

<b>SERFF Tracking #:</b>	INAC-132818417	<b>State Tracking #:</b>	INAC-132818417	<b>Company Tracking #:</b>	KHPE INDIV 1-1-2022
<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Keystone Health Plan East, Inc.		
<b>TOI/Sub-TOI:</b>	H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense				
<b>Product Name:</b>	KHPE Individual HMO eff 1-1-2022				
<b>Project Name/Number:</b>	/				

## Supporting Document Schedules

<b>Satisfied - Item:</b>	ACA Public Rate Filing PDF
<b>Comments:</b>	
<b>Attachment(s):</b>	Public Rate Filing KHPE Consumer 20210916.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	



May 18, 2021 – Revised September 17, 2021

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

**SUBMITTED VIA SERFF**

**RE: Keystone Health Plan East  
Individual HMO Rate Filing effective 1/1/2022  
INAC-132818417**

Dear Ms. Gray:

Attached is the 2022 annual rate filing for HMO plans of Keystone Health Plan East (KHPE) in the Individual (non-group) marketplace in the Commonwealth of Pennsylvania. Rates for new and renewing plans are being filed and satisfy market reform requirements of the Affordable Care Act (ACA).

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

Per the guidance provided in the 2022 ACA-Compliant Health Insurance Rate Filing Guidance provided by the Pennsylvania Insurance Department, we applied a factor of 1.01 to all individual plans. We also applied a factor of 1.22 to Silver plans for the impact of non-payment of CSR costs per the guidance. The rates also consider the impact of the state's reinsurance program, including a Reinsurance Morbidity Adjustment of 0.999 (-0.1%). This submission incorporates the increase to the reinsurance percentage from 45% to 64% and the resulting reduction to the 2022 rates.

The proposed rates represent a 2.2% increase over the previously approved 2021 rates.

Information for the Pennsylvania Bulletin:

1. Company Name and NAIC Number:	Keystone Health Plan East 95056
2. Market	Individual
3. On or Off Exchange	On and Off
4. Effective Date of Coverage	January 1, 2022



- |     |  |  |
|-----|--|--|
| 5.  | Average Rate Change Requested                                  | 2.2%   |
| 6.  | Range of Rate Changes Requested                                | 0.9% to 20.1%  |
| 7.  | Total Annual Revenue Generated from the Proposed Rate Change   | \$17,935,193   |
| 8.  | Products   | HMO  |
| 9.  | Rating Areas and Change from 2021                              | Rating Area 8<br>No Change from 2020                       |
| 10. | Metal Levels and Catastrophic Plans                            | Gold, Silver, Bronze                                       |
| 11. | Current covered lives and policyholders as of February 1, 2021 | 111,580 lives  |
| 12. | Number of plans offered in 2022 and change from 2021           | 15 plans in 2022; 15 plans in 2021                         |
| 13. | Corresponding contract form number, SERFF, and binder numbers  | SERFF # INBC-132819382<br>See appendix for form numbers    |
| 14. | HIOS Issuer ID # and submission tracking Number                | HIOS Issuer ID # 33871; Filing # 33871-2015250937999930373 |

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

Sincerely,

[REDACTED]

Director and Actuary, Commercial Pricing

cc:

[REDACTED]



## APPENDIX

### Form Numbers

KE 650 IND FC EXC-ON Rev. 1.22  
KE 650 IND FDED EXC-ON Rev. 1.22  
KE 650 IND FTC EXC-ON Rev. 1.22  
KE 650 IND FTDED EXC-ON Rev. 1.22  
KE 650 IND FTDED LT EXC-ON Rev. 1.22  
KE 650 IND FC EXC-OFF Rev. 1.22  
KE 650 IND FDED EXC-OFF Rev. 1.22  
KE 650 IND FTC EXC-OFF Rev. 1.22  
KE 650 IND FTDED EXC-OFF II Rev. 1.22  
KE 650 IND FTDED EXC-OFF Rev. 1.22  
KE 680 IND FC EXC.OC-ON Rev. 1.22  
KE 680 IND FDED EXC-ON Rev. 1.22  
KE 680 IND FTC EXC.OC-ON Rev. 1.22  
KE 680 IND FTDED EXC.OC-ON Rev. 1.22  
KE 680 IND FTDED LT EXC.OC-ON Rev. 1.22  
KE 680 IND FC EXC.OC-OFF Rev. 1.22  
KE 680 IND FDED EXC.OC-OFF Rev. 1.22  
KE 680 IND FTC EXC.OC-OFF Rev. 1.22  
KE 680 IND FTDED EXC.OC-OFF II Rev. 1.22  
KE 680 IND FTDED EXC.OC-OFF Rev. 1.22  
PREV/SCH-II Rev. 1.22

# **Attachment I**

# Rate Change Summary

## Keystone Health Plan East – Individual Plans

Rate request filing ID # INAC-132818417 - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at

<https://www.insurance.pa.gov/Consumers/HealthInsuranceFilings/Pages/ACA-Health-Rate-Filings.aspx>

### Overview

Initial requested average rate change:	3.6% <sup>1</sup>
Revised requested average rate change:	2.2% <sup>1</sup>
Range of requested rate change:	0.9% to 20.1%
Effective date:	January 1, 2022
Mapped Members:	111,580
Available in:	Area 8

### Key information

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

Premiums	\$774,914,356
Claims	\$565,622,662
Administrative expenses	\$86,269,117
Taxes & fees	\$85,847,450
Company made (after taxes)	<b>\$37,175,128</b>

#### How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2022:

Claims:	84%
Administrative:	14%
Taxes & fees:	1%
Profit:	2%

The company expects its annual medical costs to increase **9.5%**.

### Explanation of requested rate change

Keystone Health Plan East ("KHPE") is revising premium rates for the Pennsylvania Consumer ACA compliant products, effective from January 1, 2022.

About 112,000 members will be affected.

Changes in Taxes and Fees:

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

<sup>1</sup> Note that the Initial requested average rate change reflects the insurer's rate change request, in July, after they have received information about the impact of a federal program called risk adjustment and finalization of the reinsurance program parameters.

#### Changes in Medical Service Costs:

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

#### Financial Experience of the Product:

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

#### Changes in Benefits:

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

#### Administrative Costs:

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

# PENNSYLVANIA ACTUARIAL MEMORANDUM

## PURPOSES

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

## 1. BASIC INFORMATION AND DATA

### A. COMPANY INFORMATION

<b>Company Legal Name:</b>	Keystone Health Plan East ("KHPE")
<b>State:</b>	Pennsylvania
<b>NAIC #:</b>	95056
<b>Market:</b>	Individual
<b>Marketplace:</b>	On and Off Exchange
<b>Effective Date(s):</b>	1/1/2022 – 12/31/2022
<b>Average Rate Change:</b>	2.2%
<b>Range of Rate Changes:</b>	0.9% to 20.1%
<b>Products:</b>	HMO
<b>Rating Areas:</b>	Rating Area 8
<b>Metal Levels:</b>	Gold, Silver, Bronze
<b>Current Members:</b>	111,580
<b>Number of 2022 Plans:</b>	15
<b>HIOS Issuer ID (5-digit):</b>	33871

Worksheet 1 of the accompanying URRT contains experience period data and development of the projected Single Risk Pool Gross Premium Average Rate PMPM for the individual market for KHPE. Worksheet 2 contains experience period data and projections by product for the single risk pool for the same entities. This memorandum pertains only to plans denoted in Worksheet 2 by Plan IDs starting with the sequence 33871.

### COMPANY CONTACT INFORMATION

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



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

January 1, 2015	14.90%	INAC- 129626130
January 1, 2016	1.91%	INAC- 129936718
January 1, 2017	27.97%	INAC- 130539671
January 1, 2018	21.70%	INAC- 131145975
January 1, 2019	-1.70%	INAC- 131476931
January 1, 2020	5.40%	INAC- 131927121
January 1, 2021	-3.90%	INAC- 132358787

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

Proposed rate changes may vary by metallic tier and plan based on plan benefit changes, and the revision to the CSR Defunding Adjustment factor.

## **C. AVERAGE RATE CHANGE**

The average proposed rate change shown in Cell AC15 of Table 10 is 2.2%. The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2020 to calendar year 2022 are incorporated into the pricing and reflected in the Unified Rate Review Template.

The change in 21-year-old Non-Tobacco Premium PMPM calculated in Table 11, Cell AN13 is 2.2%.

## **D. MEMBERSHIP COUNT**

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

## **E. BENEFIT CHANGES**

Benefit changes were made to the following plans to assure compliance with Actuarial Value Requirements, including differences that resulted from changes to the AV Calculator. The basis for pricing changes was our internal pricing model.

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

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

We combined the experience period data for KHPE with the experience period data for QCC Insurance Company (“QCC”). This should provide a more stable basis for projecting the Index Rate. The combined data is shown in Tab Ib. The Change in Network Factor is intended to result in KHPE rates that are reasonable in relation to QCC rates.

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

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

### **Projected Risk Adjustment PMPM**

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

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

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

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

In the URRT v5.3, it is necessary to divide Risk Adjustment by the Paid to Allowed factor when it is used in calculations based on Allowed Claims to produce calculations that are consistent with the Actuarial Memo Rate Exhibit.

## **G. CREDIBILITY OF DATA**

The experience period data is considered 100% credible.

## **H. TREND IDENTIFICATION**

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

We populated the URRT with the Total Annual Trend calculated in cell C52 of Table 3. The URRT requires that factors are rounded to four decimal places which results in some small differences.

## **I. HISTORICAL EXPERIENCE**

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

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

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

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

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

### **c. Rebates**

KHPE is not in a rebate position for 2020 in Consumer and we do not anticipate paying rebates for the 2021 policy period at this time.

### **d. Benefit Changes**

Historical medical costs are normalized for the impact of benefit and mix factors to isolate the effect that changes in plan design or member movements amongst plans has on historical trend. By isolating this impact we avoid projecting cost trends into the future that are due to non-repeatable historical member movements or benefit changes.

1. Benefit changes are calculated to value the cost-to-health-plan impact of year-over-year changes in plan designs. The methodology used to calculate the benefit changes is consistent with the one used in the calculation of Pricing AV.
2. Mix impact is calculated using the historical average costs by member at the metallic level, separately for HMO and PPO products.  
(Ex. X% of our members shifted from one metallic level to another in a historical period which is determined to move our average plan cost by y% in aggregate. We itemize this one-time cost impact of members shifting plans so it is not included in forward-looking trend projections.)

## **J. TERMINATED PLANS**

The following plans are being terminated in 2022:

33871PA0040008	Keystone HMO Silver Proactive Lite Bucks
33871PA0040009	Keystone HMO Silver Proactive Lite Montgomery
33871PA0040011	Keystone HMO Silver Proactive Lite Chester
33871PA0040012	Keystone HMO Silver Proactive Lite Delaware

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

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

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

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

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

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


#### **Development of Reinsurance Tables**

The Continuance Table for Calculating Reinsurance Impact - Individual Market Only, Experience Period Information was populated using 2020 KHPE Individual claims data by individual member. 2020 claims paid through February 2021 were completed and compiled into the Annual Incurred Claims Ranges shown on Tab II.a. of the Actuarial Memorandum Exhibit.

The Continuance Table for Calculating Reinsurance Impact - Individual Market Only, Projection Period Information was populated by trending the data from the Experience Period table to 2022 using a 7% trend assumption on the incurred claims. The resulting impact is shown in Cell E7 of Tab II.b. of the Actuarial Memorandum Exhibit.

### **Changes in Other Factors**

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

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

CSR payments are funded through premiums in this filing. The additional cost to provide the CSRs is recognized in Column P of Table 10 of the Actuarial Memorandum Rate Exhibit. In URRT Part I, the cost is reflected in the Paid to Allowed factor. The Paid to Allowed factor in the URRT Part 1 is equal to the Paid to Allowed factor in Table 5 multiplied by the value in cell P15 of Table 10 of the Actuarial Memorandum Rate Exhibit.

## **B. RETENTION ITEMS**

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

Administrative Expenses		13.79%
General and Claims	11.12%	
Agent/Broker Fees and Commissions	1.87%	
Quality Improvement Initiatives	0.80%	
Taxes and Fees		0.59%
RA User Fee	0.04%	
PCORI Fee	0.04%	
PA Premium Tax	0.00%	
Federal Income Tax	0.51%	
Health Insurance Providers Fee	0.00%	
Profit/Contingency		1.91%
Total Retention		16.29%

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

Table 7 compares the normalization factors used in this filing to those used in the 2020 filing. The changes in the factors reflect small differences from the projected populations in 2020 and 2021.

### D. COMPONENTS OF RATE CHANGE

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

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

## 3. PLAN RATE DEVELOPMENT

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

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

The factor "AV and Cost Sharing Design of Plan" in Worksheet 2 of the URRT is the product of the Pricing AV, the Non-Funding of CSR Adjustment, and the Benefit Richness Factors from the Actuarial Memo Rate Exhibit. Again, please note that the URRT requires factors to be rounded to four decimal places, resulting in small differences.

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

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

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

Tables 12, 13, and 14 illustrate the factors used in pricing for age, tobacco, geographic rating area, and network. The tobacco factors match the previously approved tobacco factors from the 2020 filing.

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

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

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

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

- The projected index rate is:
  - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.08(d)(1) and 147.106);
  - Developed in compliance with applicable Actuarial Standards of Practice;
  - Reasonable in relation to the benefits provided and the population anticipated to be covered; and
  - Neither excessive nor deficient.
- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
- The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.
- The AV Calculator was used to determine the AV Metal Values illustrated in Worksheet 2 of the Part I Unified Rate Review Template for all plans, unless an alternate methodology was required. If an alternate methodology was used to calculate the AV Metal Value for at least

one plan offered, a copy of the actuarial certification required by 45 CFR Part 156, §156.135 will be included.

- All factor, benefit, and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
- New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
- The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2022 Rate Filing Justification.

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May 18, 2021



PA Rate Template Part I  
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	KeyStone Health Plan East
Product(s):	HMO
Market Segment:	Individual
Rate Effective Date:	1/1/2022
Rate Period Start Date:	1/1/2020
Date of Most Recent Membership:	2/1/2021

Table 1. Number of Members

Average Age	Member months	Members	Member months
	Experience Period (Oct of 02-01-2021)	Current Period (Oct of 02-01-2021)	Projected Rating Period
Total	1,326,735	111,589	1,338,969
0-4	137,868	10,576	134,512
5-9	98,321	8,128	97,536
10-14	28,524	2,454	28,294
15-19	106,768	9,371	112,449
20-24	105,490	9,341	112,116
25-29	107,720	9,351	112,712
30-34	148,849	12,888	148,636
35-39	174,851	14,918	179,016
40-44	167,125	14,196	177,132
45-49	95,566	7,987	95,464

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
\$ 297,737,161.41	\$ 171,705,949.51	\$ 176,436,391.21	1,326,735	\$ 81,438,061.11	\$ 267,117,427.48	\$	\$ 127,826,726.10	\$ 102,151,883.43	\$ 16,578,891.46	\$ 191,448,939.04	\$
Experience Period Total Allowed eHB Claims + eHB Capitation (PMPM) (net of prescription drug rebates)											\$ 699.39
Rate Ratio											0

\*Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Damage**	Composite Trend	Weight*
Outpatient Hospital	2.76%	0.93%	0.00%	6.80%	13.86%
Outpatient Hospital	2.54%	1.93%	0.00%	6.57%	17.26%
Professional	2.49%	1.93%	0.00%	6.50%	21.95%
Other Medical	2.49%	1.93%	0.00%	6.26%	0.00%
Capitation				1.84%	0.00%
Prescription Drug	2.37%	0.93%	1.47%	21.00%	21.00%
Total Annual Trend				3.51%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.024	

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

\*\* Should equal 100% Trend

Table 4. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factor**	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM	
Jan-17		\$ 42,730,779.82	1.0000	\$ 42,730,779.82	146,007	\$	292.66	\$	\$ 50,646,402.64	\$	346.87
Feb-17		\$ 43,195,055.17	1.0000	\$ 43,195,055.17	157,451	\$	272.65	\$	\$ 53,121,152.78	\$	376.03
Mar-17		\$ 48,672,231.04	1.0000	\$ 48,672,231.04	159,577	\$	343.24	\$	\$ 58,224,842.59	\$	376.82
Apr-17		\$ 43,502,644.24	1.0000	\$ 43,502,644.24	149,554	\$	207.09	\$	\$ 49,841,424.00	\$	333.61
May-17		\$ 48,716,505.62	1.0000	\$ 48,716,505.62	147,691	\$	339.85	\$	\$ 53,034,431.91	\$	375.87
Jun-17		\$ 48,628,824.04	1.0000	\$ 48,628,824.04	146,374	\$	342.55	\$	\$ 53,222,542.71	\$	377.46
Jul-17		\$ 48,643,181.78	1.0000	\$ 48,643,181.78	144,861	\$	317.87	\$	\$ 49,844,186.42	\$	358.44
Aug-17		\$ 50,981,781.25	1.0000	\$ 50,981,781.25	143,423	\$	351.40	\$	\$ 51,027,710.07	\$	393.31
Sep-17		\$ 46,963,173.08	1.0000	\$ 46,963,173.08	142,271	\$	331.89	\$	\$ 49,491,101.14	\$	361.51
Oct-17		\$ 50,266,830.52	1.0000	\$ 50,266,830.52	149,693	\$	367.48	\$	\$ 51,068,553.18	\$	382.61
Nov-17		\$ 45,950,999.76	1.0000	\$ 45,950,999.76	140,301	\$	290.20	\$	\$ 49,647,837.09	\$	368.14
Dec-17	\$ 831,377,244.80	\$ 47,094,615.20	1.0000	\$ 47,094,615.20	138,138	\$	365.94	\$ 87,751,111.00	\$ 51,124,884.93	\$	377.96
Jan-18		\$ 47,015,249.80	1.0000	\$ 47,015,249.80	136,274	\$	361.24	\$	\$ 51,215,598.88	\$	384.15
Feb-18		\$ 41,307,345.89	1.0000	\$ 41,307,345.89	131,861	\$	268.57	\$	\$ 43,136,471.10	\$	320.51
Mar-18		\$ 46,618,072.46	1.0000	\$ 46,618,072.46	137,657	\$	305.51	\$	\$ 51,208,401.44	\$	355.82
Apr-18		\$ 45,426,798.46	1.0000	\$ 45,426,798.46	132,211	\$	289.73	\$	\$ 49,365,361.43	\$	349.34
May-18		\$ 49,083,611.53	1.0000	\$ 49,083,611.53	131,081	\$	344.85	\$	\$ 51,272,445.68	\$	376.71
Jun-18		\$ 46,118,114.77	1.0000	\$ 46,118,114.77	130,490	\$	310.13	\$	\$ 47,231,465.77	\$	356.52
Jul-18		\$ 45,174,455.11	1.0000	\$ 45,174,455.11	125,921	\$	287.19	\$	\$ 43,326,715.77	\$	315.03
Aug-18		\$ 51,742,381.00	1.0000	\$ 51,742,381.00	148,248	\$	348.38	\$	\$ 51,367,892.86	\$	397.61
Sep-18		\$ 45,395,306.44	1.0000	\$ 45,395,306.44	148,031	\$	304.38	\$	\$ 47,278,611.00	\$	346.12
Oct-18		\$ 57,001,612.83	1.0000	\$ 57,001,612.83	147,777	\$	387.04	\$	\$ 57,442,389.05	\$	432.36
Nov-18		\$ 51,098,090.11	1.0000	\$ 51,098,090.11	146,414	\$	316.46	\$	\$ 51,392,510.00	\$	386.49
Dec-18	\$ 1,070,731,631.81	\$ 48,788,288.51	1.0000	\$ 48,788,288.51	144,934	\$	316.61	\$ 107,787,177.00	\$ 47,424,516.68	\$	374.67
Jan-19		\$ 47,347,070.21	1.0000	\$ 47,347,070.21	143,284	\$	330.38	\$	\$ 47,323,260.61	\$	399.06
Feb-19		\$ 42,487,631.62	1.0000	\$ 42,487,631.62	131,689	\$	317.95	\$	\$ 42,206,168.57	\$	375.31
Mar-19		\$ 43,344,221.85	1.0000	\$ 43,344,221.85	131,931	\$	328.53	\$	\$ 43,308,751.13	\$	387.21
Apr-19		\$ 46,966,581.60	1.0000	\$ 46,966,581.60	130,669	\$	307.66	\$	\$ 49,360,261.89	\$	415.93
May-19		\$ 44,501,971.00	1.0000	\$ 44,501,971.00	128,981	\$	345.03	\$	\$ 43,368,986.21	\$	401.72
Jun-19		\$ 44,965,414.56	1.0000	\$ 44,965,414.56	127,558	\$	352.17	\$	\$ 47,235,921.93	\$	403.68
Jul-19		\$ 45,615,161.32	1.0000	\$ 45,615,161.32	125,901	\$	301.65	\$	\$ 43,801,248.39	\$	411.71
Aug-19		\$ 44,800,204.63	1.0000	\$ 44,800,204.63	123,883	\$	361.63	\$	\$ 41,364,131.95	\$	409.31
Sep-19		\$ 42,098,459.52	1.0000	\$ 42,098,459.52	122,201	\$	343.95	\$	\$ 41,315,191.62	\$	387.81
Oct-19		\$ 49,518,921.00	1.0000	\$ 49,518,921.00	120,569	\$	409.36	\$	\$ 47,479,648.78	\$	458.61
Nov-19		\$ 43,121,154.36	1.0000	\$ 43,121,154.36	118,761	\$	361.29	\$	\$ 43,386,456.48	\$	407.00
Dec-19	\$ 991,054,995.96	\$ 43,415,135.74	1.0000	\$ 43,415,135.74	117,661	\$	350.20	\$ 99,414,654.00	\$ 44,464,086.67	\$	411.80
Jan-20		\$ 43,728,761.00	1.0000	\$ 43,728,761.00	116,961	\$	375.17	\$	\$ 43,243,386.60	\$	440.51
Feb-20		\$ 37,473,158.06	0.9981	\$ 37,401,806.86	113,001	\$	315.50	\$	\$ 39,141,718.61	\$	388.60
Mar-20		\$ 34,509,274.03	0.9961	\$ 35,027,872.61	110,930	\$	313.74	\$	\$ 32,284,567.17	\$	354.12
Apr-20		\$ 31,413,849.39	0.9951	\$ 31,413,849.39	107,361	\$	288.72	\$	\$ 31,097,469.37	\$	305.60
May-20		\$ 31,309,110.18	0.9942	\$ 31,426,490.18	105,261	\$	300.55	\$	\$ 30,006,708.67	\$	328.16
Jun-20		\$ 30,242,948.06	0.9919	\$ 30,797,158.67	103,198	\$	315.35	\$	\$ 30,917,511.51	\$	388.60
Jul-20		\$ 21,054,715.71	0.9761	\$ 21,478,105.51	100,621	\$	311.85	\$	\$ 19,027,070.37	\$	415.88
Aug-20		\$ 17,729,886.42	0.9847	\$ 18,321,891.04	107,894	\$	302.24	\$	\$ 18,084,612.46	\$	423.88
Sep-20		\$ 14,481,688.18	0.9817	\$ 14,472,831.06	102,141	\$	305.95	\$	\$ 15,057,951.70	\$	429.61
Oct-20		\$ 14,012,139.28	0.9780	\$ 15,202,814.84	106,172	\$	425.79	\$	\$ 13,111,540.46	\$	460.06
Nov-20		\$ 10,906,778.00	0.9699	\$ 10,755,507.31	100,603	\$	406.36	\$	\$ 9,876,706.20	\$	434.81
Dec-20	\$ 797,731,091.41	\$ 49,424,108.01	0.9929	\$ 44,505,961.61	109,818	\$	464.20	\$ 83,748,501.00	\$ 48,324,754.63	\$	482.68

\* Express Completion Factor as a percentage

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

Center Name: Keystone Health Plan East  
Product#: WHD  
Market Segment: Individual  
Rate Effective Date: 1/1/2022

Table 2b. Manual Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HMO)	Allowed Claims (Non-Capitated)	Non-HMO portion of Allowed Claims	Total Prescription Drug Rebates**	Total HMO Capitation	Total Non-HMO Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$ 1,234,567.89	\$ 1,234,567.89	\$ 1,234,567.89	1,234,567.89	\$ 1,234,567.89	\$ 1,234,567.89	\$ 1,234,567.89	\$ 1,234,567.89	\$ 1,234,567.89	\$ 1,234,567.89	\$ 1,234,567.89	\$ 1,234,567.89
Experience Period Total Allowed HMO Claims + HMO Capitation PMPM (net of prescription drug rebates)											\$ 1,234,567.89
Loss Ratio											78.63%

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

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Induced Denials*	Composite Trend	Weight*
Inpatient Hospital	1.23%	1.11%	0.00%	8.92%	20.43%
Outpatient Hospital	1.24%	0.51%	0.00%	8.93%	18.73%
Physiological	2.50%	0.51%	0.00%	8.93%	24.02%
Other Medical	1.24%	0.51%	0.00%	8.93%	11.64%
Capitation	19.46%	1.51%	0.00%	16.55%	23.02%
Prescription Drugs				8.94%	100.00%
Total Annual Trend				8.94%	
Weight of Trend				1.48%	
Total Annual Trend Projection Factor					

\*Trends Cost, Utilization, Induced Denials and Weight as percentage

Table 4b. Historical Manual Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factor*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HMO)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-17	\$ 66,756,130.90	1,000.00	\$ 66,756,130.90	136,181	0	340.77	\$ (1,288,494.35)	\$ 62,783,413.15	\$ 422.02	
Feb-17	\$ 65,711,649.24	1,000.00	\$ 65,711,649.24	138,199	0	331.21	\$ (1,263,446.38)	\$ 79,455,119.31	\$ 456.29	
Mar-17	\$ 78,098,499.47	1,000.00	\$ 78,098,499.47	201,249	0	382.26	\$ (1,389,464.68)	\$ 80,487,964.15	\$ 465.42	
Apr-17	\$ 87,685,498.04	1,000.00	\$ 87,685,498.04	290,891	0	336.83	\$ (1,385,007.31)	\$ 86,493,498.49	\$ 400.23	
May-17	\$ 76,587,017.46	1,000.00	\$ 76,587,017.46	136,121	0	386.47	\$ (1,576,409.71)	\$ 80,611,473.83	\$ 452.29	
Jun-17	\$ 74,681,186.74	1,000.00	\$ 74,681,186.74	136,121	0	405.41	\$ (1,549,124.82)	\$ 77,734,308.46	\$ 468.06	
Jul-17	\$ 71,277,680.98	1,000.00	\$ 71,277,680.98	143,079	0	367.84	\$ (1,490,668.80)	\$ 81,486,344.11	\$ 424.50	
Aug-17	\$ 77,986,007.07	1,000.00	\$ 77,986,007.07	151,081	0	406.07	\$ (1,575,184.40)	\$ 80,560,227.57	\$ 452.14	
Sep-17	\$ 72,214,900.09	1,000.00	\$ 72,214,900.09	130,329	0	379.29	\$ (1,457,114.26)	\$ 81,728,888.15	\$ 426.15	
Oct-17	\$ 77,824,462.74	1,000.00	\$ 77,824,462.74	138,128	0	410.74	\$ (1,613,128.86)	\$ 81,214,338.46	\$ 462.19	
Nov-17	\$ 72,455,921.98	1,000.00	\$ 72,455,921.98	136,084	0	389.15	\$ (1,599,266.00)	\$ 81,107,791.01	\$ 444.24	
Dec-17	\$ 74,213,925.47	1,000.00	\$ 74,213,925.47	141,683	0	408.81	\$ (1,714,438.05)	\$ 81,455,368.45	\$ 450.41	
Jan-18	\$ 75,717,171.36	1,000.00	\$ 75,717,171.36	147,691	0	375.48	\$ (1,774,695.10)	\$ 80,946,561.18	\$ 459.43	
Feb-18	\$ 81,597,506.86	1,000.00	\$ 81,597,506.86	134,686	0	316.76	\$ (1,577,439.18)	\$ 79,869,508.02	\$ 388.84	
Mar-18	\$ 86,763,818.99	1,000.00	\$ 86,763,818.99	131,638	0	356.96	\$ (1,718,181.20)	\$ 81,911,798.46	\$ 420.03	
Apr-18	\$ 87,803,526.05	1,000.00	\$ 87,803,526.05	151,827	0	353.61	\$ (1,788,085.71)	\$ 85,111,275.01	\$ 410.82	
May-18	\$ 74,841,511.81	1,000.00	\$ 74,841,511.81	130,007	0	391.89	\$ (1,817,816.71)	\$ 77,656,616.18	\$ 458.74	
Jun-18	\$ 84,641,816.76	1,000.00	\$ 84,641,816.76	147,841	0	404.46	\$ (1,744,426.32)	\$ 79,898,886.26	\$ 426.06	
Jul-18	\$ 80,061,264.49	1,000.00	\$ 80,061,264.49	146,576	0	364.07	\$ (1,865,597.78)	\$ 78,489,169.11	\$ 424.49	
Aug-18	\$ 77,224,009.63	1,000.00	\$ 77,224,009.63	145,363	0	413.31	\$ (1,599,171.70)	\$ 80,720,050.20	\$ 474.50	
Sep-18	\$ 88,961,066.79	1,000.00	\$ 88,961,066.79	145,366	0	374.47	\$ (1,814,827.14)	\$ 79,241,814.37	\$ 426.47	
Oct-18	\$ 83,576,676.64	1,000.00	\$ 83,576,676.64	144,243	0	424.69	\$ (1,693,268.54)	\$ 80,881,288.49	\$ 506.72	
Nov-18	\$ 74,649,128.43	1,000.00	\$ 74,649,128.43	145,937	0	408.09	\$ (1,866,569.62)	\$ 83,711,446.31	\$ 467.64	
Dec-18	\$ 71,261,831.40	1,000.00	\$ 71,261,831.40	140,941	0	394.02	\$ (2,033,726.67)	\$ 79,654,858.05	\$ 440.07	
Jan-19	\$ 65,389,230.98	1,000.00	\$ 65,389,230.98	145,284	0	373.91	\$ (1,815,551.90)	\$ 81,971,970.44	\$ 453.81	
Feb-19	\$ 69,241,025.88	1,000.00	\$ 69,241,025.88	174,902	0	344.45	\$ (1,664,114.16)	\$ 73,459,407.08	\$ 424.15	
Mar-19	\$ 64,461,754.69	1,000.00	\$ 64,461,754.69	177,189	0	307.89	\$ (1,749,416.11)	\$ 76,799,630.60	\$ 465.42	
Apr-19	\$ 68,019,818.77	1,000.00	\$ 68,019,818.77	170,516	0	399.05	\$ (1,882,730.80)	\$ 80,801,581.21	\$ 473.75	
May-19	\$ 65,764,911.18	1,000.00	\$ 65,764,911.18	148,479	0	390.74	\$ (1,807,135.06)	\$ 77,818,016.01	\$ 462.06	
Jun-19	\$ 61,814,511.47	1,000.00	\$ 61,814,511.47	146,461	0	434.61	\$ (1,712,446.40)	\$ 74,244,488.06	\$ 466.07	
Jul-19	\$ 66,671,216.47	1,000.00	\$ 66,671,216.47	143,990	0	406.54	\$ (1,811,811.38)	\$ 78,471,498.81	\$ 468.50	
Aug-19	\$ 64,613,605.70	1,000.00	\$ 64,613,605.70	151,807	0	379.24	\$ (1,889,195.01)	\$ 74,199,149.20	\$ 450.04	
Sep-19	\$ 60,888,728.81	1,000.00	\$ 60,888,728.81	139,901	0	380.61	\$ (1,830,177.42)	\$ 69,641,514.74	\$ 436.38	
Oct-19	\$ 70,468,151.06	1,000.00	\$ 70,468,151.06	138,461	0	416.49	\$ (1,861,398.11)	\$ 80,147,174.67	\$ 506.46	
Nov-19	\$ 62,434,819.97	1,000.00	\$ 62,434,819.97	136,134	0	398.81	\$ (1,934,821.45)	\$ 70,784,966.40	\$ 452.21	
Dec-19	\$ 64,254,161.18	1,000.00	\$ 64,254,161.18	143,816	0	417.74	\$ (2,047,680.03)	\$ 72,188,949.28	\$ 430.10	
Jan-20	\$ 61,305,693.18	1,000.00	\$ 61,305,693.18	157,551	0	397.85	\$ (1,952,161.17)	\$ 75,763,613.94	\$ 482.12	
Feb-20	\$ 55,609,189.26	0.99121	\$ 55,189,256.82	152,248	0	362.49	\$ (1,826,148.07)	\$ 68,986,069.25	\$ 438.79	
Mar-20	\$ 53,609,716.96	0.99172	\$ 53,089,739.33	150,593	0	359.61	\$ (1,800,390.27)	\$ 60,799,189.79	\$ 400.72	
Apr-20	\$ 47,514,000.76	0.9964	\$ 47,080,231.14	149,729	0	318.48	\$ (1,458,306.71)	\$ 51,578,027.26	\$ 344.48	
May-20	\$ 50,006,724.17	0.97919	\$ 49,305,136.71	149,621	0	356.27	\$ (1,631,557.96)	\$ 55,635,116.95	\$ 368.84	
Jun-20	\$ 57,602,446.08	0.9894	\$ 56,804,480.12	148,741	0	401.26	\$ (1,643,914.66)	\$ 64,641,268.51	\$ 436.08	
Jul-20	\$ 60,824,048.78	0.99222	\$ 60,353,773.46	147,542	0	415.92	\$ (1,430,474.81)	\$ 61,488,377.14	\$ 452.12	
Aug-20	\$ 60,826,575.05	0.9987	\$ 61,510,146.16	146,767	0	419.23	\$ (1,414,466.27)	\$ 67,801,518.00	\$ 462.09	
Sep-20	\$ 62,611,000.48	0.99442	\$ 63,520,312.96	149,817	0	436.45	\$ (1,381,861.56)	\$ 70,498,573.36	\$ 469.02	
Oct-20	\$ 65,388,111.89	0.97791	\$ 67,382,154.38	144,693	0	416.91	\$ (1,403,728.01)	\$ 73,188,728.08	\$ 511.69	
Nov-20	\$ 61,814,018.81	0.97112	\$ 61,618,387.10	142,171	0	447.44	\$ (1,126,971.11)	\$ 69,174,140.81	\$ 487.61	
Dec-20	\$ 64,674,682.05	0.95997	\$ 66,764,619.70	139,740	0	477.87	\$ (1,717,518.13)	\$ 72,686,217.79	\$ 511.53	
Jan-21	\$ 100,524,477.00	1,000.00	\$ 100,524,477.00	141,230	0	411.23	\$ (1,411,230.00)	\$ 99,113,247.00	\$ 496.50	

\*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 East	Attachment Point:	\$60,000
Product(s):	HMO	Reinsurance Cap:	\$100,000
Market Segment:	Individual	Coinsurance Rate:	64%
Rate Effective Date:	1/1/2022		
Incurred Dates:	1/1/2020 to 12/31/2020	Proj. Incurred Claim Impact:	-4.7%

Individual ACA Compliant Policies Only: Incurred Dates 1/1/2020 to 12/31/2020					
Annual Incurred Claims Range		Unique Members	Member Months	Total Incurred Claims	Total Incurred Claims with Reinsurance
\$0	\$29,999	130,278	1,268,432	\$312,460,377	\$312,460,377
\$30,000	\$34,999	521	5,783	\$16,906,631	\$16,906,631
\$35,000	\$39,999	384	4,287	\$14,386,510	\$14,386,510
\$40,000	\$44,999	290	3,176	\$12,283,373	\$12,283,373
\$45,000	\$49,999	230	2,587	\$10,871,045	\$10,871,045
\$50,000	\$54,999	200	2,204	\$10,487,434	\$10,487,434
\$55,000	\$59,999	180	2,009	\$10,333,591	\$10,333,591
\$60,000	\$64,999	164	1,813	\$10,243,237	\$9,985,165
\$65,000	\$69,999	143	1,615	\$9,637,089	\$8,960,552
\$70,000	\$74,999	136	1,518	\$9,847,794	\$8,767,606
\$75,000	\$79,999	114	1,279	\$8,810,645	\$7,549,432
\$80,000	\$84,999	79	862	\$6,514,192	\$5,378,709
\$85,000	\$89,999	81	847	\$7,080,379	\$5,659,336
\$90,000	\$94,999	81	889	\$7,482,070	\$5,803,945
\$95,000	\$99,999	62	704	\$6,044,775	\$4,556,919
\$100,000	\$109,999	111	1,203	\$11,642,347	\$8,800,747
\$110,000	\$119,999	74	817	\$8,514,975	\$6,620,575
\$120,000	\$129,999	68	749	\$8,476,672	\$6,735,872
\$130,000	\$139,999	70	784	\$9,474,893	\$7,682,893
\$140,000	\$149,999	32	367	\$4,641,269	\$3,822,069
\$150,000	\$159,999	38	394	\$5,872,900	\$4,900,100
\$160,000	\$169,999	33	369	\$5,442,785	\$4,597,985
\$170,000	\$179,999	31	337	\$5,413,609	\$4,620,009
\$180,000	\$189,999	27	299	\$4,996,968	\$4,305,768
\$190,000	\$199,999	28	322	\$5,439,432	\$4,722,632
\$200,000	\$209,999	24	263	\$4,905,444	\$4,291,044
\$210,000	\$219,999	21	233	\$4,518,413	\$3,980,813
\$220,000	\$229,999	17	191	\$3,827,531	\$3,392,331
\$230,000	\$239,999	16	179	\$3,758,327	\$3,348,727
\$240,000	\$249,999	6	65	\$1,474,365	\$1,320,765
\$250,000	\$259,999	8	96	\$2,032,072	\$1,827,272
\$260,000	\$269,999	10	113	\$2,644,515	\$2,388,515
\$270,000	\$279,999	15	174	\$4,120,773	\$3,736,773
\$280,000	\$289,999	14	158	\$4,010,221	\$3,651,821
\$290,000	\$299,999	9	103	\$2,661,041	\$2,430,641
\$300,000	\$324,999	19	207	\$5,920,976	\$5,434,576
\$325,000	\$349,999	8	92	\$2,706,111	\$2,501,311
\$350,000	\$374,999	11	120	\$3,969,965	\$3,688,365
\$375,000	\$399,999	8	86	\$3,062,458	\$2,857,658
\$400,000	\$424,999	6	62	\$2,440,597	\$2,286,997
\$425,000	\$449,999	8	85	\$3,471,785	\$3,266,985
\$450,000	\$474,999	3	26	\$1,405,064	\$1,328,264
\$475,000	\$499,999	9	104	\$4,395,673	\$4,165,273
\$500,000	\$599,999	7	75	\$3,844,666	\$3,665,466
\$600,000	\$699,999	3	31	\$1,960,354	\$1,883,554
\$700,000	\$799,999	4	48	\$2,948,485	\$2,846,085
\$800,000	\$899,999	2	21	\$1,733,019	\$1,681,819
\$900,000	\$999,999	1	12	\$968,531	\$942,931
\$1,000,000+		6	65	\$6,565,388	\$6,411,788
Total		133,690	1,306,255	\$602,650,765	\$574,529,049

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

Carrier Name:	Keystone Health Plan East	Attachment Point:	\$60,000
Product(s):	HMO	Reinsurance Cap:	\$100,000
Market Segment:	Individual	Coinurance Rate:	64%
Rate Effective Date:	1/1/2022	Proj. Incurred Claim Impact:	-5.0%
		Proj. Morbidity Impact:	-0.1%

Reinsurance Program Impact Continuance Table Development - Plan Year 2022					
Annual Incurred Claims Range		Unique Members	Member Months	Total Incurred Claims	Total Incurred Claims with Reinsurance
\$0	\$29,999	129,818	1,263,371	\$342,986,387	\$342,986,387
\$30,000	\$34,999	518	5,709	\$16,761,104	\$16,761,104
\$35,000	\$39,999	457	5,063	\$17,104,565	\$17,104,565
\$40,000	\$44,999	340	3,836	\$14,441,460	\$14,441,460
\$45,000	\$49,999	267	2,911	\$12,631,441	\$12,631,441
\$50,000	\$54,999	231	2,561	\$12,108,702	\$12,108,702
\$55,000	\$59,999	175	1,937	\$10,087,048	\$10,087,048
\$60,000	\$64,999	164	1,845	\$10,249,862	\$9,987,550
\$65,000	\$69,999	154	1,702	\$10,383,031	\$9,651,491
\$70,000	\$74,999	137	1,515	\$9,931,153	\$8,836,015
\$75,000	\$79,999	127	1,432	\$9,826,959	\$8,414,505
\$80,000	\$84,999	114	1,271	\$9,385,786	\$7,756,483
\$85,000	\$89,999	112	1,269	\$9,781,010	\$7,821,964
\$90,000	\$94,999	75	807	\$6,928,975	\$5,374,431
\$95,000	\$99,999	72	784	\$7,026,410	\$5,294,308
\$100,000	\$109,999	140	1,514	\$14,718,219	\$11,134,219
\$110,000	\$119,999	98	1,061	\$11,309,073	\$8,800,273
\$120,000	\$129,999	78	884	\$9,692,757	\$7,695,957
\$130,000	\$139,999	68	728	\$9,169,772	\$7,428,972
\$140,000	\$149,999	56	619	\$8,091,466	\$6,657,866
\$150,000	\$159,999	64	728	\$9,940,827	\$8,302,427
\$160,000	\$169,999	26	294	\$4,279,162	\$3,613,562
\$170,000	\$179,999	35	372	\$6,109,803	\$5,213,803
\$180,000	\$189,999	28	304	\$5,158,296	\$4,441,496
\$190,000	\$199,999	31	353	\$6,031,346	\$5,237,746
\$200,000	\$209,999	23	244	\$4,713,821	\$4,125,021
\$210,000	\$219,999	27	302	\$5,806,423	\$5,115,223
\$220,000	\$229,999	23	264	\$5,165,527	\$4,576,727
\$230,000	\$239,999	20	217	\$4,687,312	\$4,175,312
\$240,000	\$249,999	18	203	\$4,410,710	\$3,949,910
\$250,000	\$259,999	17	185	\$4,338,818	\$3,903,618
\$260,000	\$269,999	13	151	\$3,445,631	\$3,112,831
\$270,000	\$279,999	9	99	\$2,456,268	\$2,225,868
\$280,000	\$289,999	8	90	\$2,287,548	\$2,082,748
\$290,000	\$299,999	6	72	\$1,772,066	\$1,618,466
\$300,000	\$324,999	26	299	\$8,118,256	\$7,452,656
\$325,000	\$349,999	26	291	\$8,754,997	\$8,089,397
\$350,000	\$374,999	14	153	\$5,066,178	\$4,707,778
\$375,000	\$399,999	7	80	\$2,723,314	\$2,544,114
\$400,000	\$424,999	10	108	\$4,118,590	\$3,862,590
\$425,000	\$449,999	8	91	\$3,478,248	\$3,273,448
\$450,000	\$474,999	6	57	\$2,772,457	\$2,618,857
\$475,000	\$499,999	7	75	\$3,438,008	\$3,258,808
\$500,000	\$599,999	16	176	\$8,832,926	\$8,423,326
\$600,000	\$699,999	5	51	\$3,223,300	\$3,095,300
\$700,000	\$799,999	3	31	\$2,244,409	\$2,167,609
\$800,000	\$899,999	4	48	\$3,375,720	\$3,273,320
\$900,000	\$999,999	2	21	\$1,984,134	\$1,932,934
\$1,000,000+		7	77	\$8,625,583	\$8,446,383
Total		133,690	1,306,255	\$689,974,861	\$655,816,022

PA Rate Template Part II  
Rate Development and Change

Carrier Name:  
Product#:   
Market Segment:  
Rate Effective Date:

Executive Health Plan East  
HMO  
Individual  
3/1/2022

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

Development of the Projected Index Rate	Actual Experience Data	Manual Data
Total Allowed EIB Claims + EIB Cancellation PMPM (out of association drive rebates) PMPM	\$ 495.93	\$ 519.97
Two year trend projection factor	1.071	1.181
Unadjusted Projected Allowed EIB Claims PMPM	\$ 532.45	\$ 613.56
Apply Risk Pool Adjustment Factors		
Change in Morbidity - Impact of Reinsurance Program	0.995	0.999
Change in Morbidity - All Other	0.999	0.999
Total Non-Morbidity Changes	1.000	0.995
Change in Demographics	1.000	0.998
Change in Network	1.000	0.997
Change in Benefits	1.000	1.000
Change in Other	1.000	1.000
Total Adjusted Projected Allowed EIB Claims PMPM	\$ 565.37	\$ 565.37
Creditability Factors	0%	100%
Blended Projected EIB Claims PMPM	\$	\$ 565.92
Development of the Market-Adjusted Index Rate and Total Allowed Claims		
Adjusted Projected Allowed EIB Claims PMPM	\$ 565.97	
Projected Paid to Allowed Ratio	0.828	
Projected Incurred EIB Claims PMPM	\$ 498.63	
Market under Adjustments		
Projected Incurred Risk Adjustment PMPM	\$ 146.91	
Projected Incurred Excessive User Fees PMPM	\$ 66.66	
Projected Incurred Reinsurance Reserves PMPM	\$ 53.38	
Market-Adjusted Projected Incurred EIB Claims PMPM	\$ 497.84	
Market-Adjusted Projected Allowed EIB Claims PMPM	\$ 601.39	Market-Adjusted Index Rate
Projected Allowed Non-EIB Claims PMPM	\$ 0.14	
Market-Adjusted Projected Incurred Total Claims PMPM	\$ 497.96	
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 601.53	

Table 6. Retention

Retention Items - Express in percentages	Percentages	PMPM Amounts
Administrative Expenses	11.79%	\$62.02
General and Claims	11.12%	\$60.13
Agent/Broker Fees and Commissions	14.87%	\$111.12
Quality Improvement Initiatives	0.80%	\$4.76
Taxes and Fees	0.19%	\$3.49
Risk Adjustment User Fee	0.09%	\$0.24
PCORI Fee	0.04%	\$0.23
Out-Of-Pocket & Other Taxes (if applicable)	0.00%	\$0.00
Federal Income Tax	0.33%	\$0.02
Health Insurance Premium Fee (Prorated for Small Groups only)	0.00%	\$0.00
Profit/Contingency (after tax)	1.93%	\$11.37
Total Retention	18.29%	\$26.80
Projected Retained Revenue PMPM		\$ 504.85

Table 8. Components of Rate Change

Rate Components	2021	2022	Difference	Percent Change
A. Calculated Plan Adjusted Index Rate (PMAIR)	\$ 338.21	\$ 344.75	\$ 6.54	2.0%
B. Base period allowed claims before normalization	\$ 491.64	\$ 519.97	\$ 28.33	5.8%
C. Normalization factor (percentage of change)	\$ (207.18)	\$ (221.79)	\$ (14.60)	-7.3%
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 284.57	\$ 298.21	\$ 13.64	4.8%
D2. URRT Trend	\$ 45.30	\$ 50.05	\$ 25.76	5.8%
D3. URRT Morbidity	\$ 3.91	\$ 21.71	\$ 15.80	4.7%
D4. URRT Other	\$ 0.40	\$ 191.73	\$ 151.28	-15.1%
D5. Normalized URRT Risk Adjustment on an allowed basis	\$ 39.48	\$ 25.40	\$ (14.07)	-4.2%
D6. Normalized Excessive User Fee on an allowed basis	\$ 0.64	\$ 0.11	\$ 0.57	0.7%
D7. Normalized Reinsurance Recoveries on an allowed basis	\$ -	\$ (20.09)	\$ (20.09)	-4.7%
D8. Subtotal - Sum(D2-D7)	\$ 395.37	\$ 344.90	\$ (50.47)	-12.8%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ -	\$ 0.00	\$ 0.00	0.0%
E2. Pricing AV	\$ (89.77)	\$ (79.10)	\$ 10.66	3.3%
E3. Benefit Enhancements	\$ (60.00)	\$ 2.94	\$ 2.94	0.3%
E4. Catastrophic Eligibility	\$ -	\$ -	\$ -	0.0%
E5. Subtotal - Sum(E1-E4)	\$ (89.77)	\$ (76.16)	\$ 13.62	3.9%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 45.77	\$ 47.67	\$ 1.90	0.6%
F2. Taxes and Fees	\$ 1.07	\$ 2.03	\$ 0.96	0.1%
F3. Profit and/or Contingency	\$ 6.76	\$ 6.61	\$ (0.15)	0.2%
F4. Subtotal - Sum(F1-F3)	\$ 14.11	\$ 14.31	\$ 0.11	0.8%
G. Change in Miscellaneous Items	\$ -	\$ -	\$ -	0.0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 149.81	\$ 144.76	\$ (5.05)	-1.3%

For Informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 519.97	Index Rate of Experience Period on URRT
Blended General Premiums	\$ 1,398,236,472.90	
Blended Loss Ratio	29.85%	

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

Effective Date	3/1/2022	4/1/2022	9/1/2022	10/1/2022	Total Single Risk Pool
Adjusted Projected Allowed EIB Claims PMPM	\$ 565.37	\$ 565.37	\$ 565.37	\$ 565.37	\$ 565.37
Months of Trend	-	9	9	9	9
Annual Trend	0.848%	0.848%	0.848%	0.848%	0.848%
Single Risk Pool Projected Allowed Claims	\$ 565.37	\$ 577.47	\$ 589.60	\$ 601.49	-
Quarterly Trend Factor	1.000	1.021	1.041	1.066	0.000

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2021	2022
Average Age Factor	1.704	1.718
Average Gendered Factor	1.061	1.060
Average Tobacco Factor	1.024	1.004
Average Monthly Revenues (Insured demand)	1.061	1.010
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 867.77	\$ 891.53
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 351.77	\$ 346.98

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

	2021	2022
Point-to-Allowed	0.838	0.828
Average Age Factor	1.088	1.181
URRT Trend (Total Allowed Trend Factor)	1.088	1.061
URRT Morbidity	1.061	1.061
URRT "Other"	1.061	1.061
Risk Adjustment	\$ 15.18	\$ 35.67
Excessive User Fee	\$ 14.41	\$ 18.31
Reinsurance Recoveries	\$ -	\$ 23.18
Creditability	\$ -	\$ -
Network	1.000	1.000
Prison AV	0.809	0.820
Benefit Enhancements	1.000	1.000
Catastrophic Eligibility	1.000	1.000
Administrative Expenses	15.53%	11.79%
Taxes and Fees	0.09%	0.39%
Profit and/or Contingency	2.03%	1.91%

Total Covered Lives @ 03-01-2022	1,000,000
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[illegible]

Carrier Name:	Keystone Health Plan East
Product(s):	HMO
Market Segment:	Individual
Rate Effective Date:	1/1/2022

[illegible]

## PA Rate Quarterly Template Part V Consumer Factors

Carrier Name:	Keystone Health Plan East
Product(s):	HMO
Market Segment:	Individual
Rate Effective Date:	1/1/2022

### Table 12. Age and Tobacco Factors

Projection Period Age and Tobacco Factors						
Age Band	Age Factor	Tobacco Factor		Age Band	Age Factor	Tobacco Factor
0-14	0.765			40	1.278	1.225
15	0.833			41	1.302	1.225
16	0.859			42	1.325	1.225
17	0.885			43	1.357	1.225
18	0.913	1.000		44	1.397	1.225
19	0.941	1.000		45	1.444	1.225
20	0.970	1.000		46	1.500	1.225
21	1.000	1.125		47	1.563	1.225
22	1.000	1.125		48	1.635	1.225
23	1.000	1.125		49	1.706	1.225
24	1.000	1.125		50	1.786	1.375
25	1.004	1.125		51	1.865	1.375
26	1.024	1.125		52	1.952	1.375
27	1.048	1.125		53	2.040	1.375
28	1.087	1.125		54	2.135	1.375
29	1.119	1.125		55	2.230	1.375
30	1.135	1.175		56	2.333	1.375
31	1.159	1.175		57	2.437	1.375
32	1.183	1.175		58	2.548	1.375
33	1.198	1.175		59	2.603	1.375
34	1.214	1.175		60	2.714	1.375
35	1.222	1.175		61	2.810	1.375
36	1.230	1.175		62	2.873	1.375
37	1.238	1.175		63	2.952	1.375
38	1.246	1.175		64+	3.000	1.375
39	1.262	1.175				

\*PA follows the federal default age curve.

### Table 13. Geographic Factors

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

### Table 14. Network Factors

[illegible]



[illegible]

**Keystone Health Plan East, Inc.**  
**Individual**  
**Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
33871PA0040002	Keystone HMO Gold	HMO	Gold	On	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040005	Keystone HMO Gold Proactive	HMO	Gold	On	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040006	Keystone HMO Silver Proactive	HMO	Silver	On	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040010	Keystone HMO Silver Proactive Lite	HMO	Silver	On/Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040013	Keystone HMO Silver	HMO	Silver	On	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040014	Keystone HMO Bronze	HMO	Bronze	On	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040015	Keystone HMO Silver Basic	HMO	Silver	On/Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040016	Keystone HMO Silver Proactive Basic	HMO	Silver	On/Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120002	Keystone HMO Gold	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120003	Keystone HMO Silver	HMO	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120004	Keystone HMO Bronze	HMO	Bronze	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120005	Keystone HMO Gold Proactive	HMO	Gold	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120006	Keystone HMO Silver Proactive	HMO	Silver	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120007	Keystone HMO Silver Proactive Value	HMO	Silver	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120008	Keystone HMO Silver Proactive Select	HMO	Silver	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia

Company Name	Keystone Health Plan East, Inc.
Market	Individual

[illegible]

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1	<b>Unified Rate Review v5.3</b>																		
2																			
3	Company Legal Name:	Keystone Health Plan East										State:	PA						
4	HIOS Issuer ID:	33871										Market:	Individual						
5	Effective Date of Rate Change(s):	1/1/2022																	
6																			
7																			
8	<b>Market Level Calculations (Same for all Plans)</b>																		
9																			
10																			
11	<b>Section I: Experience Period Data</b>																		
12	Experience Period:	1/1/2020		to	12/31/2020														
13				Total	PMPM														
14	Allowed Claims			\$649,123,009.81	\$496.93														
15	Reinsurance			\$0.00	\$0.00														
16	Incurred Claims in Experience Period			\$565,404,508.60	\$432.84														
17	Risk Adjustment			-\$22,448,939.97	-\$17.19														
18	Experience Period Premium			\$797,737,191.41	\$610.71														
19	Experience Period Member Months			1,306,255															
20																			
21	<b>Section II: Projections</b>																		
22				Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims											
23	Benefit Category	Experience Period Index Rate PMPM	Cost	Utilization	Cost	Utilization	PMPM												
24	Inpatient Hospital	\$98.70	1.028	1.039	1.028	1.039	\$112.60												
25	Outpatient Hospital	\$85.75	1.025	1.039	1.025	1.039	\$97.26												
26	Professional	\$108.95	1.022	1.039	1.022	1.039	\$122.85												
27	Other Medical	\$0.00	1.022	1.039	1.022	1.039	\$0.00												
28	Capitation	\$96.21	1.000	0.962	1.000	0.962	\$89.04												
29	Prescription Drug	\$107.32	0.976	1.039	0.976	1.039	\$110.36												
30	Total	\$496.93					\$532.10												
31																			
32	Morbidity Adjustment			1.061															
33	Demographic Shift			1.000															
34	Plan Design Changes			1.000															
35	Other			1.000															
36	Adjusted Trended EHB Allowed Claims PMPM for	1/1/2022		\$564.55															
37																			
38	Manual EHB Allowed Claims PMPM			\$565.37															
39	Applied Credibility %			0.00%															
40																			
41	<b>Projected Period Totals</b>																		
42	Projected Index Rate for	1/1/2022		\$565.37	\$757,034,952.96														
43	Reinsurance			\$28.00	\$37,492,224.00														
44	Risk Adjustment Payment/Charge			-\$44.29	-\$59,304,664.32														
45	Exchange User Fees			3.28%	\$26,412,525.33														
46	Market Adjusted Index Rate			\$601.39	\$805,259,918.61														
47																			
48	Projected Member Months			1,339,008															
49																			
50	<b>Information Not Releasable to the Public Unless Authorized by Law:</b> This information has not been publically disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.																		

Product-Plan Data Collection

Company Legal Name: Keystone Health Plan East  
HIOS Issuer ID: 3387  
Effective Date of Rate Change(s): 1/1/2002

State: PA  
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

Field # Section I: General Product and Plan Information

1.1 Product Name	Keystone HMO ON Exchange Indiv										Keystone HMO OFF Exchange Indiv									
1.2 Product ID	3387PA004										3387PA002									
1.3 Plan Name	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO	Keystone HMO
1.4 Plan ID (Standard Component ID)	3387PA0040001	3387PA0040002	3387PA0040003	3387PA0040004	3387PA0040005	3387PA0040006	3387PA0040007	3387PA0040008	3387PA0040009	3387PA0040010	3387PA0040011	3387PA0040012	3387PA0040013	3387PA0040014	3387PA0040015	3387PA0040016	3387PA0040017	3387PA0040018	3387PA0040019	3387PA0040020
1.5 Metal	Platinum	Gold	Gold	Silver	Silver	Silver	Silver	Silver	Silver	Silver	Bronze	Silver	Silver	Platinum	Gold	Silver	Bronze	Gold	Silver	Silver
1.6 AV Metal Value	0.886	0.787	0.787	0.718	0.700	0.700	0.703	0.700	0.700	0.649	0.693	0.693	0.886	0.787	0.709	0.649	0.787	0.718	0.712	0.718
1.7 Plan Category	Terminated	Renewing	Renewing	Renewing	Terminated	Terminated	Renewing	Terminated	Terminated	New	New	New	New	Terminated	Renewing	Renewing	Renewing	Renewing	Renewing	Renewing
1.8 Plan Type	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO
1.9 Exchange Plan?	No	Yes	Yes	Yes	No	No	Yes	No	No	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No
1.10 Effective Date of Proposed Rates	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002	1/1/2002
1.11 Cumulative Rate Change % (over 12 mos prior)	0.00%	0.99%	1.73%	2.22%	0.00%	0.00%	2.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.99%	20.05%	1.73%	2.22%	2.12%	2.14%
1.12 Product Rate Increase %																				
1.13 Submission Level Rate Increase %																				

Worksheet 1 Totals	Section II: Experience Period and Current Plan Level Information																				
2.1 Plan ID (Standard Component ID)	Total	3387PA0040001	3387PA0040002	3387PA0040003	3387PA0040004	3387PA0040005	3387PA0040006	3387PA0040007	3387PA0040008	3387PA0040009	3387PA0040010	3387PA0040011	3387PA0040012	3387PA0040013	3387PA0040014	3387PA0040015	3387PA0040016	3387PA0040017	3387PA0040018	3387PA0040019	3387PA0040020
2.2 Allowed Claims	\$649,123.010	\$2,433.855	\$6,115.960	\$40,170.318	\$279,393.632	\$20,180.933	\$25,988.897	\$52,548.778	\$15,501.120	\$25,092.134	\$0	\$0	\$0	\$0	\$0	\$5,078.424	\$6,523.092	\$6,185.267	\$34,023.219	\$16,577.827	\$3,169.083
2.3 Reinsurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.4 Member Cost Sharing	\$83,718.501	\$192,720	\$598,192	\$5,032,034	\$33,650,235	\$1,976,336	\$2,338,659	\$3,785,165	\$1,566,886	\$2,264,173	\$0	\$0	\$0	\$0	\$0	\$255,273	\$754,632	\$1,409,684	\$7,734,666	\$1,925,431	\$318,287
2.5 Cost Sharing Reduction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.6 Incurred Claims	\$565,404,509	\$2,241,135	\$5,519,768	\$35,118,282	\$247,743,397	\$18,204,577	\$23,650,238	\$48,763,614	\$11,934,234	\$22,828,022	\$0	\$0	\$0	\$0	\$0	\$4,823,151	\$5,768,460	\$4,775,583	\$26,308,553	\$14,652,406	\$2,850,286
2.7 Risk Adjustment Transfer Amount	\$22,448,940	\$1,257,576	\$1,633,070	\$6,903,887	\$25,278,844	\$3,498,262	\$7,057,001	\$8,533,218	\$2,584,425	\$843,017	\$0	\$0	\$0	\$0	\$0	\$2,720,809	\$1,988,733	\$190,219	\$18,902,511	\$2,955,237	\$54,199
2.8 Premium	\$797,727,121	\$1,310,814	\$4,783,115	\$36,402,348	\$342,588,034	\$32,045,129	\$39,266,490	\$80,045,974	\$20,444,952	\$23,614,039	\$0	\$0	\$0	\$0	\$0	\$2,954,431	\$6,492,029	\$2,072,128	\$40,900,699	\$14,818,313	\$2,154,081
2.9 Experience Period Member Months	1,306,253	1,176	5,281	50,844	516,288	47,597	57,459	125,164	29,592	48,102	0	0	0	0	0	2,411	8,295	11,290	102,303	23,938	3,801
2.10 Current Enrollment	113,580	0	585	4,692	39,333	4,989	5,759	13,103	2,854	4,635	0	0	0	0	0	828	936	8,273	2,047	370	15,531
2.11 Current Premium PMPM	\$184.52	\$0.00	\$880.12	\$607.66	\$615.49	\$637.22	\$676.76	\$602.43	\$666.56	\$650.76	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$734.31	\$578.63	\$372.40	\$598.80	\$544.83	\$446.39
2.12 Loss Ratio	72.93%	87.26%	86.03%	80.73%	66.44%	63.77%	73.43%	68.19%	66.08%	71.85%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	95.98%	66.45%	69.39%	115.59%	82.16%	129.07%
Per Member Per Month																					
2.13 Allowed Claims	\$496.89	\$2,069.80	\$1,158.11	\$790.07	\$541.18	\$424.00	\$452.30	\$419.82	\$456.24	\$521.65	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$2,106.36	\$786.39	\$547.85	\$332.57	\$692.53	\$893.75
2.14 Reinsurance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2.15 Member Cost Sharing	\$64.09	\$163.88	\$112.89	\$58.04	\$361.41	\$41.52	\$40.70	\$50.24	\$52.95	\$47.07	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$105.48	\$90.97	\$124.86	\$78.41	\$80.43	\$81.64
2.16 Cost Sharing Reduction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2.17 Incurred Claims	\$432.84	\$1,905.23	\$3,043.21	\$16,911.67	\$109,816	\$8,919.86	\$12,411.60	\$24,589.58	\$6,032.29	\$14,718.58	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$2,000.48	\$692.41	\$577.16	\$16,121.30	\$7,949.88	\$2,801.67
2.18 Risk Adjustment Transfer Amount	\$17.59	\$1,069.37	\$1,309.23	\$5,351.79	\$48.96	\$73.50	\$122.82	\$68.18	\$87.34	\$17.50	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$1,066.28	\$239.75	\$16.81	\$184.77	\$123.45	\$14.26
2.19 Premium	\$610.71	\$1,114.64	\$905.72	\$720.25	\$673.25	\$673.27	\$683.38	\$639.53	\$697.65	\$678.02	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$1,018.01	\$806.75	\$626.41	\$999.80	\$621.54	\$566.71

Section III: Plan Adjustment Factors

3.1 Plan ID (Standard Component ID)	3387PA0040001 3387PA0040002 3387PA0040003 3387PA0040004 3387PA0040005 3387PA0040006 3387PA0040007 3387PA0040008 3387PA0040009 3387PA0040010 3387PA0040011 3387PA0040012 3387PA0040013 3387PA0040014 3387PA0040015 3387PA0040016 3387PA0040017 3387PA0040018 3387PA0040019 3387PA0040020																			
3.2 Market Adjusted Index Rate	0.0000 1.0314 1.0258 0.9150 0.0000 0.8674 0.0000 0.0000 0.9416 0.4883 0.7385 0.7612 0.0000 1.0304 0.9406 0.4878 1.0248 0.9141 0.6687 0.7628																			
3.3 AV and Cost Sharing Design of Plan	0.0000 1.0892 0.9902 0.9902 0.0000 0.0000 0.0000 0.9902 0.0000 0.0000 1.0892 1.0892 0.9902 1.0892 0.9902 0.9902 0.0000 1.0892 0.9902 0.9902																			
3.4 Provider Network Adjustment	0.0000 1.0000 1.0000 1.0000 0.0000 0.0000 0.0000 1.0000 0.0000 0.0000 1.0000 1.0000 0.0000 1.0000 1.0000 1.0000 0.0000 1.0000 1.0000 1.0000																			
3.5 Benefits in Addition to HHS	0.0000 1.0000 1.0000 1.0000 0.0000 0.0000 0.0000 1.0000 0.0000 0.0000 1.0000 1.0000 0.0000 1.0000 1.0000 1.0000 0.0000 1.0000 1.0000 1.0000																			

3.6 Administrative Expense	0.00%	13.79%	13.79%	13.79%	0.00%	0.00%	13.79%	0.00%	0.00%	13.79%	13.79%	13.79%	0.00%	13.79%	13.79%	13.79%	0.00%	13.79%	13.79%	13.79%
3.7 Taxes and Fees	0.00%	0.59%	0.59%	0.59%	0.00%	0.00%	0.59%	0.00%	0.59%	0.59%	0.59%	0.59%	0.00%	0.59%	0.59%	0.59%	0.00%	0.59%	0.59%	0.59%
3.8 Profit & Risk Load	0.00%	1.91%	1.91%	1.91%	0.00%	0.00%	1.91%	0.00%	0.00%	1.91%	1.91%	1.91%	0.00%	1.91%	1.91%	1.91%	0.00%	1.91%	1.91%	1.91%
3.9 Catastrophic Adjustment	0.0000	1.0000	1.0000	1.0000	0.0000	0.0000	1.0000	0.0000	0.0000	1.0000	1.0000	1.0000	0.0000	1.0000	1.0000	1.0000	0.0000	1.0000	1.0000	1.0000
3.10 Plan Adjusted Index Rate	\$0.00	\$807.07	\$729.73	\$650.91	\$0.00	\$0.00	\$617.05	\$0.00	\$0.00	\$736.80	\$382.09	\$577.87	\$641.50	\$0.00	\$807.09	\$736.75	\$382.08	\$729.75	\$650.92	\$476.17

3.11 Age Calibration Factor	0.5819																					
		0.5819																				
3.12 Geographic Calibration Factor	1.0000																					
		1.0000																				
3.13 Tobacco Calibration Factor	0.9957																					
		0.9957																				
3.14 Calibrated Plan Adjusted Index Rate		\$0.00	\$467.61	\$422.80	\$377.13	\$0.00	\$0.00	\$357.52	\$0.00	\$0.00	\$426.90	\$221.38	\$334.82	\$313.74	\$0.00	\$467.63	\$426.87	\$221.38	\$422.81	\$377.14	\$275.89	\$314.73

Section IV: Projected Plan Level Information

4.1 Plan ID (Standard Component ID)	Total	3387PA0040001	3387PA0040002	3387PA0040003	3387PA0040004	3387PA0040005	3387PA0040006	3387PA0040007	3387PA0040008	3387PA0040009	3387PA0040010	3387PA0040011	3387PA0040012	3387PA0040013	3387PA0040014	3387PA0040015	3387PA0040016	3387PA0040017	3387PA0040018	3387PA0040019	3387PA0040020
4.2 Allowed Claims	\$844,014.887	\$0	\$5,126.835	\$37,432.657	\$302,497.830	\$0	\$0	\$365,904.530	\$0	\$0	\$6,234.063	\$50,494.368	\$7,191	\$0	\$7,263.351	\$1,692.987	\$13,323.297	\$16,340.085	\$611,181	\$22,570.187	
4.3 Reinsurance	\$11,033,157	\$0	\$162,697	\$1,304,914	\$11,038,628	\$0	\$0	\$13,730,525	\$0	\$0	\$204,871	\$1,920,104	\$278	\$278	\$0	\$230,279	\$55,623	\$506,109	\$569,301	\$22,249	
4.4 Member Cost Sharing	\$122,649,798	\$0	\$223,491	\$1,714,132	\$32,424,788	\$0	\$0	\$50,160,154	\$0	\$0	\$575,854	\$22,074,088	\$1,731	\$1,474	\$0	\$120,602	\$15,136	\$5,811,277	\$765,728	\$65,840	
4.5 Cost Sharing Reduction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
4.6 Incurred Claims	\$690,341,932	\$0	\$4,742,647	\$1,734,361	\$25,954,414	\$0	\$0	\$306,013,840	\$0	\$0	\$55,454,639	\$26,500,175	\$5,805	\$5,449	\$0	\$6,712,649	\$102,128	\$6,985,871	\$15,005,057	\$53,091	
4.7 Risk Adjustment Transfer Amount	\$498,298,257	\$0	\$2,565,407	\$2,064,535	\$37,432,821	\$0	\$0	\$322,289	\$1,037,840	\$440	\$440	\$440	\$440	\$0	\$384,130	\$88,000	\$80,821	\$900,704	\$54,275	\$1,425,438	
4.8 Premium	\$6,569,561,561	\$0	\$4,084,193	\$39,446,193	\$309,446,193	\$0	\$0	\$3,585,559,136	\$0	\$0	\$8,114,511	\$3,635,327	\$6,344	\$6,344	\$0	\$6,119,334	\$78,000	\$12,926,258	\$14,540,793	\$16,616,638	
4.9 Projected Member Months	1,339,008	7,000	36,304	479,238	1,255,466	7,000	7,000	1,245,466	1,245,466	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	
4.10 Loss Ratio	89.01%	RDV(0)	87.69%	88.14%	88.71%	RDV(0)	RDV(0)	89.00%	RDV(0)	RDV(0)	88.09%	87.60%	89.39%	89.79%	RDV(0)	87.69%	88.10%	92.60%	88.14%	87.71%	
Per Member Per Month																					
		RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	RDV(0)	
4.11 Allowed Claims	\$530.34	\$730.60	\$654.83	\$636.26	\$636.26	\$704.99	\$624.37	\$599.48	\$651.35	\$599.26	\$573.01	\$705.41	\$610.04	\$665.20	\$636.65	\$600.21	\$600.21	\$600.21	\$600.21	\$600.21	
4.12 Reinsurance	\$23.08	\$RDV(0)	\$21.18	\$23.18	\$23.18	\$RDV(0)	\$RDV(0)	\$23.18	\$23.18	\$23.18	\$23.18	\$23.18	\$23.18	\$23.18	\$23.18	\$23.18	\$23.18	\$23.18	\$23.18	\$23.18	
4.13 Member Cost Sharing	\$60.00	\$131.86	\$68.00	\$90.00	\$68.00	\$RDV(0)	\$RDV(0)	\$68.00	\$68.00	\$68.00	\$68.00	\$68.00	\$68.00	\$68.00	\$68.00	\$68.00	\$68.00	\$68.00	\$68.00	\$68.00	
4.14 Cost Sharing Reduction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$RDV(0)	\$RDV(0)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
4.15 Incurred Claims	\$615.88	\$RDV(0)	\$675.59	\$610.86	\$544.89	\$RDV(0)	\$RDV(0)	\$561.03	\$516.03	\$RDV(0)	\$616.76	\$319.86	\$483.72	\$453.27	\$RDV(0)	\$675.59	\$616.76	\$319.86	\$544.89	\$319.86	
4.16 Risk Adjustment Transfer Amount	\$555.88	\$RDV(0)	\$586.67	\$386.67	\$386.67	\$RDV(0)	\$RDV(0)	\$586.67	\$386.67	\$RDV(0)	\$586.67	\$386.67	\$386.67	\$386.67	\$RDV(0)	\$586.67	\$386.67	\$386.67	\$386.67	\$386.67	
4.17 Premium	\$675.06	\$729.72	\$729.72	\$650.50	\$RDV(0)	\$RDV(0)	\$RDV(0)	\$651.03	\$516.03	\$RDV(0)	\$736.76	\$382.09	\$577.83	\$543.50	\$RDV(0)	\$807.08	\$382.09	\$729.74	\$650.51	\$476.17	

Rating Area Data Collection

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

Rating Area	Rating Factor
Rating Area 8	1.0000

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

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

Keystone Health Plan East ("KHPE") is revising premium rates for the Pennsylvania Consumer ACA compliant products, effective from January 1, 2022. The proposed revisions to each plan are shown on the second page of this exhibit.

About 112,000 members will be affected.

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

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

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

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

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

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

We are projecting that claims will increase by 9.5% in 2022. More than half of the change in health care service costs is driven by changes to health care provider fees.

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

A reinsurance program administered by the state began January 1, 2021. We project that this will reduce rates by approximately 4.4%.

### **Changes in Benefits:**

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

### **Administrative Costs:**

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

## URRT Part II – Consumer Friendly Justification

HIOS ID	Plan Name	2022 % Change
33871PA0040002	Keystone HMO Gold	1.0%
33871PA0040005	Keystone HMO Gold Proactive	1.7%
33871PA0040006	Keystone HMO Silver Proactive	2.2%
33871PA0040010	Keystone HMO Silver Proactive Lite	2.2%
33871PA0040013	Keystone HMO Silver	New
33871PA0040014	Keystone HMO Bronze	New
33871PA0040015	Keystone HMO Silver Basic	New
33871PA0040016	Keystone HMO Silver Proactive Basic	New
33871PA0120002	Keystone HMO Gold	1.0%
33871PA0120003	Keystone HMO Silver	20.1%
33871PA0120004	Keystone HMO Bronze	0.9%
33871PA0120005	Keystone HMO Gold Proactive	1.7%
33871PA0120006	Keystone HMO Silver Proactive	2.2%
33871PA0120007	Keystone HMO Silver Proactive Value	2.1%
33871PA0120008	Keystone HMO Silver Proactive Select	2.1%



## **GENERAL OVERVIEW**

### **PURPOSES**

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

### **GENERAL INFORMATION**

#### **COMPANY IDENTIFYING INFORMATION**

**Company Legal Name:** Keystone Health Plan East ("KHPE")

**State:** Pennsylvania

**HIOS Issuer ID (5-digit):** 33871

**Market:** Individual

**Effective Date(s):** 1/1/2022

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

#### **COMPANY CONTACT INFORMATION**

**Primary Contact Name:**

**Primary Contact Telephone Number:**

**Primary Contact Email Address:**

### **PROPOSED RATE INCREASE**

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

We are projecting that claims will increase by 9.5% in 2022. More than half of the change in health care service costs is driven by changes to health care provider fees.

A reinsurance program administered by the state became effective January 1, 2021. We project that this will reduce rates by approximately 4.4%.

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

The weighted average increase across KHPE plans based on projected membership, inclusive of the impact of benefit and cost sharing changes, is 2.2%. The minimum increase is 0.9% and the maximum increase is 20.1%.

## **WORKSHEET 1: MARKET EXPERIENCE**

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

#### **SINGLE RISK POOL**

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

#### **PAID THROUGH DATE**

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

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

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

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

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

Insurer fee-for-service claims expenses and member liabilities for dates of service in January 2020 through December 2020 and paid through February 2021 are sourced from the IBCFOC's internal data warehouse. The claims and member liabilities are completed with incurred but not reported (IBNR)

adjustments to develop ultimate incurred insurer fee-for-service claims expenses and member liabilities for the January through December 2020 period. Capitation amounts are also sourced from the internal data warehouse for the January through December 2020 period but they are not adjusted for IBNR.

### **Allowed Claims**

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

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

### **IBNR Development**

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

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

### **Experience Period Index Rate**

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

## **SECTION II: PROJECTIONS**

### **BENEFIT CATEGORIES**

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

### **PROJECTION FACTORS**

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

### **Morbidity Adjustment**

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

## **COVID-19 Impact**


## **Demographic Shift**

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

## **Plan Design Changes**

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

## **Other Changes**

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

## **Trend Factors**

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

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

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

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

## **CREDIBILITY MANUAL RATE DEVELOPMENT**

We combined the experience period data for KHPE with the experience period data for QCC Insurance Company ("QCC"). This should provide a more stable basis for projecting the Index Rate. The combined data is shown in Tab Ib. The Change in Network Factor is intended to result in KHPE rates that are

reasonable in relation to QCC rates. The combined claims are determined to be 100% credible as reflected in Table 5.

## **RISK ADJUSTMENT AND REINSURANCE**

### **Projected Risk Adjustment PMPM**

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

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

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

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

### **Projected ACA Reinsurance Recoveries Net of Reinsurance Premium (Individual Market Only)**

With the expiration of the reinsurance program at the end of the 2016 benefit year, there are no projected reinsurance recoveries or reinsurance premium assumed in the rates.

## **MARKET ADJUSTED INDEX RATE**

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

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

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

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

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

#### **AV METAL VALUES**

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

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

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

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

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

#### **PLAN ADJUSTED INDEX RATE**

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

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

##### **Administrative Expense Load**

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

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

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

## **Taxes and Fees**

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

## **CALIBRATION**

The plan adjusted index rate is projected for all products using the same anticipated age distribution and the mandated age curve. Therefore the consumer adjusted premium rate is the plan adjusted index rate divided by the average age, geographic and tobacco factors for the expected distribution. The average age of the combined individual risk pool population is 42.

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

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

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

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

## **MEMBERSHIP PROJECTIONS**

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

## **LOSS RATIO**

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

## **INDEX RATE**

The Index Rate is defined as the EHB portion of projected allowed claims divided by all projected single risk pool lives. The Index Rate is the same value for all non-grandfathered plans for KHPE Individual Plans in Pennsylvania. The Index Rate reflects the twelve month projection for calendar year 2021. It has been developed following the specifications of 45 CFR § 156.80(d)(1).

## **TERMINATED PLANS**

The following plans are being terminated in 2022:

33871PA0040008	Keystone HMO Silver Proactive Lite Bucks
33871PA0040009	Keystone HMO Silver Proactive Lite Montgomery
33871PA0040011	Keystone HMO Silver Proactive Lite Chester
33871PA0040012	Keystone HMO Silver Proactive Lite Delaware

## **WORKSHEET 3: RATING AREAS**

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

## **ACTUARIAL CERTIFICATION**

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

The Part I Unified Rate Review Template does not demonstrate the process used by the issuer to develop the premium rates and allowable rating factors. Rather, it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of Qualified Health Plans for Federally-facilitated Exchanges, and for certification that the Index Rate is developed in accordance with federal regulation and used consistently and only adjusted by the allowable modifiers.

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

- The projected index rate is:
  - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102);
  - Developed in compliance with applicable Actuarial Standards of Practice;
  - Reasonable in relation to the benefits provided and the population anticipated to be covered; and
  - Neither excessive nor deficient.
- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
- Geographic rating factors reflect only differences in the costs of delivery of and do not include differences for population morbidity by geographic area.



- The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans, unless an alternate methodology was required. If an alternate methodology was used to calculate the AV Metal Value for at least one plan offered, a copy of the actuarial certification required by 45 CFR Part 156, §156.135 will be included.

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May 18, 2021

Project Overview									
Project Name		Project ID		Project Manager		Project Status		Project Budget	
Project Details									
Project Name		Project ID		Project Manager		Project Status		Project Budget	
Project A		P001		John Doe		On Track		\$1,000,000	
Project B		P002		Jane Smith		Delayed		\$2,500,000	
Project C		P003		Mike Johnson		On Track		\$500,000	
Project D		P004		Sarah Brown		On Track		\$750,000	
Project E		P005		David White		On Track		\$1,200,000	
Project F		P006		Emily Green		On Track		\$900,000	
Project G		P007		Chris Black		On Track		\$1,100,000	
Project H		P008		Alex Blue		On Track		\$800,000	
Project I		P009		Nina Pink		On Track		\$600,000	
Project J		P010		Liam Purple		On Track		\$1,300,000	
Project K		P011		Olivia Yellow		On Track		\$700,000	
Project L		P012		Noah Grey		On Track		\$950,000	
Project M		P013		Ava Silver		On Track		\$1,050,000	
Project N		P014		Ethan Gold		On Track		\$1,150,000	
Project O		P015		Sophia Bronze		On Track		\$850,000	
Project P		P016		Lucas Iron		On Track		\$1,250,000	
Project Q		P017		Mia Steel		On Track		\$980,000	
Project R		P018		Ben Copper		On Track		\$1,080,000	
Project S		P019		Charlotte Tin		On Track		\$1,180,000	
Project T		P020		Leo Zinc		On Track		\$880,000	
Project U		P021		Grace Nickel		On Track		\$1,020,000	
Project V		P022		Carter Aluminum		On Track		\$1,120,000	
Project W		P023		Isabella Lead		On Track		\$920,000	
Project X		P024		Daniel	Cadmium	On Track		\$1,070,000	
Project Y		P025				On Track		\$1,170,000	
Project Z		P026		Hannah	Mercury	On Track		\$870,000	
Project AA		P027		Ethan		On Track		\$1,010,000	
Project AB		P028			Silver	On Track		\$1,110,000	
Project AC		P029		Sophia		On Track		\$910,000	
Project AD		P030			Gold	On Track		\$1,060,000	
Project AE		P031		Noah		On Track		\$1,160,000	
Project AF		P032			Bronze	On Track		\$860,000	
Project AG		P033		Mia		On Track		\$1,050,000	
Project AH		P034			Iron	On Track		\$1,150,000	
Project AI		P035		Benjamin		On Track		\$850,000	
Project AJ		P036			Steel	On Track		\$1,090,000	
Project AK		P037		Charlotte		On Track		\$1,190,000	
Project AL		P038			Copper	On Track		\$890,000	
Project AM		P039		Leo		On Track		\$1,030,000	
Project AN		P040			Aluminum	On Track		\$1,130,000	
Project AO		P041		Grace		On Track		\$930,000	
Project AP		P042			Lead	On Track		\$1,070,000	
Project AQ		P043		Daniel		On Track		\$1,170,000	
Project AR		P044			Cadmium	On Track		\$870,000	
Project AS		P045		Hannah		On Track		\$1,010,000	
Project AT		P046			Silver	On Track		\$1,110,000	
Project AU		P047		Ethan		On Track		\$910,000	
Project AV		P048			Gold	On Track		\$1,060,000	
Project AW		P049		Sophia		On Track		\$1,160,000	
Project AX		P050			Bronze	On Track		\$860,000	
Project AY		P051		Noah		On Track		\$1,050,000	
Project AZ		P052			Iron	On Track		\$1,150,000	
Project BA		P053		Mia		On Track		\$850,000	
Project BB		P054			Steel	On Track		\$1,090,000	
Project BC		P055		Benjamin		On Track		\$1,190,000	
Project BD		P056			Copper	On Track		\$890,000	
Project BE		P057		Charlotte		On Track		\$1,030,000	
Project BF		P058			Aluminum	On Track		\$1,130,000	
Project BG		P059		Leo		On Track		\$930,000	
Project BH		P060			Lead	On Track		\$1,070,000	
Project BI		P061		Daniel		On Track		\$1,170,000	
Project BJ		P062			Cadmium	On Track		\$870,000	
Project BK		P063		Hannah		On Track		\$1,010,000	
Project BL		P064			Silver	On Track		\$1,110,000	
Project BM		P065		Ethan		On Track		\$910,000	
Project BN		P066			Gold	On Track		\$1,060,000	
Project BO		P067		Sophia		On Track		\$1,160,000	
Project BP		P068			Bronze	On Track		\$860,000	
Project BQ		P069		Noah		On Track		\$1,050,000	
Project BR		P070			Iron	On Track		\$1,150,000	
Project BS		P071		Mia		On Track		\$850,000	
Project BT		P072			Steel	On Track		\$1,090,000	
Project BU		P073		Benjamin		On Track		\$1,190,000	
Project BV		P074			Copper	On Track		\$890,000	
Project BW		P075		Charlotte		On Track		\$1,030,000	
Project BX		P076			Aluminum	On Track		\$1,130,000	
Project BY		P077		Leo		On Track		\$930,000	
Project BZ		P078			Lead	On Track		\$1,070,000	
Project CA		P079		Daniel		On Track		\$1,170,000	
Project CB		P080			Cadmium	On Track		\$870,000	
Project CC		P081		Hannah		On Track		\$1,010,000	
Project CD		P082			Silver	On Track		\$1,110,000	
Project CE		P083		Ethan		On Track		\$910,000	
Project CF		P084			Gold	On Track		\$1,060,000	
Project CG		P085		Sophia		On Track		\$1,160,000	
Project CH		P086			Bronze	On Track		\$860,000	
Project CI		P087		Noah		On Track			

[illegible]

Financial Statement Analysis - Q3 2024									
Income Statement					Balance Sheet				
Item	Revenue	Cost of Sales	Gross Profit	Operating Expenses	Assets	Liabilities	Equity	Debt	Equity
Revenue	1000000				Current Assets	Current Liabilities	Shareholders' Equity	Long-Term Debt	Retained Earnings
Cost of Sales		600000			Fixed Assets	Long-Term Liabilities			
Gross Profit			400000						
Operating Expenses				250000					
Operating Income									
Interest Expense									
Income Before Tax									
Tax Expense									
Net Income									
Dividends									
Net Income Available to Common Shareholders									
Weighted Average Shares Outstanding									
Earnings Per Share									
Book Value Per Share									
Market Value Per Share									
Return on Assets									
Return on Equity									
Debt to Equity Ratio									
Current Ratio									
Debt to Capitalization Ratio									
Operating Margin									
Net Profit Margin									
Asset Turnover									
Equity Turnover									
Capital Turnover									
Operating Leverage									
Financial Leverage									
Operating Leverage Ratio									
Financial Leverage Ratio									
Operating Leverage Index									
Financial Leverage Index									
Operating Leverage Beta									
Financial Leverage Beta									
Operating Leverage Standard Deviation									
Financial Leverage Standard Deviation									
Operating Leverage Correlation									
Financial Leverage Correlation									
Operating Leverage Regression									
Financial Leverage Regression									
Operating Leverage Residuals									
Financial Leverage Residuals									
Operating Leverage Mean									
Financial Leverage Mean									
Operating Leverage Variance									
Financial Leverage Variance									
Operating Leverage Standard Error									
Financial Leverage Standard Error									
Operating Leverage Confidence Interval									
Financial Leverage Confidence Interval									
Operating Leverage Hypothesis Test									
Financial Leverage Hypothesis Test									
Operating Leverage P-Value									
Financial Leverage P-Value									
Operating Leverage Significance Level									
Financial Leverage Significance Level									
Operating Leverage Test Statistic									
Financial Leverage Test Statistic									
Operating Leverage Critical Value									
Financial Leverage Critical Value									
Operating Leverage Decision Rule									
Financial Leverage Decision Rule									
Operating Leverage Conclusion									
Financial Leverage Conclusion									
Operating Leverage Summary									
Financial Leverage Summary									
Operating Leverage Analysis									
Financial Leverage Analysis									
Operating Leverage Interpretation									
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Operating Leverage Recommendation									
Financial Leverage Recommendation									
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Table 1: Summary of Data									
Category		Sub-category			Value		Status		
ID	Name	Type	Unit	Value	Unit	Value	Unit	Value	Unit
1	Item 1	Category A	Unit 1	100	kg	100	kg	100	kg
2	Item 2	Category A	Unit 1	200	kg	200	kg	200	kg
3	Item 3	Category A	Unit 1	300	kg	300	kg	300	kg
4	Item 4	Category A	Unit 1	400	kg	400	kg	400	kg
5	Item 5	Category A	Unit 1	500	kg	500	kg	500	kg
6	Item 6	Category A	Unit 1	600	kg	600	kg	600	kg
7	Item 7	Category A	Unit 1	700	kg	700	kg	700	kg
8	Item 8	Category A	Unit 1	800	kg	800	kg	800	kg
9	Item 9	Category A	Unit 1	900	kg	900	kg	900	kg
10	Item 10	Category A	Unit 1	1000	kg	1000	kg	1000	kg
11	Item 11	Category B	Unit 2	100	kg	100	kg	100	kg
12	Item 12	Category B	Unit 2	200	kg	200	kg	200	kg
13	Item 13	Category B	Unit 2	300	kg	300	kg	300	kg
14	Item 14	Category B	Unit 2	400	kg	400	kg	400	kg
15	Item 15	Category B	Unit 2	500	kg	500	kg	500	kg
16	Item 16	Category B	Unit 2	600	kg	600	kg	600	kg
17	Item 17	Category B	Unit 2	700	kg	700	kg	700	kg
18	Item 18	Category B	Unit 2	800	kg	800	kg	800	kg
19	Item 19	Category B	Unit 2	900	kg	900	kg	900	kg
20	Item 20	Category B	Unit 2	1000	kg	1000	kg	1000	kg
21	Item 21	Category C	Unit 3	100	kg	100	kg	100	kg
22	Item 22	Category C	Unit 3	200	kg	200	kg	200	kg
23	Item 23	Category C	Unit 3	300	kg	300	kg	300	kg
24	Item 24	Category C	Unit 3	400	kg	400	kg	400	kg
25	Item 25	Category C	Unit 3	500	kg	500	kg	500	kg
26	Item 26	Category C	Unit 3	600	kg	600	kg	600	kg
27	Item 27	Category C	Unit 3	700	kg	700	kg	700	kg
28	Item 28	Category C	Unit 3	800	kg	800	kg	800	kg
29	Item 29	Category C	Unit 3	900	kg	900	kg	900	kg
30	Item 30	Category C	Unit 3	1000	kg	1000	kg	1000	kg
31	Item 31	Category D	Unit 4	100	kg	100	kg	100	kg
32	Item 32	Category D	Unit 4	200	kg	200	kg	200	kg
33	Item 33	Category D	Unit 4	300	kg	300	kg	300	kg
34	Item 34	Category D	Unit 4	400	kg	400	kg	400	kg
35	Item 35	Category D	Unit 4	500	kg	500	kg	500	kg
36	Item 36	Category D	Unit 4	600	kg	600	kg	600	kg
37	Item 37	Category D	Unit 4	700	kg	700	kg	700	kg
38	Item 38	Category D	Unit 4	800	kg	800	kg	800	kg
39	Item 39	Category D	Unit 4	900	kg	900	kg	900	kg
40	Item 40	Category D	Unit 4	1000	kg	1000	kg	1000	kg
41	Item 41	Category E	Unit 5	100	kg	100	kg	100	kg
42	Item 42	Category E	Unit 5	200	kg	200	kg	200	kg
43	Item 43	Category E	Unit 5	300	kg	300	kg	300	kg
44	Item 44	Category E	Unit 5	400	kg	400	kg	400	kg
45	Item 45	Category E	Unit 5	500	kg	500	kg	500	kg
46	Item 46	Category E	Unit 5	600	kg	600	kg	600	kg
47	Item 47	Category E	Unit 5	700	kg	700	kg	700	kg
48	Item 48	Category E	Unit 5	800	kg	800	kg	800	kg
49	Item 49	Category E	Unit 5	900	kg	900	kg	900	kg
50	Item 50	Category E	Unit 5	1000	kg	1000	kg	1000	kg
51	Item 51	Category F	Unit 6	100	kg	100	kg	100	kg
52	Item 52	Category F	Unit 6	200	kg	200	kg	200	kg
53	Item 53	Category F	Unit 6	300	kg	300	kg	300	kg
54	Item 54	Category F	Unit 6	400	kg	400	kg	400	kg
55	Item 55	Category F	Unit 6	500	kg	500	kg	500	kg
56	Item 56	Category F	Unit 6	600	kg	600	kg	600	kg
57	Item 57	Category F	Unit 6	700	kg	700	kg	700	kg
58	Item 58	Category F	Unit 6	800	kg	800	kg	800	kg
59	Item 59	Category F	Unit 6	900	kg	900	kg	900	kg
60	Item 60	Category F	Unit 6	1000	kg	1000	kg	1000	kg
61	Item 61	Category G	Unit 7	100	kg	100	kg	100	kg
62	Item 62	Category G	Unit 7	200	kg	200	kg	200	kg
63	Item 63	Category G	Unit 7	300	kg	300	kg	300	kg
64	Item 64	Category G	Unit 7	400	kg	400	kg	400	kg
65	Item 65	Category G	Unit 7	500	kg	500	kg	500	kg
66	Item 66	Category G	Unit 7	600	kg	600	kg	600	kg
67	Item 67	Category G	Unit 7	700	kg	700	kg	700	kg
68	Item 68	Category G	Unit 7	800	kg	800	kg	800	kg
69	Item 69	Category G	Unit 7	900	kg	900	kg	900	kg
70	Item 70	Category G	Unit 7	1000	kg	1000	kg	1000	kg
71	Item 71	Category H	Unit 8	100	kg	100	kg	100	kg
72	Item 72	Category H	Unit 8	200	kg	200	kg	200	kg
73	Item 73	Category H	Unit 8	300	kg	300	kg	300	kg
74	Item 74	Category H	Unit 8	400	kg	400	kg	400	kg
75	Item 75	Category H	Unit 8	500	kg	500	kg	500	kg
76	Item 76	Category H	Unit 8	600	kg	600	kg	600	kg
77	Item 77	Category H	Unit 8	700	kg	700	kg	700	kg
78	Item 78	Category H	Unit 8	800	kg	800	kg	800	kg
79	Item 79	Category H	Unit 8	900	kg	900	kg	900	kg
80	Item 80	Category H	Unit 8	1000	kg	1000	kg	1000	kg
81	Item 81	Category I	Unit 9	100	kg	100	kg	100	kg
82	Item 82	Category I	Unit 9	200	kg	200	kg	200	kg
83	Item 83	Category I	Unit 9	300	kg	300	kg	300	kg
84	Item 84	Category I	Unit 9	400	kg	400	kg	400	kg
85	Item 85	Category I	Unit 9	500	kg	500	kg	500	kg
86	Item 86	Category I	Unit 9	600	kg	600	kg	600	kg
87	Item 87	Category I	Unit 9	700	kg	700	kg	700	kg
88	Item 88	Category I	Unit 9	800	kg	800	kg	800	kg
89	Item 89	Category I	Unit 9	900	kg	900	kg	900	kg
90	Item 90	Category I	Unit 9	1000	kg	1000	kg	1000	kg
91	Item 91	Category J	Unit 10	100	kg	100	kg	100	kg
92	Item 92	Category J	Unit 10	200	kg	200	kg	200	kg
93	Item 93	Category J	Unit 10	300	kg	300	kg	300	kg
94	Item 94	Category J	Unit 10	400	kg	400	kg	400	kg
95	Item 95	Category J	Unit 10	500	kg	500	kg	500	kg
96	Item 96	Category J	Unit 10	600	kg	600	kg	600	kg
97	Item 97	Category J	Unit 10	700	kg	700	kg	700	kg
98	Item 98	Category J	Unit 10	800	kg	800	kg	800	kg
99	Item 99	Category J	Unit 10	900	kg	900	kg	900	kg
100	Item 100	Category J	Unit 10	1000	kg	1000	kg	1000	kg

[illegible]

Project Overview		Financial Summary		Operational Data		Compliance & Audit	
Project ID	Project Name	Budget (USD)	Actual Cost (USD)	Units Produced	Quality Score (%)	Compliance Status	Audit Findings
P001	Alpha Initiative	120000	115000	5000	98.5	Compliant	Minor issues
P002	Beta Initiative	80000	82000	3000	95.0	Compliant	None
P003	Gamma Initiative	150000	148000	7000	99.0	Compliant	Minor issues
P004	Delta Initiative	90000	91000	4000	96.0	Compliant	None
P005	Epsilon Initiative	110000	109000	6000	97.5	Compliant	Minor issues
P006	Zeta Initiative	70000	71000	2500	94.0	Compliant	None
P007	Eta Initiative	130000	128000	5500	98.0	Compliant	Minor issues
P008	Theta Initiative	60000	61000	2000	93.0	Compliant	None
P009	Iota Initiative	140000	139000	6500	98.5	Compliant	Minor issues
P010	Kappa Initiative	85000	86000	3500	95.5	Compliant	None
P011	Lambda Initiative	100000	99000	4500	97.0	Compliant	Minor issues
P012	Mu Initiative	75000	76000	2800	94.5	Compliant	None
P013	Nu Initiative	125000	124000	5200	98.0	Compliant	Minor issues
P014	Xi Initiative	65000	66000	2200	93.5	Compliant	None
P015	Omicron Initiative	135000	134000	5800	97.5	Compliant	Minor issues
P016	Pi Initiative	95000	96000	4200	96.5	Compliant	None
P017	Rho Initiative	115000	114000	5500	97.0	Compliant	Minor issues
P018	Sigma Initiative	80000	81000	3200	95.0	Compliant	None
P019	Tau Initiative	145000	144000	6200	98.5	Compliant	Minor issues
P020	Upsilon Initiative	70000	71000	2500	94.0	Compliant	None
P021	Phi Initiative	120000	119000	5000	98.0	Compliant	Minor issues
P022	Chi Initiative	90000	91000	4000	96.0	Compliant	None
P023	Psi Initiative	105000	104000	4800	97.0	Compliant	Minor issues
P024	Omega Initiative	75000	76000	2800	94.5	Compliant	None
P025	Alpha Initiative	120000	115000	5000	98.5	Compliant	Minor issues
P026	Beta Initiative	80000	82000	3000	95.0	Compliant	None
P027	Gamma Initiative	150000	148000	7000	99.0	Compliant	Minor issues
P028	Delta Initiative	90000	91000	4000	96.0	Compliant	None
P029	Epsilon Initiative	110000	109000	6000	97.5	Compliant	Minor issues
P030	Zeta Initiative	70000	71000	2500	94.0	Compliant	None
P031	Eta Initiative	130000	128000	5500	98.0	Compliant	Minor issues
P032	Theta Initiative	60000	61000	2000	93.0	Compliant	None
P033	Iota Initiative	140000	139000	6500	98.5	Compliant	Minor issues
P034	Kappa Initiative	85000	86000	3500	95.5	Compliant	None
P035	Lambda Initiative	100000	99000	4500	97.0	Compliant	Minor issues
P036	Mu Initiative	75000	76000	2800	94.5	Compliant	None
P037	Nu Initiative	125000	124000	5200	98.0	Compliant	Minor issues
P038	Xi Initiative	65000	66000	2200	93.5	Compliant	None
P039	Omicron Initiative	135000	134000	5800	97.5	Compliant	Minor issues
P040	Pi Initiative	95000	96000	4200	96.5	Compliant	None
P041	Rho Initiative	115000	114000	5500	97.0	Compliant	Minor issues
P042	Sigma Initiative	80000	81000	3200	95.0	Compliant	None
P043	Tau Initiative	145000	144000	6200	98.5	Compliant	Minor issues
P044	Upsilon Initiative	70000	71000	2500	94.0	Compliant	None
P045	Phi Initiative	120000	119000	5000	98.0	Compliant	Minor issues
P046	Chi Initiative	90000	91000	4000	96.0	Compliant	None
P047	Psi Initiative	105000	104000	4800	97.0	Compliant	Minor issues
P048	Omega Initiative	75000	76000	2800	94.5	Compliant	None
P049	Alpha Initiative	120000	115000	5000	98.5	Compliant	Minor issues
P050	Beta Initiative	80000	82000	3000	95.0	Compliant	None
P051	Gamma Initiative	150000	148000	7000	99.0	Compliant	Minor issues
P052	Delta Initiative	90000	91000	4000	96.0	Compliant	None
P053	Epsilon Initiative	110000	109000	6000	97.5	Compliant	Minor issues
P054	Zeta Initiative	70000	71000	2500	94.0	Compliant	None
P055	Eta Initiative	130000					



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Project Information		Financial Summary		Operational Data		Compliance & Audit	
Project ID	Project Name	Budget (USD)	Actual Cost (USD)	Units Produced	Quality Score	Audit Status	Last Audit Date
001	Alpha Project	1000000	980000	15000	95	Pass	2023-10-25
002	Beta Project	2500000	2600000	30000	88	Fail	2023-11-01
003	Gamma Project	500000	510000	8000	92	Pass	2023-10-15
004	Delta Project	750000	730000	12000	90	Pass	2023-11-10
005	Epsilon Project	1200000	1180000	20000	93	Pass	2023-10-20
006	Zeta Project	3000000	3100000	40000	85	Fail	2023-11-05
007	Eta Project	600000	620000	10000	91	Pass	2023-10-18
008	Theta Project	900000	890000	18000	94	Pass	2023-11-12
009	Iota Project	1500000	1550000	25000	87	Fail	2023-10-28
010	Kappa Project	400000	410000	6000	96	Pass	2023-11-03
011	Lambda Project	800000	790000	14000	92	Pass	2023-10-22
012	Mu Project	1100000	1120000	19000	89	Fail	2023-11-08
013	Nu Project	2000000	2050000	35000	86	Fail	2023-10-12
014	Xi Project	550000	560000	9000	93	Pass	2023-11-15
015	Omicron Project	700000	690000	11000	91	Pass	2023-10-27
016	Pi Project	1300000	1310000	22000	88	Fail	2023-11-02
017	Rho Project	450000	460000	7000	94	Pass	2023-10-17
018	Sigma Project	950000	940000	17000	90	Pass	2023-11-11
019	Tau Project	1600000	1630000	26000	87	Fail	2023-10-24
020	Upsilon Project	350000	360000	5000	97	Pass	2023-11-04
021	Phi Project	650000	640000	10500	92	Pass	2023-10-19
022	Chi Project	1050000	1060000	18500	89	Fail	2023-11-09
023	Psi Project	1800000	1820000	32000	86	Fail	2023-10-14
024	Omega Project	500000	510000	8500	93	Pass	2023-11-14
025	Alpha Project	750000	740000	13000	91	Pass	2023-10-26
026	Beta Project	1150000	1160000	21000	88	Fail	2023-11-06
027	Gamma Project	2200000	2250000	38000	85	Fail	2023-10-16
028	Delta Project	580000	590000	9500	94	Pass	2023-11-16
029	Epsilon Project	850000	840000	16000	90	Pass	2023-10-23
030	Zeta Project	1400000	1420000	24000	87	Fail	2023-11-07
031	Eta Project	380000	390000	6500	96	Pass	2023-10-13
032	Theta Project	680000	670000	11500	92	Pass	2023-11-13
033	Iota Project	1000000	1010000	19500	89	Fail	2023-10-21
034	Kappa Project	1700000	1730000	31000	86	Fail	2023-11-01
035	Lambda Project	420000	430000	7500	94	Pass	2023-10-11
036	Mu Project	780000	770000	13500	91	Pass	2023-11-17
037	Nu Project	1250000	1260000	23000	88	Fail	2023-10-29
038	Xi Project	2100000	2150000	36000	85	Fail	2023-11-04
039	Omicron Project	520000	530000	8800	93	Pass	2023-10-18
040	Pi Project	880000	870000	16500	90	Pass	2023-11-18
041	Rho Project	1550000	1580000	27000	87	Fail	2023-10-25
042	Sigma Project	320000	330000	5500	97	Pass	2023-11-05
043	Tau Project	620000	610000	10800	92	Pass	2023-10-20
044	Upsilon Project	1080000	1090000	19000	89	Fail	2023-11-10
045	Phi Project	1950000	1980000	33000	86	Fail	2023-10-15
046	Chi Project	480000	490000	8200	93	Pass	2023-11-15
047	Psi Project	820000	810000	15500	91	Pass	2023-10-27
048	Omega Project	1350000	1360000	22500	88	Fail	2023-11-02
049	Alpha Project	300000	310000	5000	96	Pass	2023-10-17

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# Cover Page

**HIOS Issuer ID:** 33871

**HIOS Product IDs:** 33871PA004, 33871PA012

This single PDF file contains two separate actuarial certifications for the unique plan designs under Issuer ID 33871. Please refer to all of the pages contained herein.

# Unique Plan Design Supporting Documentation and Justification

## ACTUARIAL MEMORANDUM

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**HIOS Issuer ID:** 33871

**HIOS Product IDs:** 33871PA004, 33871PA012

**Applicable HIOS Plan IDs (Standard Component):** 33871PA0040002, 33871PA0120002, 33871PA0120004, 33871PA0040014, 33871PA0040005, 33871PA0120005, 33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040010, 33871PA0040016.

### **Purpose of document:**

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

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

The cost sharing of inpatient hospital services for these plans is a combination of copays for facility claims and coinsurance for professional claims. Inpatient hospital services account for about 21% of allowed costs in the AV calculation.

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

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

33871PA0040005 and 33871PA0120005 have expected utilization of 39% in the third tier. 33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040010, and 33871PA0040016 have expected utilization of 41% in the third tier.

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

Method 156.135(b)(2) was used for combination of copays for primary care and specialist and the inpatient hospital cost sharing.

Method 156.135(b)(3) was used to accommodate the three-tier design.

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

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

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

For the inpatient hospital utilization, we used our commercial PPO and HMO data incurred between July 2019 and June 2020. However, due to COVID-19's disruption on utilization patterns and with the 2022 AV calculator being unchanged from the 2021 AV calculator, we have decided to use last year's assumptions.

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

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

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

***Primary Care Copay Differential***

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

	Cost - sharing		
HIOS_ID	PCP	Virtual PCP	AV Input
33871PA0040002, 33871PA0120002	\$35	\$25	\$ 33.50
33871PA0120004, 33871PA0040014	\$75	\$50	\$ 71.25
Tier 1: 33871PA0040005, 33871PA0120005	\$15	\$10	\$ 14.25
Tier 2: 33871PA0040005, 33871PA0120005	\$30	\$20	\$ 28.50
Tier 3: 33871PA0040005, 33871PA0120005	\$45	\$30	\$ 42.75
Tier 1: 33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040006-04	\$40	\$30	\$ 38.50
Tier 2: 33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040006-04	\$60	\$40	\$ 57.00
Tier 3: 33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040006-04	\$70	\$50	\$ 67.00
Tier 1: 33871PA0040010, 33871PA0040016, 33871PA0040010-04, 33871PA0040016-04	\$50	\$35	\$ 47.75
Tier 2: 33871PA0040010, 33871PA0040016, 33871PA0040010-04, 33871PA0040016-04	\$60	\$40	\$ 57.00
Tier 3: 33871PA0040010, 33871PA0040016, 33871PA0040010-04, 33871PA0040016-04	\$70	\$50	\$ 67.00
Tier 1: 33871PA0040006-05, 33871PA0040010-05, 33871PA0040016-05	\$20	\$15	\$ 19.25
Tier 2: 33871PA0040006-05, 33871PA0040010-05, 33871PA0040016-05	\$30	\$20	\$ 28.50
Tier 3: 33871PA0040006-05, 33871PA0040010-05, 33871PA0040016-05	\$40	\$30	\$ 38.50

HIOS_ID	Cost - sharing		AV Input
	PCP	Virtual PCP	
Tier 1: 33871PA0040006-06, 33871PA0040010-06, 33871PA0040016-06	\$5	\$0	\$ 4.25
Tier 2: 33871PA0040006-06, 33871PA0040010-06, 33871PA0040016-06	\$10	\$5	\$ 9.25
Tier 3: 33871PA0040006-06, 33871PA0040010-06, 33871PA0040016-06	\$20	\$15	\$ 19.25

### *Specialist Copay Differential*

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

HIOS_ID	Cost - sharing		AV Input
	SP	Virtual SP	
33871PA0040002, 33871PA0120002	\$65	\$45	\$ 63.00
33871PA0120004, 33871PA0040014	\$150	\$100	\$ 145.00
Tier 1: 33871PA0040005, 33871PA0120005	\$40	\$30	\$ 39.00
Tier 2: 33871PA0040005, 33871PA0120005	\$60	\$40	\$ 58.00
Tier 3: 33871PA0040005, 33871PA0120005	\$80	\$55	\$ 77.50
Tier 1: 33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040006-04	\$80	\$55	\$ 77.50
Tier 2: 33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040006-04	\$120	\$80	\$ 116.00
Tier 3: 33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040006-04	\$140	\$95	\$ 135.50
Tier 1: 33871PA0040010, 33871PA0040016, 33871PA0040010-04, 33871PA0040016-04	\$100	\$70	\$ 97.00
Tier 2: 33871PA0040010, 33871PA0040016, 33871PA0040010-04, 33871PA0040016-04	\$120	\$80	\$ 116.00
Tier 3: 33871PA0040010, 33871PA0040016, 33871PA0040010-04, 33871PA0040016-04	\$140	\$95	\$ 135.50
Tier 1: 33871PA0040006-05, 33871PA0040010-05, 33871PA0040016-05	\$40	\$30	\$ 39.00
Tier 2: 33871PA0040006-05, 33871PA0040010-05, 33871PA0040016-05	\$60	\$40	\$ 58.00
Tier 3: 33871PA0040006-05, 33871PA0040010-05, 33871PA0040016-05	\$80	\$55	\$ 77.50
Tier 1: 33871PA0040006-06, 33871PA0040010-06, 33871PA0040016-06	\$15	\$10	\$ 14.50
Tier 2: 33871PA0040006-06, 33871PA0040010-06, 33871PA0040016-06	\$20	\$15	\$ 19.50
Tier 3: 33871PA0040006-06, 33871PA0040010-06, 33871PA0040016-06	\$40	\$30	\$ 39.00

### ***Combination of Copays and Coinsurance for IP Hospital***

The copays for inpatient hospital facility claims were combined with the coinsurance on professional claims to calculate equivalent copays for inpatient claims.

First, we took the allowed PMPY inpatient costs and divided that by the utilization by admit PMPY to calculate the average cost per admit. We also took the utilization by day PMPY and divided that by the utilization by admit PMPY to calculate the average length of stay.

The average cost per admit was divided by the average length of stay to calculate the average cost per day. Based on our data, we assumed that 84% of the cost was from facility claims and the remaining 16% was from professional claims.

The professional coinsurance was multiplied by the professional portion of the daily inpatient cost to calculate equivalent daily copay for that piece. Because there is a 5-day maximum on our plans' inpatient copays, an effective copay factor was calculated by dividing the PMPY cost sharing from a \$100 per day inpatient copay with a 5-day maximum by the PMPY cost sharing from a \$100 per day inpatient copay without any maximum. The equivalent daily professional copay amount was then divided by this factor in order to determine the final professional copay reflecting a 5-day maximum.

The final professional copay was then added onto the facility copay in order to determine the equivalent overall IP hospital copay amount. The exhibit below shows this calculation.



HIOS IDs	33871PA0040002, 33871PA0120002	33871PA0120004, 33871PA0040014	33871PA0040005, 33871PA0120005	33871PA0040005, 33871PA0120005	33871PA0040006, 33871PA0040006-04, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040010, 33871PA0040010-04, 33871PA0040016, 33871PA0040016-04,	33871PA0040006, 33871PA0040006-04, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040010, 33871PA0040010-04, 33871PA0040016, 33871PA0040016-04,
<b>IP Cost Sharing</b>						
Facility	\$750	\$700	\$700	\$1,100	\$900	\$1,300
Professional	20%	50%	20%	30%	5%	10%
<b>AVC Continuance Table</b>						
	Gold	Bronze	Gold	Gold	Silver	Silver
PMPY for IP	\$1,516	\$1,144	\$1,516	\$1,516	\$1,236	\$1,236
Admit PMPY	0.06	0.05	0.06	0.06	0.06	0.06
Claim per Admit	\$23,897	\$23,982	\$23,897	\$23,897	\$22,251	\$22,251
Average LOS (days)	4.6	4.7	4.6	4.6	4.7	4.7
Effective Copay Factor for 5 days	0.46	0.50	0.46	0.46	0.49	0.49
<b>Assumption from Data</b>						
% Facility Cost	84%	84%	84%	84%	84%	84%
% Professional Cost	16%	16%	16%	16%	16%	16%
<b>Calculations</b>						
Professional Claim per Admit	\$3,823	\$3,837	\$3,823	\$3,823	\$3,560	\$3,560
Professional Claim per Day	\$824	\$823	\$824	\$824	\$750	\$750
Equiv. Copay per Day no max	\$165	\$412	\$165	\$247	\$38	\$75
Equiv. Copay per Day, 5-day max	\$356	\$828	\$356	\$534	\$77	\$154
Total Copay per Day, 5-day max	<b>\$1,106</b>	<b>\$1,528</b>	<b>\$1,056</b>	<b>\$1,634</b>	<b>\$977</b>	<b>\$1,454</b>

HIOS IDs	33871PA0040006-05, 33871PA0040010-05, 33871PA0040016-05	33871PA0040006-05, 33871PA0040010-05, 33871PA0040016-05	33871PA0040006-06, 33871PA0040010-06, 33871PA0040016-06	33871PA0040006-06, 33871PA0040010-06, 33871PA0040016-06
<b>IP Cost Sharing</b>				
Facility	\$500	\$900	\$250	\$500
Professional	5%	10%	5%	10%
<b>AVC Continuance Table</b>	Gold	Gold	Platinum	Platinum
PMPY for IP	\$1,516	\$1,516	\$1,383	\$1,383
Admit PMPY	0.06	0.06	0.06	0.06
Claim per Admit	\$23,897	\$23,897	\$22,490	\$22,490
Average LOS (days)	4.6	4.6	5.0	5.0
Effective Copay Factor for 5 days	0.46	0.46	0.48	0.48
<b>Assumption from Data</b>				
% Facility Cost	84%	84%	84%	84%
% Professional Cost	16%	16%	16%	16%
<b>Calculations</b>				
Professional Claim per Admit	\$3,823	\$3,823	\$3,598	\$3,598
Professional Claim per Day	\$824	\$824	\$725	\$725
Equiv. Copay per Day no max	\$41	\$82	\$36	\$73
Equiv. Copay per Day, 5-day max	\$89	\$178	\$76	\$152
Total Copay per Day, 5-day max	<b>\$589</b>	<b>\$1,078</b>	<b>\$326</b>	<b>\$652</b>

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

Using the AV calculator and the methods described above, we calculated the AV for each tier in each plan, as follows. Based on actual tier utilization experience incurred between July 2019 and June 2020, we projected expected utilization by tier for the plans. However, due to COVID-19's disruption on utilization patterns and with the 2022 AV calculator being unchanged from the 2021 AV calculator, we have decided to use last year's assumptions. The final AV for the plan was then calculated by taking the weighted average of the tier AVs using the utilization by tier. The following exhibits details this calculation.

<b>Utilization</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Total</b>
33871PA0040005, 33871PA0120005	48%	13%	39%	<b>100%</b>
33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040010, 33871PA0040016	50%	9%	41%	<b>100%</b>

	Actuarial Value			
<b>HIOS ID</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Average</b>
33871PA0040005, 33871PA0120005	80.55%	77.98%	76.77%	<b>78.74%</b>
33871PA0040006, 33871PA0120006	73.71%	70.17%	69.51%	<b>71.67%</b>
33871PA0040006-04	75.44%	72.89%	72.30%	<b>73.92%</b>
33871PA0040006-05	88.07%	87.23%	86.73%	<b>87.44%</b>
33871PA0040006-06	95.23%	91.48%	90.90%	<b>93.12%</b>
33871PA0120007	72.49%	70.17%	69.51%	<b>71.06%</b>
33871PA0120008	73.76%	70.24%	69.58%	<b>71.73%</b>
33871PA0040010	71.29%	69.85%	69.22%	<b>70.31%</b>
33871PA0040010-04	73.21%	72.57%	71.98%	<b>72.65%</b>
33871PA0040010-05	87.14%	86.91%	86.42%	<b>86.82%</b>
33871PA0040010-06	95.23%	91.48%	90.90%	<b>93.12%</b>
33871PA0040014	70.08%	69.48%	68.91%	<b>69.55%</b>
33871PA0040014-04	72.85%	72.54%	71.96%	<b>72.46%</b>
33871PA0040014-05	87.23%	86.90%	86.42%	<b>86.87%</b>
33871PA0040014-06	95.20%	91.48%	90.91%	<b>93.11%</b>

**Certification Language:**

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

The analysis was

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

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

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

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

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

AV screenshots redacted.

# Unique Plan Design Supporting Documentation and Justification

## ACTUARIAL MEMORANDUM

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**HIOS Issuer ID:** 33871

**HIOS Product IDs:** 33871PA012

**Applicable HIOS Plan IDs (Standard Component):** 33871PA0120003, 33871PA0040013, 33871PA0040015

### **Purpose of document:**

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

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

The cost sharing for outpatient facility fee varies by site of service. Services rendered at the office or a free-standing facility have 70% coinsurance, and services rendered by a hospital have 50% coinsurance. Outpatient facility fee accounts for roughly 14% of allowed costs in the AV calculation.

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

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

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

Method 156.135(b)(2) was used for combination of copays for primary care and specialist and the outpatient facility cost sharing.

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

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

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

For the freestanding and hospital utilization data for outpatient facility, we used our commercial PPO and HMO data incurred between July 2019 and June 2020. However, due to COVID-19's disruption on utilization patterns and with the 2022 AV calculator being unchanged from the 2021 AV calculator, we have decided to use last year's assumptions.

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

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

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

***Primary Care Copay Differential***

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

HIOS_ID	Cost - sharing		AV Input
	PCP	Virtual PCP	
33871PA0120003,33871PA0040013	\$35	\$25	\$ 33.50
33871PA0040015	\$40	\$30	\$ 38.50

***Specialist Copay Differential***

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

HIOS_ID	Cost - sharing		AV Input
	SP	Virtual SP	
33871PA0120003,33871PA0040013	\$70	\$50	\$ 68.00
33871PA0040015	\$80	\$55	\$ 77.50

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

The cost sharing entered the AV calculator is a weighted average of the 50% coinsurance at the hospital and 70% coinsurance at an ambulatory surgery center. The final coinsurance entered was 54.00%.



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

Not applicable.

**Certification Language:**

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

The analysis was

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

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

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

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

**Date:** \_\_\_\_\_ 05/14/2021

AV screenshots redacted.

A Reinsurance Morbidity Adjustment of 0.999 was used as requested in the guidance.  
An Individual Morbidity Adjustment of 1.01 was used as requested in the guidance.  
A COVID-19 Morbidity Adjustment of 1.052 was used in the rate calculation.

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

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

	2021 Filing	2022 Filing	Change
Age Factor	1.704	1.718	1.008
Geographic Factor	1.000	1.000	1.000
Tobacco Factor	1.014	1.004	0.991
Total change			0.999

No changes were assumed for this filing.

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

The network factor used for Keystone HMO was 1.100.

The network factor used for Proactive was 1.000.

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

Table 10 factors:	HMO	1.089
	Proactive	0.990

## REDACTION JUSTIFICATION

### DOCUMENT

#### URRT Part III – Federal Actuarial Memorandum

Redacted Name of opining actuary (page 8)

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

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

#### PA Actuarial Memorandum

Redacted Name of opining actuary (pages 7 and 8)

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

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

#### Cover Letter

Redacted names and contact information (page 2)

#### AV Screenshots

Entire File Redacted

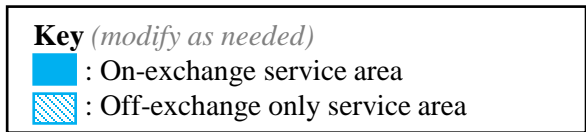
#### Unique AV Justification file

Redacted name of opining actuary (pages 10 and 69)

Redacted AV Screenshots (pages 11-65 and 70-78)




**Issuer: Keystone Health Plan East**  
**Market: Individual**



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

 : On-exchange service area

 : Off-exchange only service area

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

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

- a. Please explain and provide the quantitative development of the projected risk adjustment transfer amount PMPM equal to \$36.67.**

The calculation is shown on Tab Q1a of the "KHPE Consumer Response to June 10 Obj" excel worksheet.

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

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

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

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

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

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

Please refer to Tab Q2 of the "KHPE Consumer Response to June 10 Obj" excel worksheet.

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

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

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

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

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

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

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

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

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

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

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

Please refer to Tab Q6 of the “KHPE Consumer Response to June 10 Obj” excel worksheet.

- 7. For each month between January 2021 and the most recent date available (e.g., June 11, 2021), please provide the average count of Individual ACA enrollment, split by On-Exchange APTC, On-Exchange non-APTC, and Off-Exchange members. Please provide the enrollment data for each available month separately.**

Please see tab Q7 of the “KHPE Consumer Response to June 10 Obj” excel worksheet.

- 8. For the On-Exchange non-APTC members who are currently enrolled as of the most recent date available, please specify the percentage of those individuals that you expect will enroll through the Exchange in 2022 and take advantage of the enhanced and expanded subsidies as a result of ARPA.**

Cover Letter for Responses to June 10 Objection Letter – KHPE Consumer INAC-132818417  
Response Date June 22, 2021

We fully expect that all of the On-Exchange non-APTC members eligible to take advantage of potential subsidies enhanced through ARPA will do so. The Pennie website provides guidance to allow them to receive the subsidy.

- 9. For the Off-Exchange members who are currently enrolled as of the most recent date available, please specify the percentage of those individuals that you expect will enroll through the Exchange in 2022 and take advantage of the enhanced and expanded subsidies as a result of ARPA.**

Please see tab Q9 of the “KHPE Consumer Response to June 10 Obj” excel worksheet.

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

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

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

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

Please refer to Tab Q2 of the “KHPE Consumer Response to June 10 Obj” excel worksheet.

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

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

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

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

- 14. Please provide the quantitative impact and a narrative description of all significant factors driving the proposed rate increase. As an example, these factors could include:**
- Single risk pool experience which is more adverse than that assumed in the current rates
  - Medical inflation

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- **Increased utilization**
- **Prospective changes to benefits covered by the product or successor products**
- **New taxes and fees imposed on the issuer**
- **Anticipated changes in the average morbidity of the covered population that is market-wide, as opposed to issuer specific morbidity that is reflected in risk adjustment**

Please see tab Q14 of the “KHPE Consumer Response to June 10 Obj” excel worksheet.

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

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

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

Please see tab Q16 of the “KHPE Consumer Response to June 10 Obj” excel worksheet.

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

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

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

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

Please see tab Q18 of the “KHPE Consumer Response to June 10 Obj” excel worksheet. These values show the calculation of the values in Column C of Table 5. The values in Column D are blended with the values from KHPE, plus the network factor includes the adjustment to result in the appropriate rate differential between QCC and KHPE plans.

As noted in Q4, it is unlikely that this factor will remain constant over time, due to the impact of Risk Adjustment, as well as the mixes of the different provider networks offered by the two entities.

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

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

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

Please see tab Q20 of the “KHPE Consumer Response to June 10 Obj” excel worksheet.

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

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

**22. Please provide the methodology and assumptions used to determine the impact of the American Rescue Plan on the company’s projected morbidity and overall rating methodology and assumptions for plan year 2022, if any, including where in the rating methodology this impact is reflected.**

We do not anticipate significant morbidity nor impacts to the rating methodology in 2022 due to ARP. Since the ARP affected 2021 enrollment as well, we are anticipating similar enrollment in 2022 as we saw in 2021 after the passage of the ARP.

**23. The Department estimates a user fee of 3% for individual business, pro-rated to reflect the proportion of the total business issued on exchange. Please a worksheet showing the methodology and assumptions used to determine the exchange user fee of \$16.33 pmpm in Table 5, cell C32, as this number is hard-coded.**

The calculation is shown on Tab Q23 of the “KHPE Consumer Response to June 10 Obj” excel worksheet. We are anticipating that about 90% of enrollees will purchase On-Exchange coverage, which is reflected in the calculation. There is a small difference due to the calculation originally being before we completed our Actuarial Memo Rate Exhibits. We are justifying the data from the Rate Exhibits which produced a slightly different result.

**24. In instances where the CSR adjustment does not appear to be consistent with the metal level and exchange status of the plan, please provide an explanation for the non-funding of CSR adjustment factor shown in Column P of Table 10. If identical plans are being offered on and off exchange, indicate why this is preferable to a single plan offered on/off exchange.**

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Plans 33871PA0120003 and 33871PA0120006 are the off-exchange versions of Plans 33871PA0040013 and 33871PA0040006, respectively, and are rated consistently. The benefits in the on and off-exchange versions are identical with the exception of an elective abortion benefit contained in the off-exchange version. We followed guidance from CMS in filing them with separate HIOS ID numbers.

KHPE Consumer

Metal	BMMO	PLRS	ARF	GCF	IDF	AV	Product w Risk	Product w/o Risk	
Plat	-								
Gold	97,824	2.115	1.590		1.031	1.080	0.800	2.355	1.416
Silver	1,136,460	1.281	1.732		1.031	1.030	0.700	1.360	1.287
Bronze	104,676	0.715	1.684		1.031	1.000	0.600	0.737	1.041
Total	1,338,960	1.298	1.718		1.031	1.031	0.699	1.384	1.278
Est. StateWide Average		1.477	\$ 546.59	1.81	1.00	1.033	0.695	1.526	1.297

(36.67)



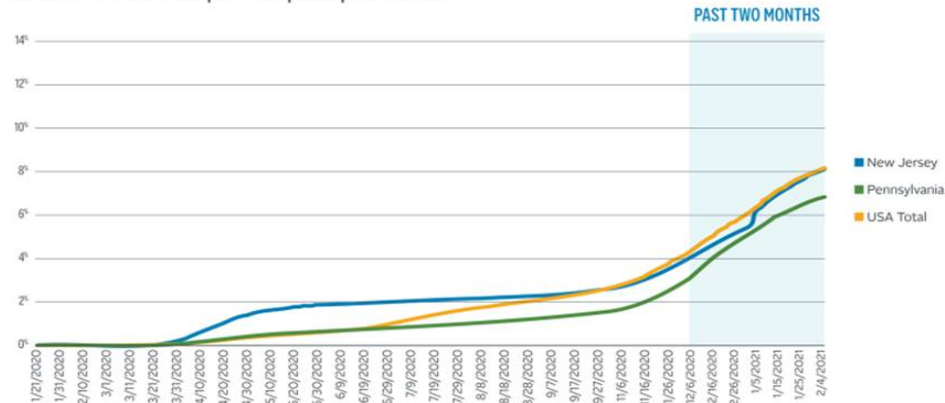
Entity - Unit cost trends (2a)	Segment	2018	2019	2020	2021
Comm1 KHPE - Consumer					
	Inpatient	2.2%	2.7%	3.8%	2.4%
	Outpatient	1.8%	2.4%	2.4%	2.2%
	Professional	1.1%	1.2%	1.5%	2.1%
	Capitation	0.8%	1.8%	1.8%	1.7%
	Total	1.6%	2.1%	2.5%	2.2%

#### KHPE Consumer - Actual (2b)

Member Months		PMPM Premium	PMPM Allowed Claims	PMPM Incurred Claims	Premium Trend	Allowed Claims Trend	Incurred Claims Trend	MAIR	
2017	1,733,943	\$ 479.47	\$ 366.19	\$ 322.23				\$ 549.23	
2018	1,799,423	\$ 600.04	\$ 367.94	\$ 320.01	25.1%	0.5%	-0.7%	\$ 570.78	3.9%
2019	1,526,270	\$ 590.37	\$ 405.31	\$ 352.78	-1.6%	10.2%	10.2%	\$ 566.75	-0.7% <- Membership differences
2020	1,306,255	\$ 610.71	\$ 401.89	\$ 366.31	3.4%	-0.8%	3.8%	\$ 571.03	0.8% <- Membership differences

## 2020 COVID-19 Directly related claims

COVID-19 Cases per Capita per State



Sources: State and local health agencies

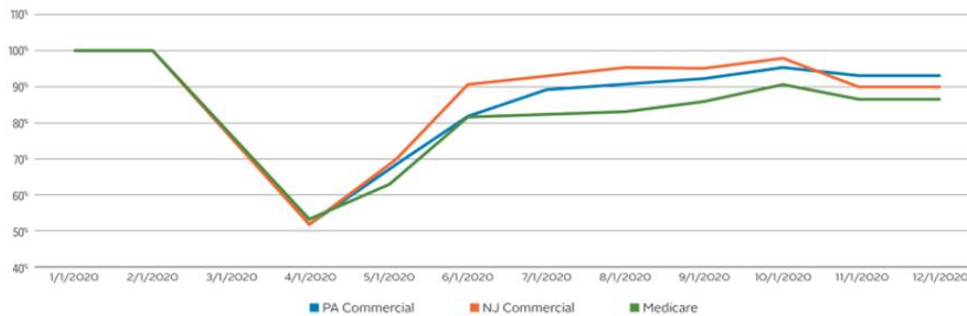
## 2020 Experience

### COVID Adjustment by Month

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

## Avoided and Deferred Care: 2020

% of Normal Paid Claims



5

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

<u>Consumer</u>					
	<u>Projected Lives</u>	<u>Age 21 rate</u>	<u>Premium</u>	<u>Network factor</u>	<u>Calibration factor</u>
QCC	41,995	\$ 359.41	\$621.11	1.350	1.728
KHPE	111,584	\$ 350.51	\$604.94	0.867	1.726
Composite Factor				1.0015	

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

	KHPE Consumer
Projected Claims PMPM (After Reinsurance)	\$ 506.41
Premium PMPM	\$ 604.94
Quality Improvement Expense PMPM	\$ 4.84
Exchange User Fee PMPM	\$ 16.33
HIF PMPM	\$ -
Federal Income Tax PMPM	\$ 3.07
Premium Tax PMPM	\$ -
Federal MLR	87.3%

Calendar Year	MLR		Member Months		
	Actual	Pricing	Actual	Pricing	
2017	77.9%	90.3%	1,733,943	1,559,132	
2018	70.1%	87.9%	1,799,423	1,816,320	<- Membership growth in certain plans lowered MLR by more than expected
2019	75.1%	82.2%	1,526,270	1,854,468	<- Membership losses in certain plans raised MLR by less than expected

KHPE Consumer

**FROM PID ENROLLMENT SURVEY (Does not include retroactive terminations)**

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Average
On Exchange	79,113	76,764	76,321	76,664	77,738	77,320
Off Exchange	35,567	35,444	35,163	34,960	34,385	35,104
Total	114,680	112,208	111,484	111,624	112,123	112,424
	69%	68%	68%	69%	69%	

**FROM APTC QUERY (includes YTD retroactive terminations)**

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Average
On APTC	67,560	70,070	70,025	70,794	71,112	69,912
On Non-APTC	6,499	5,570	5,217	5,244	6,617	5,829
Off	34,924	35,425	35,187	34,949	34,379	34,973
Total	108,983	111,065	110,429	110,987	112,108	110,714

Projection of off exchange members moving to on exchange in 2022.

Consumer Plans KHPE & QCC Combined

	As of Feb 2021	Projected 2022		
On	68.5%	89.6%	<==	Percentage of on exchange members assumed in user fee calculation
Off	31.5%	10.4%		
	100%	100%		

Percentage of off exchange members moving to on exchange: 67.0%

	<b>Change</b>
<b>Cost Trend</b>	4.29%
<b>Utilization Trend</b>	4.87%
<b>Benefit Changes</b>	0.90%
<b>Taxes &amp; Fees</b>	0.47%
<b>COVID - 2022 impact</b>	2.80%
<b>Actual vs. Expected</b>	-9.71%
<b>Rate Change</b>	3.64%



Administrative Expenses		13.79%
General and Claims	11.12%	
Agent/Broker Fees and Commissions	1.87%	
Quality Improvement Initiatives	0.80%	
Taxes and Fees		0.59%
RA User Fee	0.04%	
PCORI Fee	0.04%	
PA Premium Tax	0.00%	
Federal Income Tax	0.51%	
Health Insurance Providers Fee	0.00%	
Profit/Contingency		1.91%
Total Retention		16.29%

Change in Morbidity			Change in Demographic			Change in Network
Single Risk Pool	COVID-19 Impact	Change in Morbidity	2020 Avg Age Factor	2020 Avg Age Factor	Change in Demographic	Unnormalized Weighted Avg Network Factor
1.01	1.052	1.063	1.718	1.718	1.000	1.000

These plans satisfy the requirements by providing first dollar coverage (before deductible) as follows:

KHPE	<u><b>HIOS IDs</b></u>	<u><b>Plan Marketing Name</b></u>	<u><b>FDC Generic Rx</b></u>
	33871PA0120004, 33871PA0040014	Keystone HMO Bronze	X

Calculation of 2022 Exchange User Fee

User Fee = 3%

Projected Average Premium (KHPE and QCC Combined) =	\$ 609.36	\$ 604.94	111,584 KHPE
		\$ 621.11	41,995 QCC

Proportion of business on-exchange = 89.58%

Projected PMPM User Fee =	\$ 16.38
	\$ 16.33

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

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

Please see Tab Q1 of the "KHPE Consumer Response to July 6 Obj" excel worksheet.

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

We have updated the trends. The revised trends are 8.84%, down from 9.50% in the previous submission.

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

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

The scenarios were

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

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

4. The 'Q4' tab of the file "KHPE Consumer Response to June 10 Obj.xlsx" provides the network factors for QCC and KHPE but does not provide specific support for these factors. Please provide numerical support for the 1.350 network factor for QCC and the 0.867 network factor for KHPE. In providing your response, please also include a detailed description outlining how the estimated network factors were developed.

To be more consistent with our pricing methodology we have created Manual Data by pooling the experience of QCC with KHPE, as our companies are offering coverage to exactly the same

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populations geographically and customers may choose to enroll in plans from either entity. The pooling results in less difference and volatility in the claim trend rates between QCC and KHPE when kept separate. The network factor includes an adjustment that results in the appropriate rate differential between QCC and KHPE plans.

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

Please note that due to the change to the reinsurance parameters, we adjusted the QCC network factor to equal 1.343 to maintain the correct rate relationship with KHPE.

5. **The ‘Q6’ tab of the file “KHPE Consumer Response to June 10 Obj.xlsx” provides the actual and pricing MLRs for 2017 through 2019. In each year, the actual MLR is significantly lower than the pricing MLR. Please demonstrate how these results were taken into consideration in the development of the proposed rates to ensure that the actual MLR will align more closely with the pricing MLR in CY 2022.**

We start with the claims and premium for 2020 in the URRT and that is the basis for the starting point of our pricing. So any historic MLR favorability is adjusted for in the starting premium and claims.

**The following three questions were asked as Questions 7, 8, and 9 in Round 1; please provide updated information regarding these three items, or indicate that no updated information is available:**

6. **For each month between January 2021 and the most recent date available, please provide the average count of Individual ACA enrollment, split by On-Exchange APTC, On-Exchange non-APTC, and Off-Exchange members. Please provide the enrollment data for each available month separately.**

Please refer to Tab Q6 of the “KHPE Consumer Response to July 6 Obj” excel worksheet.

7. **For the On-Exchange non-APTC members who are currently enrolled as of the most recent date available, please specify the percentage of those individuals that you expect will enroll through the Exchange in 2022 and take advantage of the enhanced and expanded subsidies as a result of ARPA.**

We fully expect that all of the On-Exchange non-APTC members eligible to take advantage of potential subsidies enhanced through ARPA will do so. The Pennie website provides guidance to allow them to receive the subsidy.

8. **For the Off-Exchange members who are currently enrolled as of the most recent date available, please specify the percentage of those individuals that you expect will enroll through the Exchange in 2022 and take advantage of the enhanced and expanded subsidies as a result of ARPA.**

Consistent with our June 22 response, we anticipate that 67% of currently enrolled Off-Exchange members will enroll through the Exchange in 2022 and take advantage of the enhanced and expanded subsidies as a result of ARPA.

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

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

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

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

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

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

We have made this update.

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

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

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

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

- 14. In the PAAM Exhibits, II.a.Reins Table – Exp tab, please update the Coinsurance Rate, in cell E5, to 45%.**

We have made this update. Please note that we had entered 60% (1 – 40%) in our initial submission. This revision causes the impact of reinsurance to decrease and the resulting rates to increase. Instead of revising rates, we have offset this increase by reducing our trend assumption.

- 15. Please provide a list of any assumptions that have changed because of the change in the coinsurance rate indicating the rationale for and supporting the magnitude of the changes.**

We do not anticipate any additional changes to our assumptions resulting from the change in the coinsurance rate. As noted in our response to question 2, we did lower our trend assumption. As noted in response to question 4, we also updated our network factor.

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- 16. Please be aware that the final coinsurance parameters will be communicated on Friday, July 16th. The revised exhibits and rates will then be due on Tuesday, July 20th.**

We acknowledge receiving this information.

- 17. Please ensure that the 7/13/21 versions of the following items are posted in SERFF with your July 13th response to this data call.**

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

The updated components are included with this response.

- 18. As requested in Item 11 of the Round 1 data request, please provide an exhibit that quantitatively shows a comparison of the actual to projected claim cost PMPMs for calendar years 2017-2020. This chart should include columns for the year, actual claim costs, previously projected claim costs, and the percentage differential between the actual and projected costs.**

Please see tab Q18 of the “KHPE Consumer Response to July 6 Obj” excel worksheet.

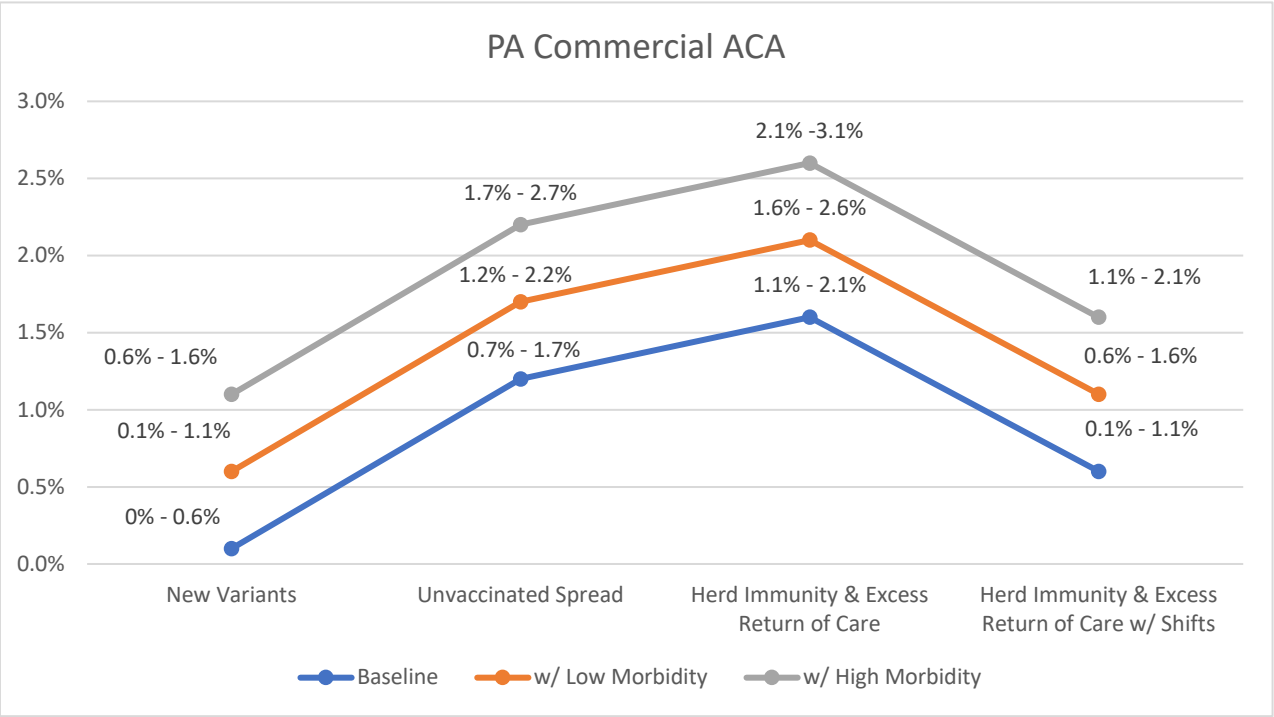
- 19. Regarding your response to Question 17, please provide further support for the assumption that the administrative expense percentage is higher in Philadelphia than in areas of the state, given the cost differences in various areas.**

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



KHPE Consumer

Metal	BMMO	PLRS	ARF	GCF	IDF	AV	Product w Risk	Product w/o Risk	
Plat	3,585	5.020	1.529		1.046	1.150	0.900	6.040	1.656
Gold	88,381	2.085	1.590		1.046	1.080	0.800	2.356	1.437
Silver	1,111,944	1.314	1.732		1.046	1.030	0.700	1.416	1.307
Bronze	102,355	0.623	1.684		1.046	1.000	0.600	0.652	1.057
Total	1,306,265	1.322	1.718		1.046	1.031	0.699	1.432	1.297
Est. StateWide Average		1.446	\$ 531.19	1.81	1.00	1.033	0.695	1.494	1.297



**FROM APTC QUERY (includes YTD retroactive terminations)**

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Average
On APTC	67,635	70,152	70,075	70,650	70,989	76,016	69,900
On Non-APTC	6,492	5,573	5,221	5,247	6,624	4,365	5,831
Off	34,913	35,409	35,167	34,928	34,341	33,237	34,952
Total	109,040	111,134	110,463	110,825	111,954	113,618	110,683

**KHPE Consumer**

Member Months		PMPM Premium	PMPM Allowed Claims	PMPM Incurred Claims	Premium Trend	Allowed Claims Trend	Incurred Claims Trend	MAIR	
2017	1,733,943	479.47	366.19	322.23				549.23	
2018	1,799,423	600.04	367.94	320.01	25.1%	0.5%	-0.7%	570.78	3.9%
2019	1,526,270	590.37	405.31	352.78	-1.6%	10.2%	10.2%	566.75	-0.7% <- Membership differences
2020	1,306,255	610.71	401.89	366.31	3.4%	-0.8%	3.8%	571.03	0.8% <- Membership differences

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

	<b>KHPE Consumer</b>	
<b>Projected Claims PMPM (After Reinsurance)</b>	\$	522.69
<b>Premium PMPM</b>	\$	604.94
<b>Quality Improvement Expense PMPM</b>	\$	4.84
<b>Exchange User Fee PMPM</b>	\$	16.33
<b>HIF PMPM</b>	\$	-
<b>Federal Income Tax PMPM</b>	\$	3.07
<b>Premium Tax PMPM</b>	\$	-
<b>Federal MLR</b>		90.1%

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

- 1. The response to Question 2 of the July 13th responses indicates that the pricing trend has been revised to 8.84%. However, it is still unclear how this pricing trend is consistent with the historical trend information provided in the ‘Q2’ tab of the file “KHPE Consumer Response to June 10 Obj.xlsx.” This historical trend information would suggest a trend more in line with 5.2%, calculated as the average annual allowed claims trend from 2017-2019. Please provide additional support demonstrating why the 8.84% trend is reasonable and why the company is comfortable with this assumption, given that information provided suggests that a significantly lower trend assumption would be more consistent with historical trend levels.**

We have provided additional trend information in Tab Q1 of the “KHPE Consumer Response to July 16 Obj” excel worksheet. This information does not include the impact of COVID. Our projected trends are more in line with the actual experience than the 5.2% mentioned above.

**The following item is the result of the Department’s review:**

- 2. Please revise the Attachment 1 and Public pdf exhibits so that the percentages shown in the “How it plans to spend your premium” are consistent with the figures shown in the filing, particularly Table 6 of the PAAME.**

We have revised the exhibits and included them with this response.

Historical & Projected Unit Cost

		2018	2019	2020	2021	2022
KHPE	Consumer	1.7%	2.1%	2.5%	2.2%	2.7%

Historical & Projected Utilization

		2019	2020	2021	2022
	Consumer	4.2%	9.6%	5.7%	4.8%

The Emerging Rx category includes new drugs including Lumevoq, which treats a rare eye condition (Leber hereditary optic neuropathy), estimated to cost \$750,000 per dose. Also included is Roctavian, for treatment of Hemophilia A, estimated to cost \$3,000,000 per dose.

Combined

		2019	2020	2021	2022
KHPE	Consumer	6.3%	12.3%	8.0%	7.6%

8.84% <== from AM Exhibit (Manual)

	<u>2021</u>	<u>2022</u>	<u>Annualize</u>
Unit	2.2%	2.7%	1.5%
Utilization	5.7%	4.8%	3.3%
Cap		-3.8%	-0.5%
Rx			3.8%
2022 Covid			2.8% <--Included in utilization trend (for consumer)
Total			8.3%
AM exhibit			8.8% <--Unit cost trend are lower than when we did pricing as mentioned on the call
Variance			0.5%



## Completeness and Redaction Justification Checklist

Issuer Name: Keystone Health Plan East  
 Market: Individual HMO  
 SERFF ID: INAC-132818417

TOC #	Description	Completed (Mark with "X")	Redaction Justification		
			Redacted (Y/N)	Page # in Public PDF	Justification submitted (Y/NA)
Federal Documents Required to Be Filed with PID					
A.2.	RFJ Part I - Unified Rate Review Template	X			
	RFJ Part II – Consumer Friendly Justification	X			
	RFJ Part III – Actuarial Memorandum	X	Y	32-40	Y
	Federal Rates Template	X			
Summary Documents/Confirmation of HIOS & SERFF Submissions					
A.2.B.	HIOS Submission	X			
A.2.C.	SERFF Submission	X			
A.2.D.	SERFF Rate/Rule Schedule Tab	X			
B.	Cover Letter & PA Bulletin Information	X			
C.	Rate Change Request Summary	X			
PA Actuarial Memorandum and Rate Exhibits					
D.1.A.	Company Information	X	Y	7	Y
D.1.B.	Rate History & Proposed Variation in Rate Changes	X	N	8	N/A
D.1.C.	Average Rate Change	X	N	8	N/A
D.1.D.	Membership Count	X	N	8	N/A
	<i>PA Act. Exhibits Table 1</i>	X	N	16	N/A
D.1.E.	Benefit Changes	X	N	8	N/A
D.1.F.	Experience Period Claims & Premium	X	N	8-9	N/A
	<i>PA Act. Exhibits Table 2</i>	X	N	16	N/A
D.1.G.	Credibility of Data	X	N	10	N/A
	<i>PA Act. Exhibits Tables 2b, 3b, 4b (if applicable)</i>	X	N	17	N/A
D.1.H.	Trend Identification	X	N	10	N/A
	<i>PA Act. Exhibits Table 3</i>	X	N	16	N/A
D.1.I.	Historical Experience	X	N	10-11	N/A
	<i>PA Act. Exhibits Table 4</i>	X	N	16	N/A
D.2.A.	Development of PAIR, MAIR and Total Allowed Claims	X	N	11-12	N/A
	<i>PA Act. Exhibits Table 5</i>	X	N	20	N/A
D.2.B.	Retention Items	X	N	12-13	N/A
	<i>PA Act. Exhibits Table 6</i>	X	N	20	N/A
D.2.C.	Normalized Market-Adjusted Projected Allowed Total Claims	X	N	13	N/A
	<i>PA Act. Exhibits Table 7</i>	X	N	20	N/A
D.2.D.	Components of Rate Change	X	N	13	N/A
	<i>PA Act. Exhibits Table 8</i>	X	N	20	N/A
	<i>PA Act. Exhibits Table 9</i>	X	N	20	N/A
D.3.	Plan Rate Development	X	N	13	N/A
	<i>PA Act. Exhibits Table 10</i>	X	N	21	N/A
D.4.	Plan Premium Development for 21-Year-Old Non-Tobacco User	X	N	14	N/A
	<i>PA Act. Exhibits Table 11</i>	X	N	22	N/A
D.5.A.	Age and Tobacco Factors	X	N	14	N/A
	<i>PA Act. Exhibits Table 12</i>	X	N	23	N/A
D.5.B.	Geographic Factors	X	N	14	N/A
	<i>PA Act. Exhibits Table 13</i>	X	N	23	N/A
D.5.C.	Network Factors	X	N	14	N/A
	<i>PA Act. Exhibits Table 14</i>	X	N	23	N/A
D.5.D.	Service Area Composition	X	N	14	N/A
D.5.E.	Composite Rating	X	N	14	N/A
D.6.	Actuarial Certifications	X	Y	14-15	Y
Additional Exhibits					
E.	Department Plan Design Summary & Rate Tables	X	N	24-26	N/A
	Service Area Map	X	N	72	N/A
Redaction Justification (must be submitted if any information is redacted)		X			Y