annual Trend	6.60%	6.60%	6.60%	6.60%	
Single Risk Pool Projected Allowed Claims	\$ 495.85	\$ 503.83	\$ 511.94	\$ 520.18	\$ -
Quarterly Trend Factor	1.000	1.016	1.032	1.049	0.000

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2023	2024
Average Age Factor	1.732	1.730
Average Geographic Factor	1.052	1.054
Average Tobacco Factor	1.007	1.006
Average Benefit Richness (induced demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$584.53	\$ 578.18
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 318.58	\$ 315.08

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

	2023	2024
Paid-to-Allowed	0.715	0.729
URRT Trend (Total Applied Trend Factor)	1.136	1.136
URRT Morbidity	1.000	1.000
URRT "Other"	1.000	1.001
Risk Adjustment	\$134.12	\$ 60.00
Exchange User Fee	\$ 50.00	\$ -
Reinsurance Recoveries	\$18.03	\$ -
Capitation	\$ 50.00	\$ -
Network	1.000	1.000
Pricing AV	0.715	0.729
Benefit Richness	1.000	1.000
Catastrophic Eligibility	0.959	0.962
Administrative Expenses	11.50%	14.00%
Taxes and Fees	0.62%	0.63%
Profit and/or Contingency	2.00%	2.00%

PA Rate Template Part III
Table 10. Plan Rates

Carrier Name: Keystone Health Plan Central
 Product ID: HMO
 Market Segment: Individual
 Rate Effective Date: 1/1/2024
 Rate Period Start Date: 1/1/2023
 Date of Most Recent Membership: 1/1/2023
 Market Adjusted Index Rate: 5 578.18

Calibration	
Age Calibration Factor	1.75
Geographic Calibration Factor	1.00
Product Calibration Factor	1.00
Segment Calibration Factor	1.00

Total Covered Lives @ 12-31-2023
387

45 CRR Part 156.8 (d) (2) Allowable Factors																		
Plan Number	HMO Plan ID (Standard Component)	Product Type (HMO, PPO, HSA, Indemnity, Other)	12/2023 Plan Marketing Name	Ending, Modified, New, Discontinued & Mapped	1/1/2024 HMO Plan ID (If 1/1/2023 Plan Discontinued & Mapped)	Health Plan	Health Plan Approach (1)	Exchange Or/Off (2)	Pricing AV Company Selected	Benefit Richness (Increased demand)	Benefit in addition to EOB	Provider Network	Catastrophic Eligibility	Non-Funding of CRR Adjustment	Pure Premium	Admin Costs	Taxes & Fees (not including Exchange fees)	Profit or Contingency
Total - Current Membership																		
Total - Projected Membership																		
Plan 1	STPMPA200000	HMO	Prime HMO 7000/10/10	SM														
Plan 2	STPMPA200000	HMO	Prime HMO 7000/10/10	SM														
Plan 3																		
Plan 4																		
Plan 5																		
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Total Covered Lives Mapped into 2024 Plans @ 12-31-2023	Total Projected Lives
387	387

2023 Calibrated Plan Adjusted Index Rate PMPM	2024 Calibrated Plan Adjusted Index Rate PMPM	Proposed Rate Change Compared to Prior 12 months	% of Total Covered Lives
\$ 264.84	\$ 264.83	3.9%	N/A

00-01-2023 Number of Covered Lives by Rating Area									
1	2	3	4	5	6	7	8	9	Total
									100

2024 Calibrated Plan Adjusted Index Rate PMPM		2024 Calibrated Plan Adjusted Index Rate PMPM		2024 Calibrated Plan Adjusted Index Rate PMPM	

2024 Calibrated Plan Adjusted Index Rate PMPM		2024 Calibrated Plan Adjusted Index Rate PMPM		2024 Calibrated Plan Adjusted Index Rate PMPM	

2024 Calibrated Plan Adjusted Index Rate PMPM		2024 Calibrated Plan Adjusted Index Rate PMPM		2024 Calibrated Plan Adjusted Index Rate PMPM	

Centre	Columbia	Lehigh	Mifflin	Montour	Northampton	Northumberland	Schuylkill	Snyder	Union	6	Adams	Berks	Lancaster	York	7	Bucks	Chester	Delaware	Montgomery	Philadelphia	8	Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry	9
6	3	79	0	3	48	8	12	6	5	Match	13	34	15	8	Match	0	0	0	0	0	Match	10	36	14	1	0	3	4	Match
6	3	16	3	3	46	8	4	1	2	Match	13	28	15	8	Match	9	32	14	1	1	Match	10	36	14	1	0	3	4	Match
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										Match					Match						Match								Match
										Match					Match						Match								Match
										Match					Match														

PA Rate Template Part VI - Rate Change Summary

Table 15. Rate Change Summary Information

Overview

Initial Requested Average Rate Change:	0.044073753
Revised Requested Average Rate Change:	4.41%
Minimum Requested Rate Change:	2.47%
Maximum Requested Rate Change:	8.74%
Mapped Members:	387
Available in Rating Areas:	Rating Areas 6, 7, and 9

Carrier Name:	Keystone Health Plan
Product(s):	HMO
Market Segment:	Individual
Rate Effective Date:	1/1/2024

Key Information

Jan. 2022 - Dec. 2022 Financial Experience

Premium	\$2,735,178.23
Claims	\$1,662,968.53
Administrative Expenses	(\$31,696.00)
Taxes & Fees	\$229,515.00
Company Made After Taxes	\$ 874,390.70

How It Plans to Spend Your Premium

This is how the company plans to spend the premium it collects in 2024:

Claims:	83%
Administrative Expenses:	14%
Taxes & Fees:	1%
Profit:	2%

The company expects its annual medical costs to increase:

6.60%

- Future cost and utilization: 6.6%
- Favorable 2022 experience: -8.7%
- Proposed changes to the PA reinsurance program: 6.5%

Explanation of requested rate change:

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Table B**

<u>Plan ID</u> (1)	<u>Plan Name</u>	<u>Metal Level</u> (2)	<u>Projected Member</u> Months (3)	<u>Projected</u> Allowed Claims (4)	<u>Projected Paid</u> Claims (5)	<u>Paid to Allowed</u> Factor (6)	<u>Average Tobacco</u> Factor (7)	<u>AV and Cost</u> Sharing Factor (8)	<u>(8)/(6*7) Induced</u> Utilization (9)	<u>Induced Demand</u> Table 10
53789PA0100008	Bronze HMO 7450/0/50	Bronze	4,128	\$ 2,386,728	1,749,568	0.73	1.000	0.73	1.00	1.00
53789PA0100004	Catastrophic HMO 9450/0/0	Bronze	516	\$ 298,341	207,257	0.69	1.000	0.70	1.01	0.99
Total			4,644	2,685,068	1,956,824	0.73	1.00	0.73	1.00	1.00
PMPM				578.18	421.37					
Rate Dev II				578.18	421.35					

Company Name: Keystone Health Plan Central
Market: Individual
Product: HMO
Effective Date of Rates: January 1, 2024 **Ending date of Rates:** December 31, 2024

HIOS Plan ID (On Exchange)=>	53789PA0100004		53789PA0100004		53789PA0100004		53789PA0100008	
HIOS Plan ID (Off Exchange)=>	53789PA0100004		53789PA0100004		53789PA0100004		53789PA0100008	
Plan Marketing Name =>	Catastrophic HMO 9450/0/0		Catastrophic HMO 9450/0/0		Catastrophic HMO 9450/0/0		Bronze HMO 7450/0/50	
Form # =>	C-Ind-HMO-21cnty-AGRMT-v0		C-Ind-HMO-21cnty-AGRMT-v0		C-Ind-HMO-21cnty-AGRMT-v0		C-Ind-HMO-21cnty-AGRMT-v0	
Rating Area =>	6		7		9		6	
Network =>	HMO		HMO		HMO		HMO	
Metal =>	Bronze		Bronze		Bronze		Bronze	
Deductible =>	\$9450 Med/Rx Combined		\$9450 Med/Rx Combined		\$9450 Med/Rx Combined		\$7450 Med/Rx Combined	
Coinsurance =>	0%		0%		0%		0%	
Copays =>	\$0/\$0/\$0 PCP/SPC/ER		\$0/\$0/\$0 PCP/SPC/ER		\$0/\$0/\$0 PCP/SPC/ER		\$50/\$85/\$400 PCP/SPC/ER	
OOP Maximum =>	\$9450 Med/Rx Combined		\$9450 Med/Rx Combined		\$9450 Med/Rx Combined		\$9450 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes		Yes		Yes		Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$142.24	\$142.24	\$160.74	\$160.74	\$145.80	\$145.80	\$210.14	\$210.14
15	\$154.89	\$154.89	\$175.02	\$175.02	\$158.76	\$158.76	\$228.82	\$228.82
16	\$159.72	\$159.72	\$180.49	\$180.49	\$163.72	\$163.72	\$235.96	\$235.96
17	\$164.56	\$164.56	\$185.95	\$185.95	\$168.67	\$168.67	\$243.10	\$243.10
18	\$169.76	\$169.76	\$191.83	\$191.83	\$174.01	\$174.01	\$250.79	\$250.79
19	\$174.97	\$174.97	\$197.72	\$197.72	\$179.34	\$179.34	\$258.48	\$258.48
20	\$180.36	\$180.36	\$203.81	\$203.81	\$184.87	\$184.87	\$266.45	\$266.45
21	\$185.94	\$190.59	\$210.11	\$215.37	\$190.59	\$195.35	\$274.69	\$281.56
22	\$185.94	\$190.59	\$210.11	\$215.37	\$190.59	\$195.35	\$274.69	\$281.56
23	\$185.94	\$190.59	\$210.11	\$215.37	\$190.59	\$195.35	\$274.69	\$281.56
24	\$185.94	\$190.59	\$210.11	\$215.37	\$190.59	\$195.35	\$274.69	\$281.56
25	\$186.68	\$191.35	\$210.95	\$216.23	\$191.35	\$196.13	\$275.79	\$282.68
26	\$190.40	\$195.16	\$215.15	\$220.53	\$195.16	\$200.04	\$281.28	\$288.31
27	\$194.87	\$199.74	\$220.20	\$225.70	\$199.74	\$204.73	\$287.88	\$295.07
28	\$202.12	\$207.17	\$228.39	\$234.10	\$207.17	\$212.35	\$298.59	\$306.05
29	\$208.07	\$213.27	\$235.12	\$240.99	\$213.27	\$218.60	\$307.38	\$315.06
30	\$211.04	\$216.32	\$238.48	\$244.44	\$216.32	\$221.73	\$311.77	\$319.57
31	\$215.50	\$220.89	\$243.52	\$249.61	\$220.89	\$226.41	\$318.37	\$326.32
32	\$219.97	\$225.47	\$248.56	\$254.78	\$225.47	\$231.10	\$324.96	\$333.08
33	\$222.76	\$228.33	\$251.71	\$258.01	\$228.33	\$234.03	\$329.08	\$337.31
34	\$225.73	\$231.37	\$255.08	\$261.45	\$231.37	\$237.16	\$333.47	\$341.81
35	\$227.22	\$232.90	\$256.76	\$263.18	\$232.90	\$238.72	\$335.67	\$344.06
36	\$228.71	\$234.42	\$258.44	\$264.90	\$234.42	\$240.28	\$337.87	\$346.32
37	\$230.19	\$235.95	\$260.12	\$266.62	\$235.95	\$241.85	\$340.07	\$348.57
38	\$231.68	\$237.47	\$261.80	\$268.34	\$237.47	\$243.41	\$342.26	\$350.82
39	\$234.66	\$240.52	\$265.16	\$271.79	\$240.52	\$246.54	\$346.66	\$355.33
40	\$237.63	\$255.45	\$268.52	\$288.66	\$243.57	\$261.84	\$351.05	\$377.38
41	\$242.09	\$260.25	\$273.57	\$294.08	\$248.15	\$266.76	\$357.65	\$384.47
42	\$246.37	\$264.85	\$278.40	\$299.28	\$252.53	\$271.47	\$363.96	\$391.26
43	\$252.32	\$271.24	\$285.12	\$306.51	\$258.63	\$278.03	\$372.75	\$400.71
44	\$259.76	\$279.24	\$293.53	\$315.54	\$266.25	\$286.22	\$383.74	\$412.52
45	\$268.50	\$295.35	\$303.40	\$333.74	\$275.21	\$302.73	\$396.65	\$436.32
46	\$278.91	\$306.80	\$315.17	\$346.69	\$285.88	\$314.47	\$412.04	\$453.24
47	\$290.62	\$319.69	\$328.41	\$361.25	\$297.89	\$327.68	\$429.34	\$472.27
48	\$304.01	\$334.41	\$343.53	\$377.89	\$311.61	\$342.77	\$449.12	\$494.03
49	\$317.21	\$348.94	\$358.45	\$394.30	\$325.14	\$357.66	\$468.62	\$515.48
50	\$332.09	\$381.90	\$375.26	\$431.55	\$340.39	\$391.45	\$490.60	\$564.19
51	\$346.78	\$398.79	\$391.86	\$450.64	\$355.45	\$408.76	\$512.30	\$589.14
52	\$362.95	\$417.40	\$410.14	\$471.66	\$372.03	\$427.83	\$536.19	\$616.62
53	\$379.32	\$436.22	\$428.63	\$492.92	\$388.80	\$447.12	\$560.37	\$644.42
54	\$396.98	\$456.53	\$448.59	\$515.88	\$406.91	\$467.94	\$586.46	\$674.43
55	\$414.65	\$497.58	\$468.55	\$562.26	\$425.01	\$510.01	\$612.56	\$735.07
56	\$433.80	\$520.56	\$490.19	\$588.23	\$444.64	\$533.57	\$640.85	\$769.02
57	\$453.14	\$543.76	\$512.04	\$614.45	\$464.46	\$557.36	\$669.42	\$803.30
58	\$473.78	\$568.53	\$535.37	\$642.44	\$485.62	\$582.74	\$699.91	\$839.89
59	\$484.00	\$580.80	\$546.92	\$656.31	\$496.10	\$595.32	\$715.02	\$858.02
60	\$504.64	\$630.80	\$570.24	\$712.81	\$517.26	\$646.57	\$745.51	\$931.89
61	\$522.49	\$653.11	\$590.42	\$738.02	\$535.55	\$669.44	\$771.88	\$964.85
62	\$534.21	\$667.76	\$603.65	\$754.57	\$547.56	\$684.45	\$789.18	\$986.48
63	\$548.89	\$686.12	\$620.25	\$775.31	\$562.62	\$703.27	\$810.88	\$1,013.61
64+	\$557.81	\$697.28	\$630.33	\$787.92	\$571.76	\$714.71	\$824.06	\$1,030.09

Company Name: **Keystone Health Plan Central**
 Market: **Individual**
 Product: **HMO**
 Effective Date of Rates: **January 1, 2024**

December 31, 2024

HIOS Plan ID (On Exchange)=>				
HIOS Plan ID (Off Exchange)=>	53789PA0100008		53789PA0100008	
Plan Marketing Name =>	Bronze HMO 7450/0/50		Bronze HMO 7450/0/50	
Form # =>	PC-Ind-HMO-21cnty-AGRMT-v0		PC-Ind-HMO-21cnty-AGRMT-v0	
Rating Area =>	7		9	
Network =>	HMO		HMO	
Metal =>	Bronze		Bronze	
Deductible =>	\$7450 Med/Rx Combined		\$7450 Med/Rx Combined	
Coinsurance =>	0%		0%	
Copays =>	\$50/\$85/\$400 PCP/SPC/ER		\$50/\$85/\$400 PCP/SPC/ER	
OOP Maximum =>	\$9450 Med/Rx Combined		\$9450 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes		Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$237.46	\$237.46	\$215.39	\$215.39
15	\$258.56	\$258.56	\$234.54	\$234.54
16	\$266.63	\$266.63	\$241.86	\$241.86
17	\$274.70	\$274.70	\$249.18	\$249.18
18	\$283.39	\$283.39	\$257.06	\$257.06
19	\$292.09	\$292.09	\$264.95	\$264.95
20	\$301.09	\$301.09	\$273.11	\$273.11
21	\$310.40	\$318.16	\$281.56	\$288.60
22	\$310.40	\$318.16	\$281.56	\$288.60
23	\$310.40	\$318.16	\$281.56	\$288.60
24	\$310.40	\$318.16	\$281.56	\$288.60
25	\$311.64	\$319.43	\$282.68	\$289.75
26	\$317.85	\$325.80	\$288.31	\$295.52
27	\$325.30	\$333.43	\$295.07	\$302.45
28	\$337.40	\$345.84	\$306.05	\$313.70
29	\$347.34	\$356.02	\$315.06	\$322.94
30	\$352.30	\$361.11	\$319.57	\$327.56
31	\$359.75	\$368.75	\$326.32	\$334.48
32	\$367.20	\$376.38	\$333.08	\$341.41
33	\$371.86	\$381.16	\$337.31	\$345.74
34	\$376.83	\$386.25	\$341.81	\$350.36
35	\$379.31	\$388.79	\$344.06	\$352.66
36	\$381.79	\$391.34	\$346.32	\$354.97
37	\$384.27	\$393.88	\$348.57	\$357.28
38	\$386.76	\$396.43	\$350.82	\$359.59
39	\$391.72	\$401.52	\$355.33	\$364.21
40	\$396.69	\$426.44	\$359.83	\$386.82
41	\$404.14	\$434.45	\$366.59	\$394.08
42	\$411.28	\$442.13	\$373.06	\$401.04
43	\$421.21	\$452.80	\$382.07	\$410.73
44	\$433.63	\$466.15	\$393.34	\$422.84
45	\$448.22	\$493.04	\$406.57	\$447.23
46	\$465.60	\$512.16	\$422.34	\$464.57
47	\$485.15	\$533.67	\$440.07	\$484.08
48	\$507.50	\$558.25	\$460.35	\$506.38
49	\$529.54	\$582.50	\$480.34	\$528.37
50	\$554.37	\$637.53	\$502.86	\$578.29
51	\$578.90	\$665.73	\$525.10	\$603.87
52	\$605.90	\$696.79	\$549.60	\$632.04
53	\$633.22	\$728.20	\$574.38	\$660.53
54	\$662.70	\$762.11	\$601.12	\$691.29
55	\$692.19	\$830.63	\$627.87	\$753.45
56	\$724.16	\$869.00	\$656.87	\$788.25
57	\$756.44	\$907.73	\$686.16	\$823.39
58	\$790.90	\$949.08	\$717.41	\$860.89
59	\$807.97	\$969.56	\$732.89	\$879.47
60	\$842.42	\$1,053.03	\$764.15	\$955.18
61	\$872.22	\$1,090.28	\$791.18	\$988.97
62	\$891.78	\$1,114.72	\$808.91	\$1,011.14
63	\$916.30	\$1,145.37	\$831.16	\$1,038.95
64+	\$931.19	\$1,164.00	\$844.67	\$1,055.84

Keystone Health Plan Central (KHPC)
Individual
Plan Design Summary

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
53789PA0100004	Catastrophic HMO 9450/0/0	HMO	Catastrophic	Off	HMO	6,7,9	All
53789PA0100008	Bronze HMO 7450/0/50	HMO	Bronze	Off	HMO	6,7,9	All

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
1	Unified Rate Review v6.0																			
2																				
3	Company Legal Name:	Keystone Health Plan Central																		
4	HIOS Issuer ID:	53789	State:	PA																
5	Effective Date of Rate Change(s):	1/1/2024	Market:	Individual																
6																				
7																				
8	Market Level Calculations (Same for all Plans)																			
9																				
10																				
11	Section I: Experience Period Data																			
12	Experience Period:	1/1/2022	to	12/31/2022																
13			Total	PMPM																
14	Allowed Claims		\$2,265,158.77	\$435.94																
15	Reinsurance		\$124,363.85	\$23.93																
16	Incurred Claims in Experience Period		\$1,662,968.53	\$320.05																
17	Risk Adjustment		\$35,368.00	\$6.81																
18	Experience Period Premium		\$2,699,810.23	\$519.59																
19	Experience Period Member Months		5,196																	
20																				
21	Section II: Projections																			
22	Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims PMPM													
23			Cost	Utilization	Cost	Utilization														
24	Inpatient Hospital	\$102.36	1.045	1.005	1.055	1.005	\$113.98													
25	Outpatient Hospital	\$141.53	1.047	1.010	1.057	1.010	\$159.78													
26	Professional	\$82.81	1.050	1.010	1.048	1.010	\$92.96													
27	Other Medical	\$9.20	1.047	1.005	1.057	1.005	\$10.28													
28	Capitation	\$2.04	1.030	1.000	1.030	1.000	\$2.16													
29	Prescription Drug	\$98.01	1.082	1.011	1.073	1.010	\$116.19													
30	Total	\$435.95					\$495.35													
31																				
32	Morbidity Adjustment			1.000																
33	Demographic Shift			1.000																
34	Plan Design Changes			1.001																
35	Other			1.000																
36	Adjusted Trended EHB Allowed Claims PMPM for	1/1/2024		\$495.85																
37																				
38	Manual EHB Allowed Claims PMPM			\$0.00																
39	Applied Credibility %			100.00%																
40																				
41																				
42																				
43																				
44																				
45																				
46																				
47																				
48																				
49																				
50																				
51																				

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.

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Product-Plan Data Collection

Company Legal Name: **Keystone Health Plan Central**
 HIOS Issuer ID: **53789** State: **PA**
 Effective Date of Rate Change(s): **1/1/2024** Market: **Individual**

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.

To remove a product, navigate to the corresponding Product Name/Product ID field and select the Remove Product button or Ctrl + Shift + Q.

To remove a plan, navigate to the corresponding Plan Name/Plan ID field and select the Remove Plan button or Ctrl + Shift + A.

Product/Plan Level Calculations

Section I: General Product and Plan Information

1.1 Product Name	HMO
1.2 Product ID	53789PA010
1.3 Plan Name	Bronze HMO Catastrophic HMO
1.4 Plan ID (Standard Component ID)	53789PA0100008 53789PA0100004
1.5 Metal	Bronze Catastrophic
1.6 AV Metal Value	0.647 0.602
1.7 Plan Category	Renewing Renewing
1.8 Plan Type	HMO HMO
1.9 Exchange Plan?	No No
1.10 Effective Date of Proposed Rates	1/1/2024 1/1/2024
1.11 Cumulative Rate Change % (over 12 mos prior)	3.97% 3.38%
1.12 Product Rate Increase %	3.92%
1.13 Submission Level Rate Increase %	3.92%

Worksheet 1 Totals

Section II: Experience Period and Current Plan Level Information

2.1 Plan ID (Standard Component ID)	Total	53789PA0100008	53789PA0100004
2.2 Allowed Claims	\$2,265,159	\$2,169,326	\$95,833
2.3 Reinsurance	\$124,364	\$124,364	\$0
2.4 Member Cost Sharing	\$477,826	\$433,628	\$44,199
2.5 Cost Sharing Reduction	\$0	\$0	\$0
2.6 Incurred Claims	\$1,662,969	\$1,611,334	\$51,635
2.7 Risk Adjustment Transfer Amount	\$35,368	\$30,549	\$4,819
2.8 Premium	\$2,699,810	\$2,565,090	\$134,720
2.9 Experience Period Member Months	5,196	4,530	666
2.10 Current Enrollment	387	344	43
2.11 Current Premium PMPM	\$467.78	\$485.00	\$330.00
2.12 Loss Ratio	60.80%	62.08%	37.00%
Per Member Per Month			
2.13 Allowed Claims	\$435.94	\$478.88	\$143.89
2.14 Reinsurance	\$23.93	\$27.45	\$0.00
2.15 Member Cost Sharing	\$91.96	\$95.72	\$66.36
2.16 Cost Sharing Reduction	\$0.00	\$0.00	\$0.00
2.17 Incurred Claims	\$320.05	\$355.70	\$77.53
2.18 Risk Adjustment Transfer Amount	\$6.81	\$6.74	\$7.24
2.19 Premium	\$519.59	\$566.25	\$202.28

Section III: Plan Adjustment Factors

3.1 Plan ID (Standard Component ID)	53789PA0100008	53789PA0100004
3.2 Market Adjusted Index Rate	\$578.18	
3.3 AV and Cost Sharing Design of Plan	0.7330	0.6947
3.4 Provider Network Adjustment	1.0000	1.0000
3.5 Benefits in Addition to EHB	1.0000	1.0000
Administrative Costs		
3.6 Administrative Expense	13.29%	19.64%
3.7 Taxes and Fees	0.62%	0.67%
3.8 Profit & Risk Load	2.00%	2.00%
3.9 Catastrophic Adjustment	1.0000	0.6600
3.10 Plan Adjusted Index Rate	\$503.99	\$341.22
3.11 Age Calibration Factor	0.5781	0.5781
3.12 Geographic Calibration Factor	0.9484	0.9484
3.13 Tobacco Calibration Factor	0.9939	0.9939
3.14 Calibrated Plan Adjusted Index Rate	\$274.64	\$185.94

Section IV: Projected Plan Level Information

4.1 Plan ID (Standard Component ID)	Total	53789PA0100008	53789PA0100004
4.2 Allowed Claims	\$2,302,727	\$2,129,232	\$173,495
4.3 Reinsurance	\$0	\$0	\$0
4.4 Member Cost Sharing	\$695,010	\$638,099	\$56,912
4.5 Cost Sharing Reduction	\$0	\$0	\$0
4.6 Incurred Claims	\$1,607,717	\$1,491,133	\$116,584
4.7 Risk Adjustment Transfer Amount	-\$278,640	-\$247,680	-\$30,960
4.8 Premium	\$2,256,834	\$2,080,771	\$176,063
4.9 Projected Member Months	4,644	4,128	516
4.10 Loss Ratio	81.27%	81.35%	80.35%
Per Member Per Month			
4.11 Allowed Claims	\$495.85	\$515.80	\$336.23
4.12 Reinsurance	\$0.00	\$0.00	\$0.00
4.13 Member Cost Sharing	\$149.66	\$154.58	\$110.29
4.14 Cost Sharing Reduction	\$0.00	\$0.00	\$0.00
4.15 Incurred Claims	\$346.19	\$361.22	\$225.94
4.16 Risk Adjustment Transfer Amount	-\$60.00	-\$60.00	-\$60.00
4.17 Premium	\$485.97	\$504.06	\$341.21

Rating Area Data Collection

*Specify the total number of Rating
Select only the Rating Areas you ar
To validate, select the Validate but
To finalize, select the Finalize butt*

Rating Area	Rating Factor
Rating Area 6	1.0000
Rating Area 7	1.1300
Rating Area 9	1.0250

KEYSTONE HEALTH PLAN CENTRAL

ACTUARIAL MEMORANDUM

Individual Rates

Effective January 1, 2024

General Information

Company Information

- Company Legal Name: Keystone Health Plan Central
- State: PA
- HIOS Issuer ID: 53789
- Market: Individual
- Effective Date: 1/1/2024

PID Company Information

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2024
- Average Rate Change Requested: 4.4%
- Range of Requested Rate Change: 2.5% to 8.7%
- Total additional annual revenue generated from the proposed rate change: \$98,186
- Product: HMO
- Rating Areas: 6,7,9
- Metal Levels: Bronze, Catastrophic
- Current Covered Lives and Policyholders: 387/294
- 2024 Number of Plans and Change: 2/No Plan Change
- Contract Form #: KHPC-Ind-HMO-21cnty-AGRMT-v0124
- Form Filing SERFF #: CABC-133645003
- Binder SERFF #: CABC-PA24-125116241
- HIOS Issuer ID: 53789

Company Contact Information

- Primary Contact Name: [REDACTED]
- Primary Contact Telephone Number: [REDACTED]
- Primary Contact Email Address: [REDACTED]

Scope and Purpose

By this filing, Keystone Health Plan Central (KHPC), a subsidiary of Capital Blue Cross (Capital), submits rates for products to be made available to individuals on and after January 1, 2024. KHPC will only offer products off the PA state-based exchange.

Rate History and Proposed Variations in Rate Changes

Market	Company	Effective Date	SERFF #	Annual Increase
Individual	KHPC	1/1/2020	CABC-131915679	-8.0%
Individual	KHPC	1/1/2021	CABC-132354935	-1.7%
Individual	KHPC	1/1/2022	CABC-132795960	-1.7%
Individual	KHPC	1/1/2023	CABC-133267272	-8.5%

Average Rate Change

KHPC is proposing an aggregate annual 4.4% rate change, which varies by plan. The rate change is calculated in PA Rate Exhibits Part IV, Table 11, cell AN13.

The key drivers of the rate change and approximate impact are as follows:

- Future cost and utilization: 6.6%
- Favorable 2022 experience: -8.7%
- Proposed changes to the PA reinsurance program: 6.5%

Regulatory Considerations

Rates submitted by this filing assume changes to the current regulatory framework. As directed by the Insurance Department, the following factors have been applied to the rates for regulatory changes:

- Reinsurance Morbidity Adjustment of 1.0
- Reinsurance attachment point of \$60,000, a cap of \$100,000, and a coinsurance parameter of 0% (placeholder).

Membership

Membership is shown in PA Rate Template Part I, Table 1. The average age is 42.

Benefit Changes 2023-2024

A summary of proposed 2024 benefits is included in Exhibit A.

There are several benefit changes being implemented in 2023. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). Any plan with a benefit change that did not meet the uniform modification of coverage standard was terminated, and a new plan was created in its place. Benefit changes by plan are listed in Exhibit B, highlighted in yellow.

Experience Period Premium and Claims

Single Risk Pool: The data used to develop rates and shown in URRT and PA Rate Exhibits abides by 45 CFR part 156.80(d) single risk pool requirements. The single risk pool reflects all covered lives for every non-grandfathered, non-transitional product/plan combination for KHPC in the individual market.

Base Experience Period: The base experience period (BEP) includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2022 and December 31, 2022.

Paid Through Date: Claims in the BEP are paid through February 28, 2023

Premiums (net of MLR Rebate) in BEP: Premiums are calculated on an earned basis in the BEP. MLR rebate adjustments applied are equal to zero.

Allowed and Incurred Claims in BEP:

- Allowed claims are developed by combining paid claims with member cost-sharing. Allowed claims meet the definition in the URR instructions. They do not include provider quality incentive payments.
- Incurred claims are net of HHS CSR payments.
- Capital only covers Essential Health benefits (EHBs).
- KHPC has PCP and mental health capitated services.
- Allowed and Incurred claims are net of pharmacy rebates. BEP rebates are completed based on actual utilization of rebate-eligible drugs and rebate amounts.

Estimated Incurred but Not Paid Claims: Paid claims by date of service come directly from Capital's data warehouse. The method for calculating incurred claims in the BEP is as follows:

1. Historical fee-for-service claims are viewed by date of service and date of payment in a claims triangle.
2. The claims triangle payments are then accumulated by date of service to develop factors that represent the rate of accumulation or rate of "completion".
3. Historical rates of completion by duration are used to derive projected rates of completion. Some of the methods used to develop projected completion factors are averages (e.g.

harmonic averages, time weighted averages, geometric averages) and regression methods. Numerous items are considered when viewing these averages or regression statistics, such as the impact of high claims on perceived completion patterns.

4. For durations that exhibit a projected completion factor greater than the Valuation Actuary’s chosen threshold (e.g. 80% complete), cumulative paid and incurred claims are divided by the projected completion factor to arrive at ultimate incurred claims. For durations that are less than the chosen threshold, a projection methodology is used. Similar to completion factor development, projection methodologies are worthy of a lengthy discussion. In general, an ultimate incurred claims PMPM is derived by projecting a recent 12-month period to the current month(s) and seasonally adjusting.
5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

$$BEP\ Incurred\ Claims = \sum \frac{BEP\ Paid\ Claims\ by\ Incurred\ Month}{Completion\ by\ Incurred\ Month}$$

$$BEP\ Allowed\ Claims = \sum \frac{BEP\ Paid\ Claims + BEP\ Member\ Cost\ Share\ by\ Incurred\ Month}{Completion\ by\ Incurred\ Month}$$

Risk Adjustment in BEP: Risk adjustment amounts in the BEP are equal to the amounts sent by the Department on 5/3/2023.

Loss Ratio in BEP: Loss ratio is 56.25%

Credibility of Data

No Credibility Manual was used.

Trend Identification

Trend: 6.60%

Trend levels reflect Capital’s best estimate of changes in utilization, provider reimbursement contracts, the network of facilities and providers, disease management initiatives and the impact of utilization management.

The following is a description of considerations used to determine trend.

1. Base Cost/ Change in hospital and physician contracting: The contracted increase in reimbursements to hospitals and physicians is the basis of cost trends. Capital uses the following to project future costs:

- a. Vendor Physician Cost Model and Internal Hospital Contracting Model
 - i. The medical cost models use best estimates of Capital Blue Cross (Capital)'s future contracting increases with physicians and hospitals. The models use cost estimates based on varying contract effective dates by physician and hospital. All facilities and providers are considered in this modeling effort (i.e. acute and non-acute, network and non-network, inpatient and outpatient, in- area and out-of-area). From there, a monthly anticipated cost (assuming static utilization) summary is produced which can be used in projecting future claims costs. Cost trends are determined at the Capital book of business level for all commercial business.
 - b. Internal Prescription Drug Trend Model
 - i. Price Inflation
 - ii. Contract Pricing
 - iii. Member Cost-Sharing
 - iv. Units per Script
 - v. Brand/Generic Mix
 - vi. Therapeutic Mix
 - vii. Cost per Script
 - viii. Pipeline (new drugs)
2. Utilization Considerations:
 - a. Intensity of medical services rendered
 - b. Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
 - c. Further migration from brand prescription drugs to generic prescription drugs
 - d. Favorable impacts of value based benefits designs
 - e. Medical utilization estimates reviewed by Capital's Chief Medical Officer
 3. Leveraging: The trend model is based on allowed cost increases. Paid claims trend at a higher rate than allowed due to leveraging. Leveraging is the impact of static cost-share, such as deductibles and copays, to the paid trend.
 4. Intensity: Measure of cost increase due to change in treatment sophistication. An example is migration from x-rays to MRIs at significantly higher cost.
 5. Underwriting Cycle: The underwriting cycle is defined as the tendency to swing between profitable and unprofitable periods over time. The underwriting cycle is exacerbated partly by pricing performed with incomplete information as to the level of current experience trends. A reaction delay occurs, as carriers tend to rely on measurements of past experience in developing current pricing assumptions. As a result, carriers are often increasing their pricing trends when actual experience trends have begun to decline, and decreasing their pricing trends actual trends are increasing. Capital strives to mitigate the underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

Historical Experience: Historical experience was not used to the develop trend.

Benefit Categories: Claims in the benefit categories displayed in URRT come directly from Capital’s data warehouse. These same categories are used to develop category-level trend. See Exhibit C for a description of benefits by benefit category.

See Exhibit E for KHPC’s pricing trend, as well as cost and utilization components of the pricing trend.

Rate Development & Change

Projection Factors

Changes in Morbidity: Found in URRT Worksheet 1, “Morbidity Adjustment”, and PA Rate Exhibits, Table 5.

$$\text{Total Morbidity Factor} = [\text{Other Morbidity Factor}] \times [\text{Reinsurance Morbidity Factor}]$$

The Reinsurance Morbidity Factor is discussed in *Regulatory Considerations* above. The Other Morbidity Factor is 1.0.

Changes in Benefits: Benefit changes are not applied to allowed claims as allowed should stay consistent from 2022 to 2024. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from Capital’s internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

In addition to cost-sharing changes, Capital is also implementing two benefit coverage changes.

- Senate Bill 8: Coverage of mammographic examinations and diagnostic breast imaging at no cost share. This bill goes into effect for Small Group and Individual policies in 2025, but Capital is adopting early compliance and will cover the relevant services at no cost share starting in 2024.
 - Claim PMPM is developed by pulling 2022 Group and Individual MRI and diagnostic breast imaging member cost share associated with the relevant diagnosis codes.
 - Additional Claim Cost PMPM is equal to member cost share divided by Group and Individual membermonths.
- The Mental Health Parity and Addiction Equity Act (MHPAEA) has expanded definitions of mental health services to include Autism coverage. With this expansion, Capital will cover Autism services in the Individual market starting in 2024.
 - Claim PMPM is developed by pulling 2022 Group and Individual denied Autism service claims.
 - Additional Claim Cost PMPM is equal to denied Autism claims divided by 2022 Group and Individual membermonths.

The additional claim cost PMPMs are shown on Exhibit D2. Senate Bill 8 only impacts incurred claims (the change is to member cost share), and MHPAEA change impacts both allowed and incurred claims.

The PMPM calculations are included with this filing in the following supporting workbooks:

Ind_23-34_Initial_KHP_HMO_AutismDefinition_Supporting_20230517.xls

Ind_23-34_Initial_KHP_HMO_SenateBill8_Supporting_20230517.xls

Changes in Demographics: KHPC does not expect changes in demographics in its individual population.

Changes in Network: No network adjustment is applied.

Other Adjustments: No other adjustment is applied to the BEP.

Benefits, Demographics, Network and Other adjustments are found in URRT Worksheet 1 and PA Rate Exhibits Table 5.

Index Rate

The experience period index rate is KHPC's allowed claims PMPM, set in accordance with the single risk pool provision. All KHPC covered benefits are categorized as Essential Health Benefits (EHBs), therefore no adjustment was made to the experience period index.

Projected Allowed Claims: The KHPC experience period allowed claims, benefit-adjusted, trended to the projection period (See Projection Factors section above), and credibility adjusted, is the *Projected Allowed Claims at Current Benefits*. This number is reflected in Worksheet 1 of URRT ("Projected Allowed Experience Claims PMPM (w/ applied credibility if applicable)").

To calculate the projected index rate:

1. Start with *Projected Allowed Claims at Current Benefits*
2. The *Projected Allowed Claims at Current Benefits* reflect EHBs 100 percent, so no adjustment needs to be made to add EHBs and remove non-EHB claim cost. This is the index rate for individuals renewing January – December.

See Exhibit J as well as PA Rate Exhibits Table 5 for the Index Rate.

Paid to Allowed Ratio

KHPC used the prescribed URRT allowed claim rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. URRT projects allowed claims, and uses a paid-to-allowed ratio in order to adjust allowed claims to paid

levels. This value is then used to develop premiums. In order to determine the paid-to-allowed ratio, KHPC projected paid and incurred claims, adjusted for benefits, to the experience period.

Projected Paid and Incurred Claims are calculated as follows:

1. Gather claims experience as described in the Data section above.
 - a. Base Experience Period (BEP) Paid Claims, Capitation, and Rx Rebates
 - b. BEP Member Months
2. Develop BEP *Paid and Incurred Claims*:

$$BEP \text{ Paid and Incurred Claims} = \frac{BEP \text{ Paid Claims}}{Completion \text{ Factor}}$$

The development of completion factors is described in Experience Period Premium and Claims above.

3. Develop the *BEP Paid and Incurred Claim PMPM*:

$$BEP \text{ Paid and Incurred Claim PMPM} = \frac{BEP \text{ Paid and Incurred Claims}}{BEP \text{ Member Months}}$$

4. Develop *Trended Claim PMPM*: Using the aggregate trend described in the Projection Factors section above, trend the BEP Paid and Incurred Claim PMPM from the midpoint of the experience period to the midpoint of the rating period.

Trended Claim PMPM

$$= [BEP \text{ Paid and Incurred Claim PMPM}] \times (1 + [Trend\%])^{Trend \text{ Months}/12}$$

5. Develop *Projected Paid and Incurred Claim PMPM*:

$$\begin{aligned} \text{Projected Paid and Incurred Claims PMPM} \\ &= [Trended \text{ Claim PMPM}] \times [Benefit \text{ Adjustment}] \\ &\times [Morbidity \text{ Adjustment}] + [Benefit \text{ Additions}] \end{aligned}$$

The *Benefit Adjustment*, *Morbidity Adjustment*, *Network Adjustment*, and *Benefit Additions* and are discussed in the Projections Factors section above

6. Develop *Projected Claims PMPM by Benefit* as follows:
 - a. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit

design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on cumulative probability distributions (CPDs), where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.

- b. This actuarial cost model derives a Manual Cost for each benefit design in the experience period, as well as plans being offered in the projection period. The average Manual Cost of the experience is compared to the Manual Cost of the base plan. The projected experience period data is then adjusted to the base plan:

$$\text{Benefit Level Adjustment} = \frac{\text{Average Manual Cost in Projection Period}}{\text{Manual Cost of Base Plan}}$$

- c. The *Projected Paid and Incurred Claim PMPM* (Step 5) is then adjusted to the Base Plan as follows:

$$\begin{aligned} &\text{Base Plan Paid and Incurred Claims PMPM} \\ &= \frac{\text{Benefit Adjusted Paid and Incurred Claims PMPM}}{\text{Benefit Level Adjustment}} \end{aligned}$$

- d. Each additional benefit design has its own unique Manual Cost, which can then be compared to the Base Plan to develop a Benefit Relativity:

$$\text{Benefit Relativity A} = \frac{\text{Manual Cost of Benefit A}}{\text{Manual Cost of Base Plan}}$$

- e. The Benefit Relativity developed in d. above is then used as a gauge to develop a final *Pricing Relativity*. This pricing relativity is developed using actuarial judgment including the following considerations:
- i. Final premium relativities must make sense based on benefits. For example, the annual cost difference between a 2000 plan and 1000 plan must be less than \$1000.
 - ii. Adjustments for plan designs that fall outside of the actuarial cost model.
- a. So the *Projected Claims PMPM by Benefit* is:

$$\begin{aligned} &\text{Projected Claims PMPM Benefit A} \\ &= \text{Projected Claims PMPM Base Plan} \\ &\times \text{Pricing Relativity A} \end{aligned}$$

- b. And to arrive at the *Total Projected Claims PMPM*, KHPC assumes a distribution of members across the benefit plans being offered in the projection period. The *Total Projected Claims PMPM* :

$$= \text{Projected Claims PMPM Benefit A} \times \text{Expected Member Dist of Benefit A} \\ + \text{Projected Claims PMPM Benefit B} \\ \times \text{Expected Member Dis of Benefit B} + \dots$$

7. The Paid-To-Allowed Ratio is then:

$$\text{Paid to Allowed Ratio} = \frac{\text{Total Projected Claims PMPM}}{\text{Projected Allowed Claims at Current Benefits}}$$

See Exhibit G for the development of the *Paid-to-Allowed Ratio*. And see Exhibit L for the plan-level projected incurred amount development.

Market Adjusted Index Rate

The Market Adjusted Index Rate is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules, 45 CFR Part 156.80(d)(1). So,

$$[\text{Market Adjusted Index Rate}] \\ = ([\text{Index Rate}] \times [\text{Paid to Allowed Ratio}] \\ - [\text{Projected Incurred Reinsurance Recoveries}] \\ - [\text{Projected Incurred Risk Adjustment PMPM}] \\ + [\text{Exchange Fees PMPM}]) \div [\text{Paid to Allowed Ratio}]$$

Projected Incurred Risk Adjustments PMPM:

Relevant to 2024 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2024. The following items are those that we deem important in generating a CRA payment transfer adjustment:

1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
2. Statewide average premiums
3. Current market penetration of this company and competitors in the market and in the state
4. 2018-2022 risk adjustment results
5. Market improvement in coding risk: Capital's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that Capital is disadvantaged in the market. This will drive Capital's relative risk to the market down over time.

Risk adjustment amounts have vary widely over the past 4 years, shown in Exhibit S. 2019-2021 averaged a risk adjustment PMPM of -\$150, while 2022 is +\$7. Because of the wild swings, projected 2024 RA was set well above the 4 year average, but below 2022 results. This is to stabilize the annual rate change while also reflecting the positive financial performance of this small population.

Projected Incurred Reinsurance Recoveries:

In order to calculate the value of reinsurance, the following is provided:

1. PA Rate Exhibits, tab II.a show the company-specific BEP claims data.
2. PA Rate Exhibits, tab II.b shows the company-specific projected claims. The claims represent BEP claims trended at 7% to the projection period.

Exchange Fee PMPM:

KHPC only offers plans off exchange, so the exchange fee is \$0.

The exchange fee PMPM is calculated as:

$$\begin{aligned} \text{Exchange Fee PMPM} \\ &= [\text{Avg 2024 On} - \text{Exchange Premium PMPM}] \times [\% \text{ Members On} \\ &\quad - \text{Exchange}] \end{aligned}$$

Where

$$\begin{aligned} [\text{Avg 2024 On} - \text{Exchange Premium PMPM}] \\ &= [\text{Avg 2023 On} - \text{Exchange Premium PMPM}] \times (1 \\ &\quad + [\text{Avg Proposed Rate Change}]) \end{aligned}$$

See Exhibit K for the development of the Market Adjusted Index Rate.

Retention Items

Administrative Expense Load:

1. Risk Adjustment User Fee: To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.21 PMPM. The Risk Adjustment Fee PMPM is included in URRT Worksheet 1, URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.
2. Administrative Expense: Calculated using an allocation method from Capital’s Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all

costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to Capital individual products. Administrative expenses are included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.

- a. Value-Based Benefits (VBB): Standard with each plan, Capital Blue Cross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
 - i. Complete Health Risk Assessment questionnaire and receive a gift card.
 - ii. Participate in an online coaching program and receive a gift card reward.
 - iii. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
 - iv. Fees are included in overall administrative expense fee discussed above.
 - v. Included in URRT Worksheet 2 “Administrative Expense”, and PA Rate Exhibits Table 6.
3. Broker Expense: Calculated based on Capital’s explicit per contract broker fee. Broker Expense is included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Capital pays commissions for new business and renewal enrollment received during open enrollment and the special enrollment period (SEP), both on and off exchange, and in all geographic areas. Attached please find the proposed 2024 broker agreements – redacted versions. Files are as follows:
 - a. Redacted Agent Agreement: “Ind_23-34_Initial_KHP_HMO_WBEBrokerIndRedacted_Supporting_20220517.pdf”
 - b. Redacted Preferred Producer Master Agreement: “Ind_23-34_Initial_KHP_HMO_PPMABrokerIndRedacted_Supporting_20230517.pdf”
4. Additional Quality Improvement: Additional QI amounts applied in rating equal 0.0%. Included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.

Profit (or Contribution to Surplus) & Risk Margin:

5. Contingency: Contingency is included in URRT Worksheet 1, “Profit and Risk”, and PA Rate Exhibits Table 6.

Taxes and Fees:

1. Fee for Patient-Centered Outcomes Research Trust Fund (PCORTF): As per the Notice of Proposed Rulemaking for Fees on Health Insurance Policies and Self-Insured Plans for the Patient-Centered Outcomes Research Trust Fund (REG-136008-11), 77 Fed. Reg. 22691: For policy years ending on or after October 1, 2022, and before October 1, 2023, the applicable dollar amount is \$3 per member per year (\$0.25 PMPM). Capital assumes the 2024 projected fee will be trended at 0%.
2. Exchange Fee – All issuers participating in the state-based-facilitated exchange will remit 3% of premium. The exchange user fee is applied as an adjustment to the Index Rate at

the market level. KHPC only offers off-exchanges products, therefore no exchange fee is applied.

3. Federal Income Tax: Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in URRT Worksheet 2, “Taxes and Fees”, and PA Rate Exhibits, Table 6.

See Exhibit H for all retention values.

Plan Adjusted Index Rates

The Plan Adjusted Index Rates are included in Worksheet 2, Section IV of URRT.

The following adjustments were used to derive the Plan Adjusted Index Rate:

1. Actuarial Value and Cost Sharing adjustment: The Actuarial Value and Cost Sharing Adjustment is determined using KHPC’s actuarial cost model. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a claim PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on CPDs, where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
2. Induced Demand: Please see Table 8. Induced Demand is calculated as:
$$[Pricing\ AV]^2 - [Pricing\ AV] + 1.24$$
Where *Pricing AV* is adjusted by the Non-Funding of CSR factor: PA Rate Exhibits, Table 10, column K x column P.
3. Provider Network: The Provider network is the same across all HMO plans.
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Catastrophic Plans: Applied to catastrophic plans to reflect lower morbidity. This factor is the same as approved in 2023.
6. Adjustment for distribution and administrative costs: Described in Retention section above.
7. Tobacco Adjustment: Calculated as the average tobacco factor applied across the risk pool.

The development of the Plan Adjusted Index rate is found in Exhibit L, and summarized in Exhibit M.

Calibrated Plan Adjusted Index Rates

Age Curve Calibration: The average age factor is calculated by taking the member-weighted average of current individual enrollment by age in KHPC. Age factors are applied in accordance

with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file Ind_23-34_Initial_KHP_HMO_List-Billed_Supporting_20230517.xlsb for the calculation.

Geographic Factor Calibration: The average geographic rating factor is calculated by taking the Capital member-weighted average by region.

Geographic Factors are changing from 2023 to 2024:

- a. Exhibit O1- Region shows the risk-adjusted loss ratio by region. The data shows that region 9 underperforms regions 6 and 7.
- b. Capital is proposing to incrementally improve the financial performance of 9 without significant disruption to those members.
- c. PA Rate Exhibits Table IV show the resulting average rate change by region, with region 9 approximate 4% above the average rate increase.

Tobacco Factor Calibration: Average tobacco factor is calculated using current month member by smoking status data.

The calibration is:

$$[\text{Calibrated Plan Adjusted Index Rate}] = [\text{Plan Adjusted Index Rate}] \div ([\text{Age Curve Calibration}] \times [\text{Geographic Factor Calibration}] \times [\text{Tobacco Factor}])$$

Calibrated Plan Adjusted Index Rates are found on PA Rate Exhibits Table 10. The calibration factors and development are found on Exhibit N.

Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

$$\begin{aligned} [\text{Member - Level Consumer Adjusted Premium Rate}] \\ &= [\text{Calibrated Plan Adjusted Index Rate}] \times [\text{Age Factor}] \\ &\times [\text{Geographic Factor}] \times [\text{Tobacco Factor}] \end{aligned}$$

2. $[\text{Family Consumer Adjusted Premium Rate}] = \sum[\text{Member - Level Consumer Adjusted Premium Rate}]$

With no more than three child dependents under age 21 taken into account

All consumer-level adjustments are applied uniformly to all plans in the Single Risk Pool. These adjustments do not vary by plan. Age and Geographic factors are displayed in Exhibits O.

Base Rates, i.e. Calibrated Plan Adjusted Index Rates, are found on Exhibit P.

AV Metal Values

All AV Metal Values included in URRT Worksheet 2 and PA Rate Exhibits, Table 10 are based on the federally issued AV Calculator.

See AV Screenshots included with the submission:

Ind_23-34_Initial_KHP_HMO_AVScreenPrints_Supporting_CONF_20230517

AV Pricing Values

All AV Pricing values were developed using KHPC’s actuarial cost model and actuarial judgment as described in section Paid to Allowed above. Differences in health status are not included.

Projected Loss Ratio

See Exhibit I for the projected loss ratio calculation. The projected loss ratio is calculated using the federally prescribed MLR methodology.

Membership Projection

The membership projections found in Worksheet 2 of URRT were developed by assuming steady enrollment and similar distribution to current.

Projected versus Actual MLR

Exhibit R shows a history of projected versus actual MLR and Member Months. Projected comes from the 2019-2021 filings. Actual comes from Table 4.

Calendar Year	MLR		Member Months	
	Actual	Pricing	Actual	Pricing
2019	90.76%	86.95%	15,211	26,652
2020	81.03%	83.72%	12,244	17,727
2021	68.00%	86.83%	7,216	12,420

Claim Cost Projection

Exhibit S shows a history of claim cost projection versus actual from 2019-2022 filings.

Attachments and Examples

The following is a list of Exhibits and Data to support this filing:

PA Rate Exhibits Part I through Part VI

Table B

Exhibit A – Benefit Summary
Exhibit B – Benefit Change Summary
Exhibit C – Benefit Categories
Exhibit D – Benefit Mix
Exhibit D1 – Benefit Additions
Exhibit E – Trend
Exhibit F – URRT
Exhibit G – Paid-to-Allowed Development
Exhibit H – Retention
Exhibit I – Projected Loss Ratio
Exhibit J – Index Rate
Exhibit K – Market Adjusted Index Rate
Exhibit L – Rate Development by Plan
Exhibit M – Plan Adjusted Index Rates
Exhibit N – Calibration
Exhibit O – Rating Factors
Exhibit O1 – Region
Exhibit P – Quarterly Base Rates
Exhibit R – MLR Exhibit
Exhibit S – Claim Cost Projection

Broker Contracts
Actuarial Value Screenshots
List-Billed Data
Benefit Addition Calculation Workbooks
Standard Questions

Actuarial Statement

I, [REDACTED], ASA, MAAA, am of the opinion that this filing is in compliance with the applicable Federal and State Laws and Regulations concerning the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010.


I, [REDACTED], ASA, MAAA, do hereby certify that:

1. This filing has been prepared in accordance with the following:
 - a. Actuarial Standard of Practice No. 5, “Health and Disability Claims”
 - b. Actuarial Standard of Practice No. 8, “Regulatory Filings for Rates and Financial Projections for Health Plans”
 - c. Actuarial Standard of Practice No. 12, “Risk Classification”
 - d. Actuarial Standard of Practice No. 23, “Data Quality”
 - e. Actuarial Standard of Practice No. 25, “Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverage”
 - f. Actuarial Standard of Practice No. 26, “Compliance with Statutory and

Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans”

- g. Actuarial Standard of Practice No. 41, “Actuarial Communications”.
2. The index rate is:
 - a. Projected in compliance with all applicable state and federal statutes and regulations (45 CFR 156.80(d) (1)).
 - b. Developed in compliance with the applicable Actuarial Standards of Practice.
 - c. Reasonable in relation to the benefits provided and the population anticipated to be covered.
 - d. Neither excessive nor deficient.
 - e. Adjusted by only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) to generate plan level rates.
3. The percent of total premium that represents essential health benefits were calculated in accordance with actuarial standards of practice.
4. 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, and in accordance with CFR 156.135(b)(2) as necessary. For any plan requiring an alternative method, 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 benefits that deviate substantially from the parameters of the AVC and have a material impact on the actuarial value.
 - a. 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 methods.
5. Geographic area rating factors reflect only differences in the costs of delivery and not differences due to population morbidity.
6. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
7. New plans are not considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
8. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the Rate Filing Justification.



, ASA, MAAA
Director, Actuarial Services
Capital Blue Cross

2024 Rates Table Template v13.0		All fields with an asterisk (*) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.			
		If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.			
		If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band.			
		If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.			
		To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.			
HIOS Issuer ID*	53789				
Rate Effective Date*	1/1/2024				
Rate Expiration Date*	12/31/2024				
Rating Method*	Age-Based Rates				
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*	Individual Tobacco Rate*
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Required: Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	Required: Select the age of a subscriber eligible for the rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan	Required: Enter the rate of an Individual tobacco enrollee on a plan
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	0-14	142.24	142.24
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	15	154.89	154.89
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	16	159.72	159.72
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	17	164.56	164.56
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	18	169.76	169.76
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	19	174.97	174.97
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	20	180.36	180.36
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	21	185.94	190.59
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	22	185.94	190.59
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	23	185.94	190.59
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	24	185.94	190.59
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	25	186.68	191.35
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	26	190.40	195.16
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	27	194.87	199.74
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	28	202.12	207.17
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	29	208.07	213.27
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	30	211.04	216.32
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	31	215.50	220.89
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	32	219.97	225.47
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	33	222.76	228.33
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	34	225.73	231.37
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	35	227.22	232.90
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	36	228.71	234.42
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	37	230.19	235.95
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	38	231.68	237.47
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	39	234.66	240.52
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	40	237.63	255.45
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	41	242.09	260.25
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	42	246.37	264.85
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	43	252.32	271.24
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	44	259.76	279.24
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	45	268.50	295.35
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	46	278.91	306.80
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	47	290.62	319.69
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	48	304.01	334.41
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	49	317.21	348.94
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	50	332.09	381.90
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53789PA0100004	Rating Area 7	Tobacco User/Non-Tobacco User	24	210.11	215.37
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53789PA0100004	Rating Area 7	Tobacco User/Non-Tobacco User	31	243.52	249.61
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53789PA0100004	Rating Area 9	Tobacco User/Non-Tobacco User	24	190.59	195.35

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53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	15	228.82	228.82
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	16	235.96	235.96
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53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	24	274.69	281.56
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	25	275.79	282.68
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53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	34	333.47	341.81
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53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	36	337.87	346.32
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	37	340.07	348.57
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	38	342.26	350.82
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	39	346.66	355.33
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	40	351.05	377.38
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	41	357.65	384.47
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	42	363.96	391.26
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	43	372.75	400.71
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	44	383.74	412.52
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	45	396.65	436.32
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	46	412.04	453.24
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	47	429.34	472.27
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	48	449.12	494.03
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	49	468.62	515.48
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	50	490.60	564.19
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	51	512.30	589.14
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	52	536.19	616.62
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	53	560.37	644.42
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	54	586.46	674.43
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	55	612.56	735.07
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	56	640.85	769.02
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	57	669.42	803.30
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53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	59	715.02	858.02
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	60	745.51	931.89
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	61	771.88	964.85
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	62	789.18	986.48
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	63	810.88	1013.61
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	64 and over	824.06	1030.09
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	0-14	237.46	237.46
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	15	258.56	258.56
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	16	266.63	266.63
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	17	274.70	274.70
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	18	283.39	283.39
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	19	292.09	292.09
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	20	301.09	301.09
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	21	310.40	318.16
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	22	310.40	318.16
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	23	310.40	318.16
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	24	310.40	318.16
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	25	311.64	319.43
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	26	317.85	325.80
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	27	325.30	333.43
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	28	337.40	345.84
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	29	347.34	356.02
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	30	352.30	361.11
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	31	359.75	368.75
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	32	367.20	376.38
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	33	371.86	381.16

53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	34	376.83	386.25
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	35	379.31	388.79
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	36	381.79	391.34
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	37	384.27	393.88
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	38	386.76	396.43
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	39	391.72	401.52
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	40	396.69	426.44
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	41	404.14	434.45
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	42	411.28	442.13
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	43	421.21	452.80
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	44	433.63	466.15
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	45	448.22	493.04
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	46	465.60	512.16
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	47	485.15	533.67
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	48	507.50	558.25
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	49	529.54	582.50
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	50	554.37	637.53
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	51	578.90	665.73
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	52	605.90	696.79
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	53	633.22	728.20
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	54	662.70	762.11
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	55	692.19	830.63
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	56	724.16	869.00
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	57	756.44	907.73
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	58	790.90	949.08
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	59	807.97	969.56
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	60	842.42	1053.03
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	61	872.22	1090.28
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	62	891.78	1114.72
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	63	916.30	1145.37
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	64 and over	931.19	1164.00
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	0-14	215.39	215.39
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	15	234.54	234.54
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	16	241.86	241.86
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	17	249.18	249.18
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	18	257.06	257.06
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	19	264.95	264.95
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	20	273.11	273.11
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	21	281.56	288.60
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	22	281.56	288.60
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	23	281.56	288.60
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	24	281.56	288.60
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	25	282.68	289.75
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	26	288.31	295.52
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	27	295.07	302.45
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	28	306.05	313.70
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	29	315.06	322.94
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	30	319.57	327.56
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	31	326.32	334.48
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	32	333.08	341.41
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	33	337.31	345.74
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	34	341.81	350.36
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	35	344.06	352.66
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	36	346.32	354.97
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	37	348.57	357.28
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	38	350.82	359.59
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	39	355.33	364.21
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	40	359.83	386.82
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	41	366.59	394.08
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	42	373.06	401.04
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	43	382.07	410.73
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	44	393.34	422.84
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	45	406.57	447.23
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	46	422.34	464.57
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	47	440.07	484.08
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	48	460.35	506.38

53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	49	480.34	528.37
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	50	502.86	578.29
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	51	525.10	603.87
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	52	549.60	632.04
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	53	574.38	660.53
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	54	601.12	691.29
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	55	627.87	753.45
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	56	656.87	788.25
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	57	686.16	823.39
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	58	717.41	860.89
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	59	732.89	879.47
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	60	764.15	955.18
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	61	791.18	988.97
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	62	808.91	1011.14
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	63	831.16	1038.95
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	64 and over	844.67	1055.84

Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Benefit Summary

INDIVIDUAL PORTFOLIO

Plan Name	HIOS ID	Deductible (2x Family)	Coinsurance	Out-of-Pocket Maximum	PCP	Specialist	Emergency Room	Urgent Care	IP Hospital per day, maximum of 5 days	Hi-Tech Imaging	Lab Tier 1 Tier 2	OP Surgery Tier 1 Tier 2	Small Group: Rx \$0 Individual: Rx
		In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	
BRONZE PRODUCTS													
1 Bronze HMO 7450/0/50	53789PA010000800	\$7,450	0%	\$9,450	\$50	\$85	D/400	\$100	D	D	25 D/75	D D	Rx Ded: Combined, Rx Gen - Ded Applies? N, Retail: 10 30 0 0, Mail: 25 75 0 0
2 Catastrophic HMO 9450/0/0	53789PA010000400	\$9,450	0%	\$9,450	D/0	D	D	D	D	D	D D	D D	Rx Ded: Combined, Rx Gen - Ded Applies? Y, Retail: 0 0 0 0, Mail: 0 0 0 0

Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Benefit Change Summary

Line	Out/In Exchange	New/Existing	RDN	Med Description	Rx Description	Credits	AV		Rising AV		Metal Level		Inflation: Tier 1/2, Family		Comments: Tier 1		Comments: Tier 2		MOOP		P/P: Tier 1		P/P: Tier 2		S/C: Tier 1		S/C: Tier 2		ER		CC		IP: Heavy Copay Per Day		IP: Heavy		High Cost Sharing					
							2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
1	Off Exchange	Existing	1378PA01000001	Keystone Med/Pharm	Combined	All Inflation/Lev	44.7%	44.7%	71.7%	71.7%	Basic	Basic	5.00	5.00	0%	0%	0%	0%	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
2	Off Exchange	Existing	1378PA01000002	Keystone Med/Pharm	Combined	All Inflation/Lev	58.9%	58.9%	91.9%	91.9%	Basic	Basic	5.00	5.00	0%	0%	0%	0%	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Line Item	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D

Keystone Health Plan Central
 Individual Rates
 Effective 1/1/2024
 Benefit Categories

IP	OP	Professional	Type of Service
Inpatient			IP - CABG
Inpatient			IP - Cesarean Maternity Delivery
Inpatient			IP - Major Joint Procedures of Lower Extremity
Inpatient			IP - Maternity Non-delivery
Inpatient			IP - Medical
Inpatient			IP - Neonatal
Inpatient			IP - Newborn
Inpatient			IP - Normal maternity delivery
Inpatient			IP - Other Cardiovascular Procedures
Inpatient			IP - Other Surgical
Inpatient			IP - Psychiatric
Inpatient			IP - Substance Abuse
Inpatient			IP - Ungroupable
Outpatient			OP - Blood
Outpatient			OP - Cardiac Rehab
Outpatient			OP - Cardiovascular
Outpatient			OP - Dialysis
Outpatient			OP - Emergency Room
Outpatient			OP - Maternity Non-delivery Care
Outpatient			OP - Observation Room
Outpatient			OP - Other OP Services
Outpatient			OP - PT/OT/ST
Outpatient			OP - Pathology/Lab
Outpatient			OP - Pharmacy
Outpatient			OP - Psychiatric
Outpatient			OP - Radiology - CT/MRI/PET
Outpatient			OP - Radiology - General
Outpatient			OP - Substance Abuse
Outpatient			OP - Surgery
Outpatient			OP - Unmapped
Professional			ADDL Benefits Other
Professional			Hearing Aids
Professional			IP Visits - IP Psychiatric
Professional			IP Visits - IP Substance Abuse
Professional			IP Visits - Medical
Professional			Inpatient Surgery - Primary Surgeon
Professional			Inpatient Surgery - Anesthesia
Professional			Inpatient Surgery - Assistant Surgeon
Professional			Maternity - Cesarean Deliveries
Professional			Maternity - Non Deliveries
Professional			Maternity - Normal Deliveries
Professional			Office Administered Drugs
Professional			Office/Misc - Allergy Immunotherapy
Professional			Office/Misc - Allergy Testing
Professional			Office/Misc - Misc. Medical
Professional			Office/Misc - Office/Home Visits
Professional			Office/Misc - Urgent Care
Professional			Other Physician - Cardiovascular
Professional			Other Physician - Chiropractor
Professional			Other Physician - Consults
Professional			Other Physician - Emergency Room Visits
Professional			Other Physician - Physical Therapy
Professional			Pathology/Lab - IP
Professional			Preventive care - Hearing/Speech Exams
Professional			Preventive care - Immunization
Professional			Preventive care - Other
Professional			Preventive care - Physical Exams
Professional			Preventive care - Well Baby Exams
Professional			Radiology - IP
Professional			Unmapped
Professional			ADDL Benefits Other
Professional			Hearing Aids
Professional			IP Visits - Medical
Professional			Independent Lab
Professional			Maternity - Cesarean Deliveries
Professional			Maternity - Non Deliveries
Professional			Maternity - Normal Deliveries
Professional			OP Visits - OP Psychiatric
Professional			OP Visits - OP Substance Abuse
Professional			Office Administered Drugs
Professional			Office/Misc - Allergy Immunotherapy
Professional			Office/Misc - Allergy Testing
Professional			Office/Misc - Misc. Medical
Professional			Office/Misc - Office/Home Visits
Professional			Office/Misc - Urgent Care
Professional			Other Physician - Cardiovascular
Professional			Other Physician - Chiropractor
Professional			Other Physician - Consults
Professional			Other Physician - Emergency Room Visits
Professional			Other Physician - Physical Therapy
Professional			Outpatient Surgery - Anesthesia
Professional			Outpatient Surgery - Office
Professional			Outpatient Surgery - Outpatient Facility
Professional			Pathology/Lab - OP
Professional			Pathology/Lab - Office
Professional			Preventive care - Hearing/Speech Exams
Professional			Preventive care - Immunization
Professional			Preventive care - Other
Professional			Preventive care - Physical Exams
Professional			Preventive care - Well Baby Exams
Professional			Radiology - OP - CT/MRI/PET
Professional			Radiology - OP - General
Professional			Radiology - Office - CT/MRI/PET
Professional			Radiology - Office - General
Professional			Unmapped
Other Medical			Unmapped
Other Medical			OP - Ambulance
Other Medical			OP - DME
Other Medical			OP - Home Health/PDN
Other Medical			OP - Medical Surgical Supplies
Other Medical			Dental
Other Medical			Other - Ambulance
Other Medical			Other - DME
Other Medical			Other - Glassess/Contacts
Other Medical			Other - PDN/Home Health
Other Medical			Other - Prosthetics
Other Medical			Preventive care - Vision Exams
Other Medical			Dental
Other Medical			Other - Ambulance
Other Medical			Other - DME
Other Medical			Other - Glassess/Contacts
Other Medical			Other - PDN/Home Health
Other Medical			Other - Prosthetics
Other Medical			Preventive care - Vision Exams

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Benefit Mix Changes**

Benefit Mix Calculation

	<u>Med Manual Cost</u>	<u>Rx Manual Cost</u>	<u>Manual Cost PMPM</u>
Average in Experience Period			255.57
Average in Rating Period			253.41
Benefit Mix Adjustment			0.992

BEP Manual Cost Calculation

Company	<u>HIOS 14 Digit</u>	<u>Manual Cost PMPM</u>	<u>BEP MM</u>
KHPC	53789PA0100008	256.41	4,530
KHPC	53789PA0100004	249.86	666

5,196
5,196

255.57

Projected 2024 Manual Co

<u>HIOS 14 Digit</u>	<u>Total</u>
53789PA0100008	254.55
53789PA0100004	244.25

253.41

4,644
4,644
Proj Member

Dist
4,128
516

Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Network Mix Changes

Network Change			1.000
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<u>Projected MemberMonths</u>	4,644	100.0%	1.000
HMO	4,644	100.0%	1.00

<u>BEP</u>	5,196	100.0%	1.000
HMO	5,196	100.0%	1.00

Keystone Health Plan Central

Individual Rates

Effective 1/1/2024

Benefit Additions

Senate Bill 8 - Coverage of mammographic examinations and diagnostic breast imaging at no cost share

Additional Claim PMPM \$0.20

MHPAEA - Add Autism coverage to Small Group and Individual Plans

Additional Claim PMPM \$0.40

Benefit Change Factor 1.001

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Trend**

Trend by Service Category

Category	Year 1			Year 2			Total Year 1	Total Year 2	Weights	Total Weights
	Cost	Util	Induced Demand	Cost	Util	Induced Demand				
Inpatient Hospital	4.50%	0.50%	0.00%	5.50%	0.50%	0.0%	5.0%	6.0%	30.3%	23%
Outpatient Hospital	4.70%	1.00%	0.00%	5.70%	1.00%	0.0%	5.7%	6.8%	41.9%	32%
Professional	5.00%	1.00%	0.00%	4.80%	1.00%	0.0%	6.1%	5.8%	24.5%	19%
Other Medical	4.70%	0.50%	0.00%	5.70%	0.50%	0.0%	5.2%	6.2%	2.7%	2%
Capitation	3.00%	0.00%	0.00%	3.00%	0.00%	0.0%	3.0%	3.0%	0.6%	0%
Prescription Drug	8.20%	1.10%	0.00%	7.30%	1.00%	0.0%	9.4%	8.4%	100.0%	22%
Dental & Vision	1.00%	1.00%	0.00%	1.00%	1.00%	0.0%	2.0%	2.0%	100.0%	100%

<u>Aggregate Pricing Trend Year 1</u>	
Total	6.4%
Medical	5.6%
Drug	9.4%
Agg Med + Rx Trend	6.4%
Dental and Vision	2.0%

<u>Aggregate Pricing Trend Year 2</u>	
Total	6.7%
Medical	6.3%
Drug	8.4%
Agg Med + Rx Trend	6.7%
Dental and Vision	2.0%

<u>Average Pricing Trend</u>	
Total	6.6%
Medical	5.9%
Drug	8.9%
Agg Med + Rx Trend	6.6%
Dental and Vision	2.0%

URRT Categories	Year 1 Raw Trends*				Year 2 Raw Trends*			
	Cost	Utilization	Induced Demand	Composite	Cost	Utilization	Induced Demand	Composite
Inpatient Hospital	4.2%	0.5%	0.0%	5.0%	5.3%	0.5%	0.0%	5.1%
Outpatient Hospital	4.4%	1.0%	0.0%	5.6%	5.4%	1.0%	0.0%	5.9%
Professional	4.7%	1.0%	0.0%	4.5%	4.6%	1.0%	0.0%	4.6%
Other Medical	4.4%	0.5%	0.0%	5.1%	5.4%	0.5%	0.0%	5.3%
Capitation	3.0%	0.0%	0.0%	3.0%	3.0%	0.0%	0.0%	3.0%
Prescription Drugs	7.9%	1.1%	0.0%	9.1%	7.0%	1.0%	0.0%	8.1%
Dental & Vision	1.0%	1.0%	0.0%	2.0%	1.0%	1.0%	0.0%	2.0%

*From Hospital and Physician Trend Models

<u>Adjustments to Pricing Trend</u>			
<u>Medical</u>		<u>Drug</u>	
Intensity	0.0%	Contracting	0.0%
Leveraging	0.25%	Leveraging	0.25%
Demographics	0.0%	Demographics	0.0%
Buy-Downs	0.0%	Buy-Downs	0.0%
Other	0.0%	Pipeline	0.0%
Total	0.3%	Total	0.3%

Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
URRT

Experience Period Member Months 5,196

Section II: Projections

Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims PMPM	Trended EHB Allowed Claims		
		Cost	Utilization	Cost	Utilization		Incurred	Allowed	PMPM
Inpatient Hospital	\$ 102.36	1.045	1.005	1.055	1.005	113.98	\$ 499,053	\$ 531,851	\$ 102.36
Outpatient Hospital	\$ 141.53	1.047	1.010	1.057	1.010	159.78	\$ 444,374	\$ 735,367	\$ 141.53
Professional	\$ 82.81	1.050	1.010	1.048	1.010	92.96	\$ 264,581	\$ 430,269	\$ 82.81
Other Medical	\$ 9.20	1.047	1.005	1.057	1.005	10.28	\$ 26,773	\$ 47,829	\$ 9.20
Capitation	\$ 2.04	1.030	1.000	1.030	1.000	2.16	\$ 10,598	\$ 10,598	\$ 2.04
Prescription Drug	\$ 98.01	1.082	1.011	1.073	1.010	116.19	\$ 417,590	\$ 509,245	\$ 98.01
Total	\$ 435.95					495.35			\$ 435.95

Change in Morbidity - Impact of Reinsurance Progr.	1.000
Change in Morbidity - All Other	1.000
Total Morbidity	1.000
*Other	
Change in Demographics	1.000
Change in Network	1.000
Change in Benefits	1.001
Change in Other	1.000
Projected Index Rate	495.85

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Paid to Allowed Ratio Development**

Medical Rate Development

Base Experience Period:	1/1/2022 - 12/31/2022
Data as of	2/28/2023
Rating Period:	1/1/2024 - 12/31/2024
Trend Months:	24
Average 2 Year Trend:	5.9%

Drug Rate Development

Base Experience Period:	1/1/2022 - 12/31/2022
Data as of	2/28/2023
Rating Period:	1/1/2024 - 12/31/2024
Trend Months:	24
Average 2 Year Trend:	8.9%

Pediatric Dental Rate Development

Base Experience Period:	1/1/2022 - 12/31/2022
Data as of	2/28/2023
Rating Period:	1/1/2024 - 12/31/2024
Trend Months:	24
Average 2 Year Trend:	2.0%

Pediatric Vision Rate Development

Base Experience Period:	1/1/2022 - 12/31/2022
Data as of	2/28/2023
Rating Period:	1/1/2024 - 12/31/2024
Trend Months:	24
Average 2 Year Trend:	2.0%

1	Medical Paid and Incurred Claims	1,201,544
2	Completion Factor	0.98
3	BEP Completed Claims (1) / (2)	1,224,732
4	BEP Member Months	5,196
5	BEP Completed Claim PMPM (3) / (4)	235.71
6	Trend Factor	1.12
7	Trended Claim PMPM (5) x (6)	264.46
8	Benefit Change Factor	0.99
9	Morbidity Adjustment	1.000
10	Network	1.000
11	Capitation	10,598
12	Capitation PMPM	2.04
13	Senate Bill 8 + Autism Coverage	0.60
14	Other Adjustment	1.000
15	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (12)] x (13) x (14)	264.86

1	BEP Paid and Incurred Claims Net Rx Rebates	417,590
2	Completion Factor	1.000
3	BEP Completed Claims (1) / (2)	417,590
4	BEP Member Months	5,196
5	BEP Completed Claim PMPM (3) / (4)	80.37
6	Trend Factor	1.19
7	Trended Claim PMPM (5) x (6)	95.28
8	Benefit Change Factor	0.99
9	Morbidity Adjustment	1.00
10	Network	1.000
11		
12		
13	Other Adjustment	0.000
14	Other Adjustment	1.000
15	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) - (12)] x (13) x (14)	94.47

1	BEP Paid and Incurred Claims	9,179
2	Completion Factor	0.990
3	BEP Completed Claims (1) / (2)	9,271
4	BEP Member Months	5,196
5	BEP Completed Claim PMPM (3) / (4)	1.78
6	Trend Factor	1.04
7	Trended Claim PMPM (5) x (6)	1.86
8	Benefit Change Factor	1.00
9	Morbidity Adjustment	1.00
10	Network	1.00
11		
12		
13	Other Adjustment	0.000
14	Other Adjustment	1.000
15	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10)] x (13) x (14)	1.86

1	BEP Paid and Incurred Claims	742
2	Completion Factor	0.952
3	BEP Completed Claims (1) / (2)	779
4	BEP Member Months	5,196
5	BEP Completed Claim PMPM (3) / (4)	0.15
6	Trend Factor	1.04
7	Trended Claim PMPM (5) x (6)	0.16
8	Benefit Change Factor	1.00
9	Morbidity Adjustment	1.00
10	Network	1.00
11		
12		
13	Other Adjustment	0.000
14	Other Adjustment	1.000
15	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10)] x (13) x (14)	0.16

Expected Claim PMPM in Rating Period	
Medical	264.86
Drug	94.47
Pediatric Dental	1.86
Pediatric Vision	0.16
Expected Distribution of Embedded Dental Benefit	100%
Total Expected Incurred in Rating Period	361.34
Total Expected Incurred in Rating Period Net RA and Reinsurance + Exchange Fee	421.34

Projected Allowed	495.85
Paid to Allowed Ratio	0.729

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Retention**

	<u>Medical + Rx</u>	<u>Dental</u>	<u>Vision</u>	<u>Total</u>	<u>% of Premium</u>
Reinsurance Contribution	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Risk Adjustment Fee	\$0.21	\$0.00	\$0.00	\$0.21	0.04%
Admin PMPM	\$58.52	\$0.60	\$0.09	\$59.21	12.2%
Broker PMPM	\$7.80	\$0.00	\$0.00	\$7.80	1.6%
Placeholder1	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Placeholder2	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Placeholder3	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Quality Improvement	0.0%	0.0%	0.0%	0.0%	0.0%
Contingency	2.0%	2.0%	2.0%	2.0%	2.0%
Patient-Centered Outcomes Research Trust Fund:	\$0.25	\$0.00	\$0.00	\$0.25	0.1%
Insurer Tax	0.0%	0.0%	0.0%	0.0%	0.0%
Exchange Fee	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Federal Income Tax	0.5%	0.5%	0.5%	0.5%	0.5%
Premium Tax	0.0%	0.0%	0.0%	0.0%	0.0%

Insurer Tax and Admin Fee Calc

Applied HIF to All Quarters 0.00%

Quarter	% of Enrollees	HIF	2022 assessment	2023 assessment
1	100%	0.00%	0	0.0%
			3	0.0%
			6	0.0%
			9	0.0%

	<u>Admin</u>	<u>Profit</u>	<u>Taxes</u>
Claims	14.0%	2.0%	0.6%
Broker	1.6%		
Quality Improvement	0.0%		

Plan	Bronze HMO	Catastrophic
Deductible	7450/0/50	HMO 9450/0/0
Expected Claim Cost	7450	9450
Expected Premium PMPM *	423.83	265.10
	\$504.06	\$341.20
<u>Allowed Adjustments to Premium for MLR</u>		
Reinsurance Contribution	0.00	0.00
Patient-Centered Outcomes Research Trust Fund:	0.25	0.25
Risk Adjustment Fee	0.21	0.21
Premium Tax	0.00	0.00
Insurer Tax	0.00	0.00
Exchange Fee	0.00	0.00
Quality Improvement	0.00	0.00
Federal Income Tax**	2.12	1.43
MLR Adjusted Claims	\$423.83	\$265.10
MLR Adjusted Premium	\$501.49	\$339.31
Expected Member Distribution	88.9%	11.1%

Claims	\$406.19
Unadjusted Premium	\$485.97
Expected MLR Adjusted Claims	\$406.19
Expected MLR Adjusted Premium	\$483.47

MLR	84.0%
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* From Exhibit L

**21% of profit or contingency (assumed to be 2%)

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Projected Index Rate**

Projected Index Rate	\$495.85
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<u>Effective Date</u>	<u>Total Index Rate</u>	<u>Trend</u>	<u>Distribution of Members</u>	<u>Projected Allowed</u>	<u>Market Adjusted Index Rate</u>
January - December	\$495.85		100%	\$495.85	

Average for Projection Period	\$495.85			\$495.85	\$578.18
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* From URRT and Exhibit B

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Market Adjusted Index Rate**

Development of Market Adjusted Index Rate

Q1 Index Rate	495.85	Index Rate Calculated in II Rate Development & Change
Paid to Allowed	0.73	Differs slightly from URRT due to rounding
Q1 Projected Claims	361.35	
Net Projected ACA Reinsurance Recoveries	0.00	
Net Projected Risk Adjustments PMPM	-60.00	
Exchange User Fee Adjustment	0.00	
Q1 Market-Adjusted Projected Paid EHB Claims PMPM	421.35	
Q1 Market Adjusted Index Rate	578.18	

Development of Exchange User Fee

Average Exchange Premium	\$0.00
Average Exchange Fee	\$0.00
Percentage of Membership on Exchange	0%
Exchange Fee to Add to Market Index Rate	\$0.00

Development of Risk Adjustment Projection

Projected 2024 Risk Adjustment Transfer	-\$60.00
Projected 2022 Risk Adjustment	\$35,368
2022 MemberMonths	5,196
Projected 2022 Risk Adjustment Payment PMPM	\$6.81
Keystone Health Plan Central	\$35,368
Change in Statewide Average Premium 2024 over 2022	10.3%

Show Network is Normalized	1.00
Show Induced Demand is Normalized	1.00

Rate Development by Benefit Option	Off Exchange	Off Exchange
Level of Coverage	Bronze	Bronze
HIOS 16 Digit	53789PA010000800	53789PA010000400
HIOS Plan ID	53789PA01000008	53789PA01000004
Med Plan Name:	Bronze HMO 7450/0/50	Catastrophic HMO 9450/0/0
Rx:	Combined	Combined
Plan Type:	HMO	HMO
HRA	N	N
Q1 Market Adjusted Index Rate	578.18	578.18
AV and Cost-Sharing Adjustment	0.73	0.70
Network	1.000	1.000
Non-Funding of CSR Adjustment	1.000	1.000
Catastrophic Adjustment	1.000	0.660
Induced Demand	1.001	0.989
Plan Pricing Relativities:		
Pricing Relativity	1.000	0.625
Total Projected Claims PMPM + Market Level Adjustments:	423.83	265.10
Retention		
Admin PMPM	\$59.21	\$59.21
Broker PMPM	\$7.80	\$7.80
Risk Adjustment User Fee	\$0.21	\$0.21
PCORFF	\$0.25	\$0.25
Value-Based Benefits	\$0.00	\$0.00
BCBSA Identity Theft	\$0.00	\$0.00
Premium Tax	0.0%	0.0%
Federal Income Tax	0.5%	0.5%
Insurer Tax	0.0%	0.0%
Contingency	2.0%	2.0%
Quality Improvement	0.0%	0.0%
Premium Neutrality	1.84	1.84
Total Premium Single Rate:	\$274.69	\$185.94
Plan Adjusted Index Rates	\$504.06	\$341.20
Expected Member Distribution	88.9%	11.1%
	\$67.01	\$67.01
Admin	13.3%	19.6%
Taxes	0.6%	0.7%

Benefit Plans

#	Combo Description	100%		4,644										Annual Trend										Plan ID (14)	HQS ID (16)	All Plan Names	Company											
		Projected Membership	Pror MM	New or Existing	Product ID	Plan ID (14)	On/Off Exchange	Metal Level	Metal Value	Pricing Value	Network	Incurred Demand	Catastrophic	Product	Med Plan Description	Deductible	Drug Plan	Pediatric Dental	Pediatric Vision	Average Plan Adj. Index Rate	Q1 Plan Adj. Index Rate	Q2 Plan Adj. Index Rate	Q3 Plan Adj. Index Rate					Q4 Plan Adj. Index Rate	Medical & Rx	Dental & Vision	Aggregate Trend	Q1 Calibrated Plan Index	Q2 Calibrated Plan Index	Q3 Calibrated Plan Index	Q4 Calibrated Plan Index	Calibrated Index from PA Exhibits	% Admin	% Taxes
1	Bronze HMO 7450/0/0	88.9%	4,128	Existing	53789PA010	53789PA0100008	Off Exchange	Bronze	64.7%	73.2%	1.00	1.00	1.00	HMO	Bronze HMO 7450/0/0	7450	Combined	Embedded	Embedded	\$504.06	\$504.06					6.43%	2.0%	6.43%	\$274.69	\$274.69	13.3%	0.6%	53789PA0100008	53789PA010000800	Bronze HMO 7450/0/0	KHPC		
2	Catastrophic HMO 9450/0/0	11.1%	516	Existing	53789PA010	53789PA0100004	Off Exchange	Bronze	60.2%	70.2%	1.00	0.99	0.66	HMO	Catastrophic HMO 9450/0/0	9450	Combined	Embedded	Embedded	\$341.21	\$341.21							6.43%	2.0%	6.43%	\$185.94	\$185.94	19.6%	0.7%	53789PA0100004	53789PA010000400	Catastrophic HMO 9450/0/0	KHPC

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Calibration**

Expected Average Age Factor:	1.735
List-Billed Adjustment for Max 3 Children	1.003
Adjusted Average Age Factor	1.730
Expected Average Region Factor:	1.05
Expected Average Tobacco Factor	1.006
Cumulative Rating Factors (Premium Neutrality):	1.84

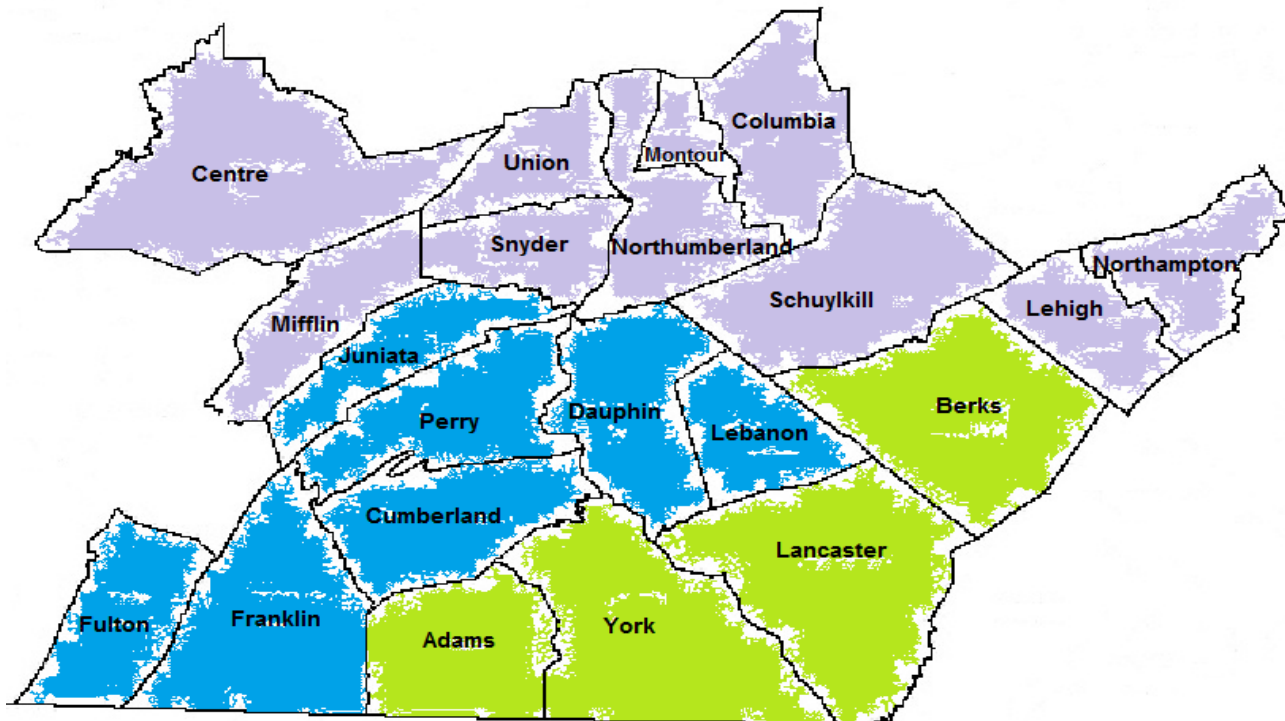
<u>Age</u>	<u>Age Factors</u>		<u>Region</u>	<u>Region Factors</u>		<u>Tobacco Factors</u>		
	<u>Distribution of Population</u>	<u>Age Factor</u>		<u>Distribution of Population</u>	<u>Factor</u>	<u>PPO</u>	<u>HMO</u>	<u>Final Factor</u>
0-14	8.53%	0.765	6	44%	1.0000	1.006	1.008	1.006
15	1.81%	0.833	7	39%	1.1300			
16	0.52%	0.859	9	18%	1.0250			
17	1.03%	0.885						
18	0.78%	0.913						
19	1.03%	0.941						
20	1.03%	0.970						
21	1.55%	1.000						
22	1.29%	1.000						
23	0.78%	1.000						
24	0.52%	1.000						
25	0.78%	1.004						
26	1.03%	1.024						
27	0.00%	1.048						
28	1.03%	1.087						
29	2.07%	1.119						
30	1.29%	1.135						
31	2.33%	1.159						
32	2.07%	1.183						
33	2.07%	1.198						
34	1.81%	1.214						
35	1.29%	1.222						
36	1.55%	1.230						
37	1.29%	1.238						
38	1.03%	1.246						
39	0.78%	1.262						
40	2.07%	1.278						
41	2.33%	1.302						
42	2.84%	1.325						
43	1.55%	1.357						
44	2.07%	1.397						
45	2.58%	1.444						
46	1.81%	1.500						
47	2.07%	1.563						
48	0.52%	1.635						
49	2.07%	1.706						
50	1.55%	1.786						
51	0.78%	1.865						
52	2.07%	1.952						
53	1.81%	2.040						
54	2.33%	2.135						
55	1.81%	2.230						
56	2.33%	2.333						
57	2.58%	2.437						
58	3.10%	2.548						
59	3.62%	2.603						
60	2.33%	2.714						
61	2.07%	2.810						
62	3.62%	2.873						
63	3.62%	2.952						
64+	7.24%	3.000						

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Rating Factors**

Age Factors

<u>Age</u>	<u>Premium Ratio</u>	<u>Age</u>	<u>Premium Ratio</u>	<u>Age</u>	<u>Premium Ratio</u>	<u>Age</u>	<u>Premium Ratio</u>	<u>Age</u>	<u>Premium Ratio</u>
0-14	0.765	24	1.000	34	1.214	44	1.397	54	2.135
15	0.833	25	1.004	35	1.222	45	1.444	55	2.230
16	0.859	26	1.024	36	1.230	46	1.500	56	2.333
17	0.885	27	1.048	37	1.238	47	1.563	57	2.437
18	0.913	28	1.087	38	1.246	48	1.635	58	2.548
19	0.941	29	1.119	39	1.262	49	1.706	59	2.603
20	0.970	30	1.135	40	1.278	50	1.786	60	2.714
21	1.000	31	1.159	41	1.302	51	1.865	61	2.810
22	1.000	32	1.183	42	1.325	52	1.952	62	2.873
23	1.000	33	1.198	43	1.357	53	2.040	63	2.952
								64+	3.000

Region



<u>Region</u>	<u>Factor</u>
6	1.000
7	1.130
9	1.025

<u>Network</u>	<u>Factor</u>
HMO	1.00

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Regional Rating Factors**

2022 CAAC Individual Data - Loss Ratio is (Total Claims - Reinsurance)/(Premium+Risk Adj)

<u>Rating Area</u>	<u>Network</u>	<u>Curr Members</u>	<u>Loss Ratio</u>	<u>Current Region</u>	<u>Formula Region</u>	<u>Proposed Region</u>
Rating Area 6	PPO	16,670	85%	1.00	1.00	1.000
Rating Area 7	PPO	12,367	83%	1.14	1.12	1.130
Rating Area 9	PPO	12,171	97%	0.98	1.12	1.025

*Use Subsidiary Capital Advantage Assurance Company (CAAC) PPO Data for credibility

Benefit Plans

Base Rates
1/1/2024 - 12/31/2024

Annual Trend

#	<u>Combo Description</u>	<u>Projected Membership</u>	<u>Proj MM</u>	<u>New or Existing</u>	<u>Product ID</u>	<u>Plan ID</u>	<u>On/Off Exchange</u>	<u>Metal Level</u>	<u>Metal Value</u>	<u>Pricing Value</u>	<u>Induced Demand</u>	<u>Product</u>	<u>Medical Plan Description</u>	<u>Deductible</u>	<u>Drug Plan Desc</u>	<u>Pediatric Dental</u>	<u>Pediatric Vision</u>	<u>Medical + Rx</u>	<u>Medical</u>	<u>Rx</u>	<u>Pediatric Dental</u>	<u>Pediatric Vision</u>	<u>Total</u>	<u>Medical & Rx</u>	<u>Dental & Vision</u>
1	Bronze HMO 7450/0/50	88.9%	4,128	Existing	53789PA010	53789PA0100008	Off Exchange	Bronze	64.7%	73.2%	1.00	HMO	Bronze HMO 7450/0/50	7450	Combined	Embedded	Embedded	\$273.19	\$226.75	\$46.44	\$1.37	\$0.14	\$274.69	6.4%	2.0%
2	Catastrophic HMO 9450/0/0	11.1%	516	Existing	53789PA010	53789PA0100004	Off Exchange	Bronze	60.2%	70.2%	0.99	HMO	Catastrophic HMO 9450/0/0	9450	Combined	Embedded	Embedded	\$184.44	\$153.08	\$31.36	\$1.37	\$0.14	\$185.94	6.4%	2.0%

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
MLR Exhibit**

Calendar Year	MLR		Member Months	
	Actual	Pricing	Actual	Pricing
2019	90.76%	86.95%	15,211	26,652
2020	81.03%	83.72%	12,244	17,727
2021	68.00%	86.83%	7,216	12,420

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2024
Claim Cost Projection**

Year	Paid		Risk Adjustment		Exchange User Fees		Market Adjusted Paid	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
2019	\$244.20	\$350.55	-\$191.67	-\$142.66	\$0.00	\$0.00	\$435.87	\$493.21
2020	\$307.76	\$282.24	-\$111.62	-\$169.30	\$0.00	\$0.00	\$419.38	\$451.54
2021	\$371.09	\$264.74	-\$121.49	-\$133.61	\$0.00	\$0.00	\$470.05	\$398.35
2022	\$314.45	\$320.05	-\$166.56	\$6.81	\$0.00	\$0.00	\$459.93	\$313.24

KEYSTONE HEALTH PLAN CENTRAL

Standard Questions Individual Rates Effective January 1, 2024

Question 1 – Membership. If the projected membership for plan year 2024 significantly differs from the current 2/1/2023 membership, please explain why.

Answer 1. The projected membership for plan year 2024 does not significantly differ from the current 2/1/2023 membership.

Question 2 – Experience Period Claims.

- a. Please confirm that all claims which are capitated have been removed from the experience period claims.
- b. Please confirm that all non-EHB claims have been removed from the experience period claims.
- c. How are drug rebates projected to change from the base period to the rating period? How has this change been reflected in the rate development?

Answer 2.

- a. I confirm that all claims which are capitated have been removed from the experience period claims.
- b. I confirm that all non-EHB claims have been removed from the experience period claims.
- c. Drug rebates are projected to be trended at the drug trend. This change has been reflected in the rate development in Exhibit G_PdtoAll. Paid and allowed claims are net of rebates similar to the URRT.

Question 3 – COVID.

- a. Please confirm that Tables 2-4 of the PAAM Exhibits do not have any COVID adjustment. Additionally, please confirm that any COVID adjustment factor in the filing is reflected in Table 5 of the PAAM Exhibits.
- b. If there is a COVID adjustment other than 1.0, please provide a quantitative exhibit supporting the factor.

Answer 3.

- a. I confirm that Tables 2-4 of the PAAM Exhibits do not have any COVID adjustment. I also confirm that any COVID adjustment factor in the filing is reflected in Table 5 of the PAAM Exhibits.
- b. There are no adjustments in the rate dev due to COVID.

Question 4 – Trend.

- a. [SG Only] If the Total Annual Trend in Table 3 (weighted by credibility) and the Annual Trend used to calculate quarterly rates in Table 5A differ, please provide an explanation and exhibit in support of the variation.
- b. [SG Only] In Table 5A, if cells K32:M32 are left to equal J32, please explain why that is a reasonable assumption.

Answer 4.

- a. N/A
- b. N/A

Question 5 – Retention.

- a. Please confirm that the federal income tax is calculated using a Federal Income Tax Rate of 21%. If other adjustments were made in Table 6, cell C57, please provide a demonstration of how this number was calculated and an explanation of the other adjustments included in the calculation.
- b. Please confirm that the Risk Adjustment User Fee PMPM is consistent with HHS Final Notice of Benefit and Payment Parameters for plan year 2024.
- c. Please provide an exhibit showing the commission PMPM amount to be paid to brokers in the following situations: Open-Enrollment Enrollee – Renewing, Open Enrollment Enrollee – New, Special Enrollment Period Enrollee – New, Special Enrollment Enrollee – Renewing. If the commission PMPM is not consistent between the four options above, please provide a detailed explanation as to the reason for the difference.

Answer 5.

- a. I confirm that the federal income tax is calculated using a Federal Income Tax Rate of 21%.
- b. I confirm that the Risk Adjustment User Fee PMPM is consistent with the HHS Final Notice of Benefit and Payment Parameters for plan year 2024.
- c. Brokers are paid more for new business to appropriately compensate them for the additional time required to enroll a new member over an existing member, i.e. marketing and the time to educate a new enrollee over a renewal.

Broker Commissions

	OEP	SEP
New	\$22.00	\$22.00
Renewing	\$18.00	\$18.00

Question 6 – Pricing AVs.

- a. Please confirm that the Pricing AVs were calculated using a single risk pool (i.e., claims experience is not separated by metal level).
- b. Please identify and support any differences between the company’s metallic AV calculator results and the corresponding Pricing AVs.

Answer 6.

- a. I confirm that the Pricing AVs were calculated using a single risk pool.
- b. Capital uses Milliman, Inc. Health Cost Guidelines Commercial Rating Structures (for active employees) to develop benefit relativities, which translate into pricing AVs. Below, I am pulling from Milliman’s methodology description. Anything in quotations is directly from Milliman, Inc.

“Milliman utilizes an enrollment and utilization database of full medical and prescription drug claims experience for over 78 million lives, of which approximately 41 million lives were selected and used as the primary source in developing the [model]. Other sources include a database of inpatient admission representing a large percentage of all admissions nationwide, retail pharmacy information, and other reference data sources.” CBC adjusts nationwide data to CBC’s average costs and contracting in our service area.

Capital uses the actuarial cost model noted above to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on cumulative probability distributions (CPDs), where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.

The reference to actuarial judgment in the memorandum is a general statement to show that the model is evaluated regularly to ensure pricing relativities are reasonable. For this filing, all pricing AVs are developed in the Milliman model.

The pricing AV is calculated relative to the paid-to-allowed ratio. It is important to note that the average pricing AV in Table 10 matches the pricing AV calculated in Exhibit G, so rates are not inflated. Relativities are developed from Capital’s manual cost model.

Question 7 – Expanded Bronze Plans. Please provide an exhibit which demonstrates that the criteria for expanded bronze plans have been met.

Answer 7. Please see the following file for an exhibit which demonstrates that expanded bronze plans have been met.

“Ind_23-34_Initial_KHP_HMO_ExpandedBronze_Supporting_20230517.xlsx”

Question 8 – PAAM Exhibits – Consumer Factors.

- a. Please provide quantitative and qualitative support for the proposed geographic rating area factors, if different from the previous year.
- b. Please provide quantitative and qualitative support for the proposed network factors, if different from the previous year.

Answer 8.

- a. The proposed 2024 geographic rating area factors are changing from 2023. The qualitative and quantitative support are found in the actuarial memorandum, Calibrated Plan Adjusted Index Rates, Geographic Factor Calculation.
- b. The proposed 2024 network factors are changing from 2023, and two additional networks are being offered. The qualitative and quantitative support are found in the actuarial memorandum, Plan Adjusted Index Rates, 3. Provider Network.

Question 9 – Public Health Emergency.

- a. With the Public Health Emergency expected to end on May 11th, how has the rate development been affected? Please provide support for any adjustments, or support for making no adjustments, if applicable.
- b. Furthermore, with the Public Health Emergency scheduled to end on May 11th, has any adjustment been made specifically to the morbidity assumption for Plan Year 2024?
- c. Please provide commentary on how the Company believes services such as COVID vaccinations and COVID testing will be handled in PY24. Within your response please clarify if these services will be considered preventative and covered at 100%.

Answer 9.

- a. The rate development has no adjustments due to the Public Health Emergency ending. All projections that would affect the Individual market are assumed to affect CAAC only and have no impact on KHPC.
- b. No adjustments were made to the morbidity assumption for Plan Year 2024.
- c. Beginning with the end of the PHE, Capital will revert to handling COVID testing by application of normal benefits and cost sharing. Coverage for OTC COVID tests will be discontinued. COVID vaccinations will be covered as part of the preventive benefit at 100%.

Question 10 – MLR Exhibit.

- a. Please complete table below which summarizes the most recent three years of complete MLR information.
 - i. Actual is the final information which was filed for the specified calendar year
 - ii. Pricing is the information which was projected in the final annual filing for the given year (i.e., 2020 pricing information is from the plan year 2020 annual filing submitted in 2019)
- b. Are the MLRs and Member Months between Actual and Pricing comparable? If not, explain.
- c. Does the insurer expect to pay MLR rebates for the 3-year period above?

Answer 10.

- a. The MLR Exhibit is below:

Calendar Year	MLR		Member Months	
	Actual	Pricing	Actual	Pricing
2019	90.76%	86.95%	15,211	26,652
2020	81.03%	83.72%	12,244	17,727

2021	68.00%	86.83%	7,216	12,420
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- b. Historically, the projected MLR has been higher than actual due to instability in the Individual market, making both claim and risk adjustment projections difficult to predict.
- c. KHPC does not expect to refund any MLR rebates in the BEP.

Question 11 – Plan of Withdrawal.

- a. Please confirm that a Plan of Withdrawal has been submitted if any plans are being discontinued. For further information regarding the Plan of Withdrawal process, click [here](#). Please send all Plan of Withdrawals to Jeffery Rohaly, wrohaly@pa.gov.

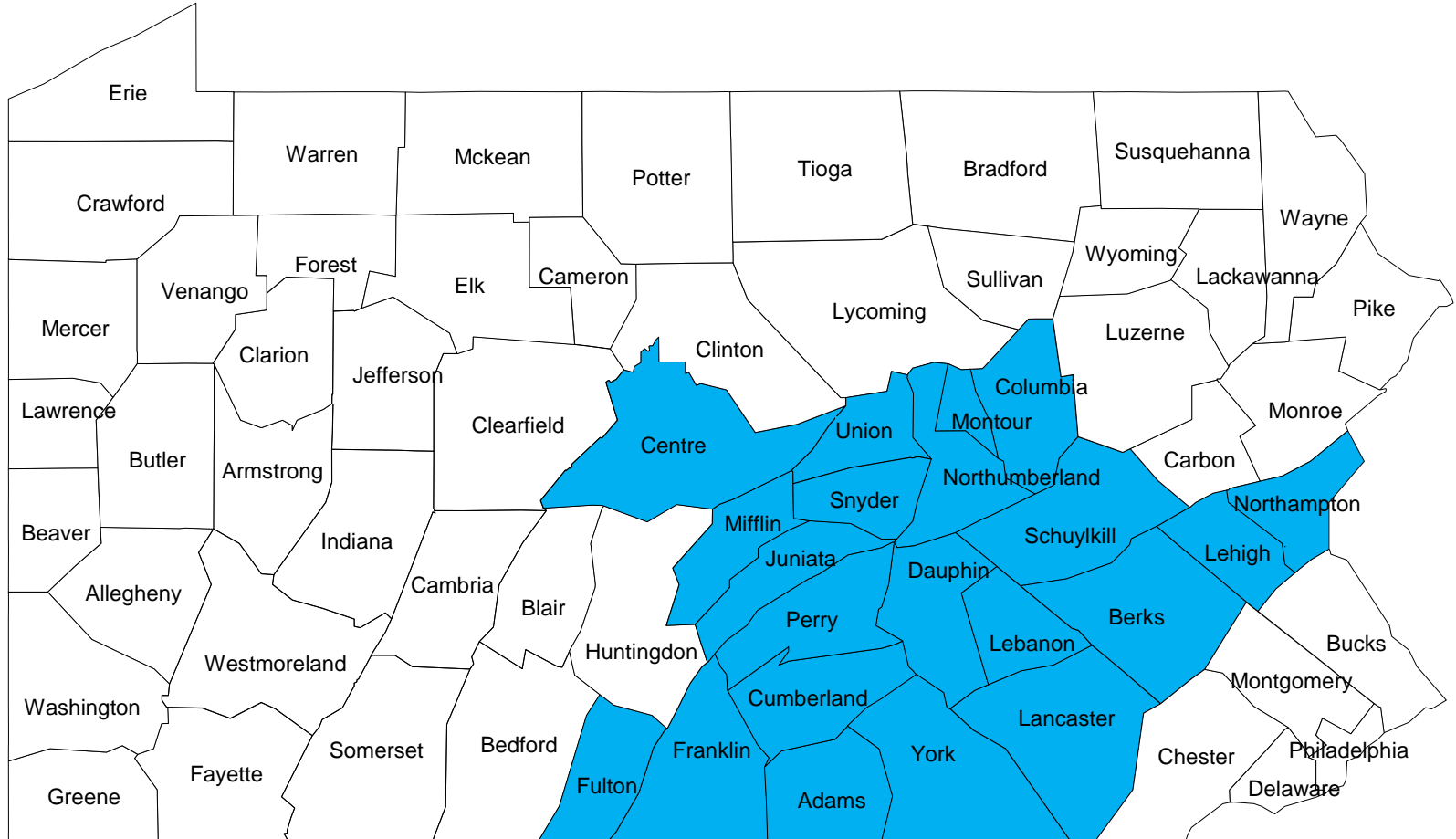
Answer 11.

- a. I confirm that a Plan of Withdrawal has been submitted for discontinued plans.

2024 Service Area

Issuer: 53789

Market: Individual



Key (*modify as needed*)

- : 2024 on-exchange service area
- : 2024 off-exchange only service area