

| | | | |
|-----------------------------|--|------------------------|-------------------------------------|
| State: | Pennsylvania | Filing Company: | Capital Advantage Insurance Company |
| TOI/Sub-TOI: | H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense | | |
| Product Name: | Rates - CAIC Individual PPO | | |
| Project Name/Number: | / | | |

Supporting Document Schedules

| | |
|--------------------------|---|
| Satisfied - Item: | Public Rate Filing revised 08/15/18 |
| Comments: | |
| Attachment(s): | Ind_18-13_Revised_CAIC_PPO_PublicFiling01_Supporting_20180815.pdf Ind_18-13_Revised_CAIC_PPO_PublicFiling02_Supporting_20180815.pdf Ind_18-13_Revised_CAIC_PPO_PublicFiling03_Supporting_20180815.pdf Ind_18-13_Revised_CAIC_PPO_PublicFiling04_Supporting_20180815.pdf Ind_18-13_Revised_CAIC_PPO_PublicFiling05_Supporting_20180815.pdf |
| Item Status: | |
| Status Date: | |



May 18, 2018

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

**Re: Capital Advantage Insurance Company
Individual Rates
Filing No 18-13
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear ██████████:

By this filing Capital BlueCross, on behalf of its wholly owned subsidiary Capital Advantage Insurance Company, submits to the Department Individual Rates effective January 1, 2019.

The following is a summary of the rate filing:

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2019
- Average Rate Change Requested: -42.6%
- Range of Requested Rate Change: -42.6% to -42.6%
- Total additional annual revenue generated from the proposed rate change: \$(1,123,770)
- Product: PPO
- Rating Areas: 6, 7, 9
- Metal Levels: Catastrophic
- Current Covered Lives and Policyholders: 257/169
- 2019 Number of Plans: 1
- 2018 Number of Plans and Percent Change: 1/0%
- Contract Form #: CAIC-Ind-PPO-C-v0119
- Form Filing SERFF #: CABC-131454364
- Binder SERFF #: CABC-PA19-125079476
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-1216316734001166339

Harrisburg, PA 17177 | capbluecross.com

Please note that per instructions from the Insurance Department, 0.06 was added to the morbidity factor to account for the possible repeal of the individual mandate.

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

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

Sincerely,

[REDACTED]

[REDACTED], ASA, MAAA
Manager, Actuarial Services
Capital BlueCross

Enclosures

cc: [REDACTED], FSA, MAAA, Senior Director, Actuarial Services
[REDACTED], ASA, MAAA, Vice President and Chief Actuary, Actuarial Services
[REDACTED], Corporate Counsel

Attachment I

Rate Change Summary

Capital Advantage Insurance Company – Individual Plans

Rate request filing ID # CABC-131454888 - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at

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

Overview

| | |
|--|---|
| Initial requested average rate change: | -43.6% ¹ |
| Revised requested average rate change: | -43.2% |
| Range of requested rate change: | -43.2% to -43.2% |
| Effective date: | 1/1/2019 |
| People impacted: | 257 |
| Available in: | Rating Area 6, Rating Area 7, and Rating Area 9 |

Key information

Jan. 2017-Dec. 2017 financial experience

| | | |
|----------------------------|----|--------------------|
| Premiums | \$ | 570,416 |
| Claims | \$ | 827,271 |
| Administrative expenses | \$ | 76,820 |
| Taxes & fees | \$ | 152,711 |
| Company made (after taxes) | | \$(486,386) |

How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2019:

| | |
|-----------------|--------|
| Claims: | 83.11% |
| Administrative: | 12.47% |
| Taxes & fees: | 2.42% |
| Profit: | 2.0% |

The company expects its annual medical costs to increase **9.15%**.

Explanation of requested rate change

Stabilization of the Individual market in recent years
Suspension of the Health Insurer Fee in 2019
Anticipated increase in facility and physician unit costs
Anticipated changes in prescription drug unit costs
Continuing change in utilization

¹ Note that insurers will have the opportunity to revise their rate change request in July, after they are scheduled to receive updated information about the impact of a federal program called risk adjustment. This document will be updated accordingly at that time.



July 23, 2018

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

**Re: Capital Advantage Insurance Company
Individual Rates
Filing No 18-13
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear ██████████:

By this filing Capital BlueCross, on behalf of its wholly owned subsidiary Capital Advantage Insurance Company, submits to the Department Individual Rates effective January 1, 2019.

The following is a summary of the rate filing:

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2019
- Average Rate Change Requested: -43.2%
- Range of Requested Rate Change: -43.2% to -43.2%
- Total additional annual revenue generated from the proposed rate change: \$(1,142,157)
- Product: PPO
- Rating Areas: 6,7,9
- Metal Levels: Catastrophic
- Current Covered Lives and Policyholders: 257/169
- 2019 Number of Plans: 1
- 2018 Number of Plans and Percent Change: 1/0%
- Contract Form #: CAIC-Ind-PPO-C-v0119
- Form Filing SERFF #: CABC-131454364
- Binder SERFF #: CABC-PA19-125079476
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Harrisburg, PA 17177 | capbluecross.com

Please note that per instructions from the Insurance Department, 0.06 was added to the morbidity factor to account for the possible repeal of the individual mandate.

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

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

Sincerely,

[REDACTED]

[REDACTED], ASA, MAAA
Manager, Actuarial Services
Capital BlueCross

Enclosures

cc: [REDACTED], FSA, MAAA, Senior Director, Actuarial Services
[REDACTED], ASA, MAAA, Vice President and Chief Actuary, Actuarial Services
[REDACTED], Corporate Counsel

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

ACTUARIAL MEMORANDUM

Individual Rates

Effective January 1, 2019

General Information

Company Information

- Company Legal Name: Capital Advantage Insurance Company – CAIC
- State: PA
- HIOS Issuer ID: 82795
- Market: Individual
- Effective Date: 1/1/2019

PID Company Information

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2019
- Average Rate Change Requested: -43.2%
- Range of Requested Rate Change: -43.2% to -43.2%
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- Binder SERFF #: CABC-PA19-125079476
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-121631673400116633

Company Contact Information

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

Scope and Purpose

By this filing, Capital Advantage Insurance Company (CAIC), a subsidiary of Capital BlueCross (CBC), submits rates for products to be made available effective January 1, 2019. CAIC will only offer products off the federally-facilitated exchange.

Rate History and Proposed Variations in Rate Changes

| Market | Company | Effective Date | SERFF # | Annual Increase |
|------------|---------|----------------|----------------|-----------------|
| Individual | CAIC | 1/1/2015 | CABC-129649188 | 0.00% |
| Individual | CAIC | 1/1/2016 | CABC-130079084 | -2.10% |
| Individual | CAIC | 1/1/2017 | CABC-130539588 | 39.00% |
| Individual | CAIC | 1/1/2018 | CABC-131022047 | 20.20% |

Average Rate Change

CAIC is proposing an aggregate annual -43.2% rate change. The rate change does vary by plan. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

Regulatory Considerations

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

- Individual Mandate: 0.06 added to the morbidity factor.

Membership

Membership is shown in PA Rate Template Part I, Table 1. The average age is 46.

Benefit Changes 2018-2019

A summary of proposed 2019 benefits is included in Exhibit A.

There are several benefit changes being implemented in 2018. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). Any plan with a benefit change that did not meet the uniform modification of coverage standard was terminated, and a new plan was created in its place. Benefit changes by plan are listed in Exhibit B, highlighted in yellow.

CAIC has discontinued its Gatekeeper PPO product and is offering an off-exchange Catastrophic PPO plan in 2019.

Experience Period Premium and Claims

Single Risk Pool: The data used to develop rates and shown in the URRT abides by 45 CFR part 156.80(d) single risk pool requirements. The single risk pool reflects all covered lives for every non-grandfathered product/plan combination for CAIC in the individual market. The single risk pool includes transitional products/plans for purposes of base rate experience.

Base Experience Period: The base experience period (BEP) includes completed fee-for-service paid and incurred claims for dates of service between January 1, 2017 and December 31, 2017.

Paid Through Date: Claims in the BEP are paid through March 31, 2018

Premiums (net of MLR Rebate) in BEP: Premiums are calculated on an earned basis in the BEP. MLR rebate adjustments are equal to zero as CAIC does not expect to refund any MLR rebates in the BEP.

Allowed and Incurred Claims in BEP:

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

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

1. Historical fee-for-service claims are viewed by date of service and date of payment in a claims triangle.
2. The claims triangle payments are then accumulated by date of service to develop factors that represent the rate of accumulation or rate of "completion".
3. Historical rates of completion by duration are used to derive projected rates of completion. Some of the methods used to develop projected completion factors are averages (e.g. harmonic averages, time weighted averages, geometric averages) and regression methods. Numerous items are considered when viewing these averages or regression statistics, such as the impact of high claims on perceived completion patterns.
4. For durations that exhibit a projected completion factor greater than the Valuation Actuary's chosen threshold (e.g. 80% complete), cumulative paid and incurred claims are divided by the projected completion factor to arrive at ultimate incurred claims. For durations that are less than the chosen threshold, a projection methodology is used. Similar

to completion factor development, projection methodologies are worthy of a lengthy discussion. In general, an ultimate incurred claims PMPM is derived by projecting a recent 12-month period to the current month(s) and seasonally adjusting.

5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

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

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

Risk Adjustment in BEP: Risk adjustment amounts in the BEP are equal to those reported by the Department on 5/9/2018.

Loss Ratio in BEP: Loss ratio is 145.03%

Credibility of Data

CAIC individual data is not credible, so CBC subsidiary, Keystone Health Plan Central (KHPC) is used as the credibility manual. KHPC data is relevant to CAIC rate development because KHPC offers off-exchange Bronze and Catastrophic plans, similar to CAIC's 2019 product offering.

Trend Identification

Trend: 11.3%

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

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

1. Base Cost/ Change in hospital and physician contracting: The contracted increase in reimbursements to hospitals and physicians is the basis of cost trends. CBC uses the following to project future costs:
 - a. Vendor Physician Cost Model and Internal Hospital Contracting Model
 - i. The medical cost models use best estimates of Capital BlueCross (CBC)'s future contracting increases with physicians and hospitals. The models use cost estimates based on varying contract effective dates by physician and hospital. All facilities and providers are considered in this modeling

effort (i.e. acute and non-acute, network and non-network, inpatient and outpatient, in- area and out-of-area). From there, a monthly anticipated cost (assuming static utilization) summary is produced which can be used in projecting future claims costs. Cost trends are determined at the CBC book of business level for all commercial business.

- b. Internal Prescription Drug Trend Model
 - i. Price Inflation
 - ii. Contract Pricing
 - iii. Member Cost-Sharing
 - iv. Units per Script
 - v. Brand/Generic Mix
 - vi. Therapeutic Mix
 - vii. Cost per Script
- 2. Utilization Considerations:
 - a. Intensity of medical services rendered
 - b. Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
 - c. Further migration from brand prescription drugs to generic prescription drugs
 - d. Favorable impacts of value based benefits designs
 - e. Induced Utilization: Induced utilization is CBC's best estimate for increased utilization in the individual market due to unknown future regulatory changes. CBC predicts that consumers will use more services in 2019 due to unknown coverage status in 2020.
 - f. Medical utilization estimates reviewed by CBC's Chief Medical Officer
- 3. Leveraging: The trend model is based on allowed cost increases. Paid claims trend at a higher rate than allowed due to leveraging. Leveraging is the impact of static cost-share, such as deductibles, to the paid trend. Estimated leveraging is calculated in Exhibit E1.
 - o Estimated costs are based on average plan benefit value in the month, calculated using CBC's internal benefit model.
 - o CBC expects the average benefit level in 2019 to be similar to current month, 201803.
 - o As of 201803, on average, Individual members pay 44.8% of costs, while CBC pays 55.2%. So for example,
 - \$2,000 in annual allowed claims results in member pay = \$896, and CBC pay = \$1,104.
 - \$2,000 trends at 5.5% = \$2,110
 - Member pay is fixed at \$896
 - CBC pay = 2,110 – 896 = \$1,214
 - Total CBC trend = 1,214/1,104 -1 = 10%
 - o With an allowed trend of 5.5%, and static cost-share, leveraging will add an additional 4.5% to trend.
- 4. Intensity: Intensity is defined as the amount of inputs used to provide each unit of service. This can best be seen in an example:

Year 2018

| <u>Type of Service</u> | <u>Units</u> | <u>Cost per Unit</u> |
|------------------------|--------------|----------------------|
| X-Ray | 1 | \$200 |
| MRI | 1 | \$5,000 |
| Total | 2 | \$5,200 |

Year 2019

| <u>Type of Service</u> | <u>Units</u> | <u>Cost per Unit</u> |
|------------------------|--------------|----------------------|
| X-Ray | 0 | \$200 |
| MRI | 2 | \$5,000 |
| Total | 2 | \$10,000 |

| | |
|--------------------|-----|
| Total Annual Trend | 92% |
|--------------------|-----|

5. **Underwriting Cycle:** The underwriting cycle is defined as the tendency to swing between profitable and unprofitable periods over time. The underwriting cycle is exacerbated partly by pricing performed with incomplete information as to the level of current experience trends. A reaction delay occurs, as carriers tend to rely on measurements of past experience in developing current pricing assumptions. As a result, carriers are often increasing their pricing trends when actual experience trends have begun to decline, and decreasing their pricing trends actual trends are increasing. CAIC strives to mitigate the underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

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

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

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

Rate Development & Change

Projection Factors

Changes in Morbidity: Found in URRT Worksheet 1, "Pop'l risk Morbidity", and PA Rate Template Table 5.

The changes to morbidity incorporate both the Department's Individual Mandate factor discussed above, and changes to the population going from Bronze and Catastrophic experience to Catastrophic in the projection period. The additional morbidity change factor calculated in Exhibit F.

Changes in Benefits: Benefit changes are not applied to allowed claims as allowed should stay consistent from 2017 to 2019. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from CBC's internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

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

Changes in Network: No network adjustment is applied.

Other Adjustments: No other adjustment is applied.

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

Index Rate

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

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

To calculate the projected index rate:

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

See Exhibit J for the Index Rate.

Paid to Allowed Ratio

CAIC used the prescribed URRT allowed claim rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. The URRT projects allowed claims, and uses a paid-to-allowed ratio in order to adjust allowed claims to paid levels. This value is then used to develop premiums. In order to determine the paid-to-

allowed ratio, CAIC projected paid and incurred claims, adjusted for benefits, to the experience period.

Projected Paid and Incurred Claims are calculated as follows:

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

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

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

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

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

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

Trended Claim PMPM

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

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

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

The *Benefit Adjustment*, *Morbidity Adjustment*, and *Other Adjustment* are discussed in the Projections Factors section above.

6. Develop *Projected Claims PMPM by Benefit* as follows:

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

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

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

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

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

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

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

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

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

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

- b. And to arrive at the *Total Projected Claims PMPM*, CAIC assumes a distribution of members across the benefit plans being offered in 2019. The *Total Projected Claims PMPM* :

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

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

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

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

Risk Adjustment

Projected Risk Adjustments PMPM:

Relevant to 2019 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2019. The pricing impact is:

$$[\text{Net Projected Risk Adjustments PMPM}] \\ = [\text{Projected CRA Transfer PMPM}] - [\text{Risk Adjustment Fee PMPM}]$$

The following items are those that we deem important in generating a CRA payment transfer adjustment:

1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
2. Statewide average premiums
3. Current market penetration of this company and competitors in the market and in the state
4. 2016-2017 risk adjustment results
5. Market improvement in coding risk: CBC's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that CBC is disadvantaged in the market. This will drive CBC's relative risk to the market down over time.

To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.13 PMPM. The Risk Adjustment Fee PMPM is included in the URRT Worksheet 1, "Projected Risk Adjustments PMPM", and is found on Exhibit K.

Market Adjusted Index Rate

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

$$\begin{aligned} & [\textit{Market Adjusted Index Rate}] \\ &= ([\textit{Index Rate}] \times [\textit{Paid to Allowed Ratio}] \\ &\quad - [\textit{Net Projected ACA Reinsurance Recoveries}] \\ &\quad - [\textit{Net Projected Risk Adjustments PMPM}] + [\textit{Exchange Fees PMPM}]) \\ &\quad \div [\textit{Paid to Allowed Ratio}] \end{aligned}$$

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

Retention Items

Administrative Expense Load:

1. Administrative Expense: Calculated using an allocation method from CBC's Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to CAIC Individual products. Administrative expenses are included in the URRT Worksheet 1, "Administrative Load", and PA Rate Template Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.
2. Broker Expense: Calculated based on CAIC's explicit per contract broker fee. Broker Expense is included in the URRT Worksheet 1, "Administrative Load", and PA Rate Template Table 6. CAIC pays commissions for new business and renewal enrollment received during open enrollment, both on and off exchange, and in all geographic areas. Commission is less on catastrophic plans due to the lower premium. CAIC does not pay commission during Special Enrollment Periods (SEP). The 2019 broker commission schedule is yet to be finalized. Attached please find the 1/1/2018 copy of the broker agreement – redacted version. Files are as follows:
 - a. Redacted Agent Agreement: "Ind_18-13_Initial_CAIC_PPO_WBEBrokerIndRedacted_Supporting_20180518.pdf"
 - b. Redacted Preferred Producer Master Agreement: "Ind_18-13_Initial_CAIC_PPO_PPMABrokerIndRedacted_Supporting_20180518.pdf"
3. Member Out-Of-Pocket (OOP) and Ways to Save:
 - a. Description: These products offer enhanced transparency to cost savings potential both prospectively and retrospectively. These are new services included in each

of CAIC's plans that work to decrease costs by engaging members in their health care decisions. The Member OOP program will show a member, prospectively, the value of a service and the impact of member cost-sharing when that service is incurred. It allows a member to shop for the best price while introducing transparency related to the member's expected cost share at the time of service. The "Ways to Save" program allows members to receive alerts, retrospectively, informing them of cost savings that could have been incurred had they have known about competing medical providers in the area. The alerts are retrospective and offer transparency around member's healthcare options.

- b. Costs: Costs are aggregated into CBC's total administrative expense above. No additional fee is charged. The cost is approximately \$0.25 PMPM. Included in the URRT Worksheet 1, "Administrative Load", and PA Rate Template Table 6.
4. Value-Based Benefits (VBB): Standard with each plan, Capital BlueCross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
 - a. Complete Health Risk Assessment questionnaire and receive a gift card.
 - b. Participate in an online coaching program and receive a gift card reward.
 - c. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
 - d. Included in the URRT Worksheet 1, "Administrative Load", and PA Rate Template Table 6.
5. Identity Theft Coverage: Identity protection offering will include the following components:
 - a. Credit monitoring – Monitors activity that may affect credit
 - b. Fraud detection – Identifies potentially fraudulent use of identity or credit
 - c. Fraud resolution support – Assists members in addressing issues that arise in relation to credit monitoring and fraud detection
 - d. Included in the URRT Worksheet 1, "Administrative Load", and PA Rate Template Table 6.
6. Additional Quality Improvement: The Final Notice of Benefit and Payment Parameters (NBPP) for 2019 finalized the rule to allow issuers to apply a standard 0.8% of premium for quality improvement (QI) measures in the MLR calculation. Total QI amounts applied in rating equal 0.8%.

Profit (or Contribution to Surplus) & Risk Margin:

7. Contingency: Contingency is included in the URRT Worksheet 1, "Profit and Risk", and PA Rate Template Table 6.

Taxes and Fees:

1. Health Insurer Fee (HIF) – Section 9010 of PPACA and Section 1406 of the Reconciliation Act (which modified PPACA) refers to HIF. The fee is a fixed-dollar amount distributed across health insurance providers. This fee has been suspended for 2019.

2. Exchange Fee – All issuers participating in a federally-facilitated exchange will remit 3.5% of premium to HHS. The exchange user fee is applied as an adjustment to the Index Rate at the market level. The calculation and amount is found in Exhibit K. The amount is also found in PA Rate Template, Table 5.
3. Federal Income Tax: Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in the URRT Worksheet 1, “Taxes and Fees”, and PA Rate Template, Table 6.

See Exhibit H for all retention values.

Plan Rate Development

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

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

1. Actuarial Value and Cost Sharing adjustment: The Actuarial Value and Cost Sharing Adjustment is determined using CAIC’s actuarial cost model. CAIC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a claim PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on CPDs, where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
2. Induced Demand: Please see Table 8
3. Provider Network: The Provider network is the same across all PPO plans. A network factor is applied to the EPO plan.
 - a. The Capital Advantage EPO plan is a plan built around Pinnacle Health’s delivery system and is available in Cumberland, Dauphin, and Perry counties.
 - b. See Exhibit O1 for the development of the network factor.
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Catastrophic Plans: Applied to catastrophic plans to reflect lower morbidity.
6. Adjustment for distribution and administrative costs: Described in Non-Benefit Expenses and Profit & Risk section above.
7. Tobacco Adjustment: Calculated as the average tobacco factor applied across the risk pool.

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

Plan Premium Development for 21-Year-Old Non-Tobacco User

Age Curve Calibration: The average age factor is calculated by taking the member-weighted average of current individual enrollment by age in CAIC. Age factors are applied in accordance with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file Ind_18-12_Initial_CAIC_PPO_List-Billed_Supporting_20180518 for the calculation.

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

Geographic Factors: CAIC performed regional analysis to quantify the cost difference between the three regions in our service area. The analysis gathered allowed claims in a 12-month period by region, normalized for demographics. We then compared the claim cost for each of the three regions, and found cost differentials between the regions, mostly due to differences in hospital contracting between regions. The data from the analysis is found in Exhibit Q.

Tobacco Factor Calibration: Average tobacco factor is calculated using 2017 member and smoking status data.

The calibration is:

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

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

Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

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

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

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

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

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

AV Metal Values

The AV Metal Values included in Worksheet 2 of the URRT were based on the federally issued AV Calculator.

AV Pricing Values

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

Projected Loss Ratio

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

Membership Projection

The membership projections found in Worksheet 2 of the URRT were developed by assuming that moderate growth and similar distribution to current.

Attachments and Examples

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

PA Rate Template Part I through Part V

Table 8

Exhibit A – Benefit Summary
Exhibit B – Benefit Change Summary
Exhibit C – Benefit Categories
Exhibit D – Benefit Mix
Exhibit E – Trend
Exhibit F – URRT
Exhibit F1 - Leveraging
Exhibit G – Paid-to-Allowed Development
Exhibit G1 – Transitional Data
Exhibit H – Retention
Exhibit I – Projected Loss Ratio
Exhibit J – Index Rate
Exhibit K – Market Adjusted Index Rate
Exhibit L – Rate Development by Plan
Exhibit M – Plan Adjusted Index Rates

Exhibit N – Calibration
Exhibit O – Rating Factors
Exhibit P – Quarterly Base Rates
Exhibit Q – Regional Analysis

Broker Contracts
List-Billed Data

Actuarial Statement

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

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

1. This filing has been prepared in accordance with the following:
 - a. Actuarial Standard of Practice No. 5, “Health and Disability Claims”
 - b. Actuarial Standard of Practice No. 8, “Regulatory Filings for Rates and Financial Projections for Health Plans”
 - c. Actuarial Standard of Practice No. 12, “Risk Classification”
 - d. Actuarial Standard of Practice No. 23, “Data Quality”
 - e. Actuarial Standard of Practice No. 25, “Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverage”
 - f. Actuarial Standard of Practice No. 26, “Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans”
 - g. Actuarial Standard of Practice No. 41, “Actuarial Communications”.
2. The index rate is:
 - a. Projected in compliance with all applicable state and federal statutes and regulations (45 CFR 156.80(d) (1)).
 - b. Developed in compliance with the applicable Actuarial Standards of Practice.
 - c. Reasonable in relation to the benefits provided and the population anticipated to be covered.
 - d. Neither excessive nor deficient.
 - e. Adjusted by only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) to generate plan level rates.
3. The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.
4. The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans, and in accordance with CFR 156.135(b)(2) as necessary. For any plan requiring an alternative method, the

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

- a. The analysis was
 - i. conducted by a member of the American Academy of Actuaries, and
 - ii. performed in accordance with generally accepted actuarial principles and methods.
5. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
6. New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
7. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2019 Rate Filing Justification.



██████████, ASA, MAAA
Actuarial Associate
Capital BlueCross

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identifying Information

| | |
|--------------------------------|-------------------------------------|
| Carrier Name: | Capital Advantage Insurance Company |
| Product(s): | PPO |
| Market Segment: | Individual |
| Rate Effective Date: | 1/1/2019 |
| Base Period Start Date | 1/1/2017 |
| Date of Most Recent Membership | 2/1/2018 |

to 12/31/2019
to 12/31/2017

Table 1. Number of Members

| | Member-months Experience Period | Members Current Period (as of 02-01-2018) | Member months Projected Rating Period |
|-------------|------------------------------------|---|--|
| Average Age | 43.4 | 46.2 | 46.2 |
| Total | 1,816 | 257 | 2,609 |
| 17 <18 | 219 | 28 | 284 |
| 18-24 | 68 | 11 | 112 |
| 25-29 | 90 | 8 | 81 |
| 30-34 | 96 | 13 | 132 |
| 35-39 | 157 | 10 | 102 |
| 40-44 | 194 | 17 | 173 |
| 45-49 | 171 | 17 | 173 |
| 50-54 | 218 | 38 | 386 |
| 55-59 | 281 | 46 | 467 |
| 60-64 | 231 | 51 | 518 |
| 65+ | 87 | 16 | 162 |

*Tables 1, 2 and 4 must include data for all non-grandfathered business (ACA compliant and Transitional)

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-EBB portion of Allowed Claims | Total Prescription Drug Rebates* | Total EHB Capitation | Total Non-EHB Capitation | Estimated Risk Adjustment |
|---|---------------|--------------------------|---------------|--|--------------------------------|--------------------------------------|----------------------------------|----------------------|--------------------------|---------------------------|
| \$ 1,138,110.05 | \$ 840,201.28 | \$ 841,790.30 | 1,816 | \$ 186,512.02 | \$ 1,028,302.32 | \$ - | \$ (14,519.61) | \$ - | \$ - | \$ (567,695.00) |
| Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates) | | | | | | | | | | \$ 158.23 |
| Loss Ratio | | | | | | | | | | \$ 345.03% |

*Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

| Service Category | Cost* | Utilization* | Induced Demand* | Composite URR Trend ** | Weight* |
|---------------------------------------|--------|--------------|-----------------|------------------------|---------|
| Inpatient Hospital | 7.28% | 0.00% | 1.00% | 8.36% | 19.58% |
| Outpatient Hospital | 7.05% | 0.00% | 1.00% | 8.11% | 14.81% |
| Professional | 5.43% | 1.00% | 1.00% | 7.57% | 29.00% |
| Other Medical | 7.04% | 0.00% | 1.00% | 8.11% | 4.60% |
| Capitation | | | | 3.00% | 3.71% |
| Prescription Drugs | 11.18% | 0.82% | 1.00% | 14.23% | 20.20% |
| Total Annual Trend | | | | 9.15% | 100.00% |
| Months of Trend | | | | 24 | |
| Total Applied Trend Projection Factor | | | | 1.191 | |

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

** Should = URR Trend

Table 4. Historical Experience

| Month-Year | Total Annual Premium | Incurred Claims | Completion Factors* | Ultimate Incurred Claims | Members | Ultimate Incurred PMPM | Estimated Annual Cost Sharing (Member + HHS) | Prescription Drug Rebates** | Allowed Claims (Net of Prescription Drug Rebates) | Allowed PMPM |
|------------|----------------------|-----------------|---------------------|--------------------------|---------|------------------------|---|-----------------------------|--|--------------|
| 201401 | | \$ 3,206,010.09 | 1.000% | \$ 3,206,010.09 | 13,791 | \$ 232.47 | | \$ (12,657.11) | \$ 3,514,797.95 | \$ 254.86 |
| 201402 | | \$ 2,840,261.77 | 1.000% | \$ 2,840,261.77 | 13,110 | \$ 213.89 | | \$ (8,388.81) | \$ 2,871,115.84 | \$ 215.86 |
| 201403 | | \$ 3,618,095.81 | 1.000% | \$ 3,618,095.81 | 12,792 | \$ 282.84 | | \$ (11,551.07) | \$ 3,761,115.89 | \$ 294.02 |
| 201404 | | \$ 3,067,249.97 | 1.000% | \$ 3,067,249.97 | 10,851 | \$ 282.62 | | \$ (15,941.72) | \$ 3,723,425.15 | \$ 343.08 |
| 201405 | | \$ 2,454,418.00 | 1.000% | \$ 2,454,418.00 | 10,674 | \$ 229.95 | | \$ (9,157.80) | \$ 3,086,381.54 | \$ 289.34 |
| 201406 | | \$ 2,514,497.01 | 1.000% | \$ 2,514,497.01 | 10,477 | \$ 240.00 | | \$ (16,832.61) | \$ 3,111,781.60 | \$ 297.01 |
| 201407 | | \$ 2,602,365.81 | 1.000% | \$ 2,602,365.81 | 10,306 | \$ 252.51 | | \$ (20,353.73) | \$ 3,182,624.15 | \$ 308.81 |
| 201408 | | \$ 2,964,213.21 | 1.000% | \$ 2,964,213.21 | 10,154 | \$ 291.93 | | \$ (19,960.92) | \$ 3,515,772.38 | \$ 346.25 |
| 201409 | | \$ 2,663,569.44 | 1.000% | \$ 2,663,569.44 | 10,014 | \$ 265.98 | | \$ (11,720.06) | \$ 3,115,602.61 | \$ 311.52 |
| 201410 | | \$ 2,943,553.37 | 1.000% | \$ 2,943,553.37 | 9,893 | \$ 297.54 | | \$ (21,706.02) | \$ 3,525,626.66 | \$ 356.17 |
| 201411 | | \$ 2,619,800.26 | 1.000% | \$ 2,619,800.26 | 9,753 | \$ 268.61 | | \$ (19,282.03) | \$ 3,135,222.56 | \$ 321.46 |
| 201412 | \$ 34,597,855.00 | \$ 3,633,785.90 | 1.000% | \$ 3,633,785.90 | 9,660 | \$ 376.17 | \$ (7,682,495.00) | \$ (50,759.88) | \$ 4,143,782.21 | \$ 428.96 |
| 201501 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201502 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201503 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201504 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201505 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201506 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201507 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201508 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201509 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201510 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201511 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201512 | | | #DIV/0! | | | #DIV/0! | | | | #DIV/0! |
| 201601 | | \$ 24.20 | 1.000% | \$ 24.20 | 10 | \$ 2.42 | | \$ (17.17) | \$ 482.53 | \$ 48.25 |
| 201602 | | \$ 645.09 | 1.000% | \$ 645.12 | 10 | \$ 64.51 | | \$ (56.24) | \$ 1,120.76 | \$ 113.08 |
| 201603 | | | 1.000% | | 14 | | | | \$ 10.89 | \$ 0.78 |
| 201604 | | \$ 75.65 | 1.000% | \$ 75.65 | 14 | \$ 5.40 | | | \$ 204.20 | \$ 14.59 |
| 201605 | | | 1.000% | | 14 | | | | \$ 8.72 | \$ 0.62 |
| 201606 | | \$ 730.28 | 0.998% | \$ 730.99 | 14 | \$ 52.21 | | \$ (20.06) | \$ 1,156.39 | \$ 85.46 |
| 201607 | | \$ 861.13 | 0.996% | \$ 864.44 | 12 | \$ 72.04 | | \$ (15.07) | \$ 2,360.58 | \$ 196.72 |
| 201608 | | \$ 2,034.24 | 0.999% | \$ 2,034.74 | 12 | \$ 169.56 | | | \$ 2,383.37 | \$ 198.60 |
| 201609 | | \$ 342.91 | 0.999% | \$ 342.96 | 14 | \$ 24.50 | | | \$ 688.72 | \$ 53.48 |
| 201610 | | \$ 678.64 | 0.999% | \$ 678.75 | 15 | \$ 45.25 | | | \$ 1,035.87 | \$ 69.00 |
| 201611 | | \$ 423.17 | 0.999% | \$ 423.32 | 15 | \$ 28.22 | | | \$ 1,321.85 | \$ 88.12 |
| 201612 | \$ 74,955.32 | \$ 860.73 | 0.999% | \$ 860.38 | 16 | \$ 53.77 | \$ 7,898.52 | | \$ 2,786.49 | \$ 169.12 |
| 201701 | | \$ 95,866.75 | 1.000% | \$ 95,870.79 | 164 | \$ 584.98 | | \$ (1,041.59) | \$ 114,933.83 | \$ 700.81 |
| 201702 | | \$ 183,194.79 | 1.000% | \$ 183,198.85 | 167 | \$ 1,097.00 | | | \$ 193,128.44 | \$ 1,156.46 |
| 201703 | | \$ 209,513.62 | 0.999% | \$ 209,529.25 | 170 | \$ 1,235.47 | | | \$ 286,168.42 | \$ 1,684.52 |
| 201704 | | \$ 24,417.71 | 0.999% | \$ 24,453.60 | 159 | \$ 153.80 | | | \$ 41,860.44 | \$ 261.31 |
| 201705 | | \$ 32,167.08 | 0.998% | \$ 32,404.87 | 157 | \$ 206.40 | | | \$ 48,958.52 | \$ 311.84 |
| 201706 | | \$ 41,081.50 | 0.999% | \$ 41,159.29 | 150 | \$ 274.40 | | | \$ 58,669.44 | \$ 391.13 |
| 201707 | | \$ 35,812.00 | 0.997% | \$ 35,891.98 | 148 | \$ 242.51 | | | \$ 1,522.61 | \$ 329.72 |
| 201708 | | \$ 21,870.44 | 0.998% | \$ 21,915.20 | 141 | \$ 155.43 | | | \$ 1,441.04 | \$ 206.73 |
| 201709 | | \$ 69,605.84 | 0.998% | \$ 69,896.16 | 142 | \$ 492.23 | | | \$ 83,518.34 | \$ 588.16 |
| 201710 | | \$ 19,123.15 | 0.998% | \$ 19,196.86 | 142 | \$ 135.19 | | | \$ 1,241.54 | \$ 235.83 |
| 201711 | | \$ 35,386.39 | 0.987% | \$ 35,638.04 | 144 | \$ 246.79 | | | \$ 52,225.96 | \$ 357.79 |
| 201712 | \$ 1,138,110.05 | \$ 27,951.47 | 0.976% | \$ 28,635.41 | 132 | \$ 216.93 | \$ 186,512.02 | \$ (1,265.83) | \$ 42,697.53 | \$ 323.47 |

* Express Completion Factor as a percentage

**Express Prescription Drug Rebates as a negative number

Carrier Name: Capital Advantage Insurance Company
 Product(s): PPO
 Market Segment: Individual
 Rate Effective Date: 1/1/2019

Table 2b. Manual Experience Period Claims and Premiums

| Earned Premium | Paid Claims | Ultimate Incurred Claims | Member Months | Estimated Cost Sharing (Member & HHS) | Allowed Claims (Non-Capitated) | Non-EHB portion of Allowed Claims | Total Prescription Drug Rebates* | Total EHB Capitation | Total Non-EHB Capitation | Estimated Risk Adjustment |
|---|-----------------|--------------------------|---------------|---------------------------------------|--------------------------------|-----------------------------------|----------------------------------|----------------------|--------------------------|---------------------------|
| \$ 15,424,640.86 | \$ 6,102,797.15 | \$ 6,481,932.00 | 32,931 | \$ 3,086,650.59 | \$ 9,220,965.63 | | \$ (211,352.14) | \$ 347,616.96 | \$ - | \$ (5,734,115.00) |
| Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates) | | | | | | | | | | |
| Loss Ratio | | | | | | | | | | 68.30% |

*Express Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

| Service Category | Cost* | Utilization* | Induced Utilization* | Composite URRY Trend** | Weight* |
|---------------------------------------|--------|--------------|----------------------|------------------------|---------|
| Inpatient Hospital | 7.28% | 0.00% | 1.00% | 8.36% | 19.58% |
| Outpatient Hospital | 7.04% | 0.00% | 1.00% | 8.11% | 34.83% |
| Professional | 5.45% | 1.00% | 1.00% | 7.57% | 16.96% |
| Other Medical | 7.04% | 0.00% | 1.00% | 8.11% | 4.66% |
| Capitation | | | | 3.00% | 3.71% |
| Prescription Drugs | 12.18% | 0.82% | 1.00% | 14.23% | 20.26% |
| Total Annual Trend | | | | 9.15% | 100.00% |
| Months of Trend | | | | 24 | |
| Total Applied Trend Projection Factor | | | | 1.191 | |

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

** Should = URRY Trend

Table 4b. Historical Manual Experience

| Month-Year | Total Annual Premium | Incurred Claims | Completion Factors* | Ultimate Incurred Claims | Members | Ultimate Incurred PMPM | Estimated Annual Cost Sharing (Member + HHS) | Prescription Drug Rebates** | Allowed Claims (Net of Prescription Drug Rebates) | Allowed PMPM |
|------------|----------------------|------------------|---------------------|--------------------------|---------|------------------------|--|-----------------------------|---|--------------|
| 201401 | \$ | \$ 134,270.88 | 1.0000 | \$ 134,270.00 | 402 | \$ 334.00 | | \$ (1,301) | \$ 155,879 | \$ 412.63 |
| 201402 | \$ | \$ 498,545.84 | 1.0000 | \$ 498,545.00 | 515 | \$ 968.05 | | \$ (2,443) | \$ 541,130 | \$ 1,050.74 |
| 201403 | \$ | \$ 495,149.05 | 1.0000 | \$ 495,149.00 | 647 | \$ 765.30 | | \$ (3,120) | \$ 555,878 | \$ 859.16 |
| 201404 | \$ | \$ 299,915.17 | 1.0000 | \$ 299,916.00 | 1,006 | \$ 298.13 | | \$ (516) | \$ 374,634 | \$ 372.40 |
| 201405 | \$ | \$ 415,728.89 | 1.0000 | \$ 415,728.00 | 1,439 | \$ 288.90 | | \$ (409) | \$ 487,657 | \$ 338.89 |
| 201406 | \$ | \$ 247,144.17 | 1.0000 | \$ 247,144.00 | 1,418 | \$ 174.29 | | \$ (309) | \$ 323,404 | \$ 228.07 |
| 201407 | \$ | \$ 385,727.54 | 1.0000 | \$ 385,728.00 | 1,406 | \$ 274.34 | | \$ (526) | \$ 462,529 | \$ 328.97 |
| 201408 | \$ | \$ 297,347.72 | 1.0000 | \$ 297,348.00 | 1,268 | \$ 234.50 | | \$ (525) | \$ 364,592 | \$ 287.53 |
| 201409 | \$ | \$ 496,334.71 | 1.0000 | \$ 496,338.00 | 1,247 | \$ 398.03 | | \$ (24,957) | \$ 547,650 | \$ 439.17 |
| 201410 | \$ | \$ 532,214.07 | 1.0000 | \$ 532,222.00 | 1,214 | \$ 438.40 | | \$ (941) | \$ 609,496 | \$ 502.06 |
| 201411 | \$ | \$ 256,265.17 | 1.0000 | \$ 256,270.00 | 1,171 | \$ 218.85 | | \$ (848) | \$ 295,309 | \$ 252.19 |
| 201412 | \$ 3,952,282.00 | \$ 568,697.05 | 1.0000 | \$ 568,704.00 | 1,132 | \$ 502.39 | \$ 1,073,482.80 | \$ (16,571) | \$ 616,686 | \$ 544.78 |
| 201501 | \$ | \$ 729,311.26 | 1.0000 | \$ 729,320.17 | 1,783 | \$ 409.04 | | \$ (1,448) | \$ 1,165,471 | \$ 653.66 |
| 201502 | \$ | \$ 773,878.25 | 1.0000 | \$ 773,887.71 | 2,150 | \$ 359.95 | | \$ (2,298) | \$ 1,491,676 | \$ 693.80 |
| 201503 | \$ | \$ 718,948.96 | 1.0000 | \$ 718,957.75 | 2,822 | \$ 254.77 | | \$ (60,635) | \$ 1,587,965 | \$ 562.71 |
| 201504 | \$ | \$ 790,077.13 | 1.0000 | \$ 790,086.79 | 2,761 | \$ 286.16 | | \$ (9,383) | \$ 1,892,420 | \$ 685.41 |
| 201505 | \$ | \$ 805,070.04 | 1.0000 | \$ 805,079.88 | 2,717 | \$ 296.31 | | \$ (14,866) | \$ 2,002,013 | \$ 736.85 |
| 201506 | \$ | \$ 773,738.75 | 1.0000 | \$ 773,738.21 | 2,702 | \$ 286.36 | | \$ (134,954) | \$ 1,490,857 | \$ 551.76 |
| 201507 | \$ | \$ 992,610.10 | 1.0000 | \$ 992,622.23 | 2,650 | \$ 374.57 | | \$ (12,160) | \$ 1,871,481 | \$ 706.22 |
| 201508 | \$ | \$ 776,246.82 | 1.0000 | \$ 776,256.31 | 2,625 | \$ 295.72 | | \$ (10,868) | \$ 1,732,962 | \$ 660.18 |
| 201509 | \$ | \$ 845,440.81 | 1.0000 | \$ 845,451.14 | 2,627 | \$ 321.83 | | \$ (136,754) | \$ 875,901 | \$ 333.42 |
| 201510 | \$ | \$ 758,189.96 | 1.0000 | \$ 758,199.23 | 2,562 | \$ 295.94 | | \$ (5,616) | \$ 868,090 | \$ 338.83 |
| 201511 | \$ | \$ 996,676.20 | 1.0000 | \$ 996,688.38 | 2,565 | \$ 388.57 | | \$ (4,128) | \$ 1,103,170 | \$ 430.09 |
| 201512 | \$ 8,532,932.38 | \$ 986,323.35 | 1.0000 | \$ 986,335.40 | 2,522 | \$ 391.09 | \$ 2,233,666.68 | \$ (156,847) | \$ 947,983 | \$ 375.89 |
| 201601 | \$ | \$ 6,120,965.25 | 0.9193 | \$ 6,658,151.17 | 31,433 | \$ 211.82 | | \$ (174,314) | \$ 9,131,855 | \$ 290.52 |
| 201602 | \$ | \$ 7,784,406.47 | 0.9310 | \$ 8,361,358.88 | 34,349 | \$ 243.42 | | \$ (311,148) | \$ 11,207,725 | \$ 326.29 |
| 201603 | \$ | \$ 10,963,903.32 | 0.9468 | \$ 11,579,764.26 | 36,771 | \$ 314.92 | | \$ (327,982) | \$ 14,982,059 | \$ 407.44 |
| 201604 | \$ | \$ 9,893,138.11 | 0.9413 | \$ 10,510,067.94 | 36,815 | \$ 285.48 | | \$ (335,719) | \$ 13,694,625 | \$ 371.98 |
| 201605 | \$ | \$ 10,330,524.97 | 0.9446 | \$ 10,936,626.80 | 36,131 | \$ 302.69 | | \$ (334,828) | \$ 13,975,340 | \$ 386.80 |
| 201606 | \$ | \$ 11,311,274.78 | 0.9527 | \$ 11,873,464.09 | 35,495 | \$ 334.51 | | \$ (346,541) | \$ 14,733,356 | \$ 415.08 |
| 201607 | \$ | \$ 10,168,747.44 | 0.9452 | \$ 10,758,411.28 | 34,920 | \$ 308.09 | | \$ (316,315) | \$ 13,654,585 | \$ 391.02 |
| 201608 | \$ | \$ 9,177,123.06 | 0.9442 | \$ 9,719,646.27 | 34,373 | \$ 282.77 | | \$ (366,880) | \$ 12,530,431 | \$ 364.54 |
| 201609 | \$ | \$ 8,952,635.24 | 0.9436 | \$ 9,487,498.54 | 33,916 | \$ 279.74 | | \$ (338,516) | \$ 12,138,339 | \$ 357.89 |
| 201610 | \$ | \$ 9,868,462.16 | 0.9500 | \$ 10,387,314.47 | 32,975 | \$ 315.01 | | \$ (385,881) | \$ 12,892,131 | \$ 390.97 |
| 201611 | \$ | \$ 10,724,976.55 | 0.9544 | \$ 11,236,915.95 | 32,179 | \$ 349.20 | | \$ (459,398) | \$ 13,692,148 | \$ 425.50 |
| 201612 | \$ 143,617,456.10 | \$ 10,430,851.05 | 0.9551 | \$ 10,821,582.42 | 30,666 | \$ 356.15 | \$ 37,744,026.00 | \$ (443,239) | \$ 13,401,475 | \$ 437.01 |
| 201701 | \$ | \$ 241,135.14 | 0.8861 | \$ 272,142.68 | 2,922 | \$ 93.14 | | \$ (12,097) | \$ 601,370 | \$ 205.81 |
| 201702 | \$ | \$ 303,707.01 | 0.9050 | \$ 335,590.45 | 3,020 | \$ 111.12 | | \$ (14,463) | \$ 604,144 | \$ 200.05 |
| 201703 | \$ | \$ 818,448.57 | 0.9622 | \$ 850,576.36 | 3,010 | \$ 282.58 | | \$ (15,494) | \$ 1,104,649 | \$ 366.99 |
| 201704 | \$ | \$ 313,942.24 | 0.9098 | \$ 345,053.12 | 2,929 | \$ 117.81 | | \$ (15,064) | \$ 632,951 | \$ 216.10 |
| 201705 | \$ | \$ 684,527.94 | 0.9568 | \$ 715,468.64 | 2,836 | \$ 252.28 | | \$ (27,090) | \$ 994,110 | \$ 350.53 |
| 201706 | \$ | \$ 696,537.76 | 0.9584 | \$ 726,747.49 | 2,762 | \$ 263.12 | | \$ (27,911) | \$ 1,034,142 | \$ 374.42 |
| 201707 | \$ | \$ 318,246.03 | 0.9154 | \$ 347,660.03 | 2,717 | \$ 127.96 | | \$ (29,038) | \$ 550,290 | \$ 202.54 |
| 201708 | \$ | \$ 463,857.47 | 0.9407 | \$ 493,099.84 | 2,660 | \$ 185.38 | | \$ (12,765) | \$ 702,025 | \$ 263.92 |
| 201709 | \$ | \$ 455,551.81 | 0.9389 | \$ 485,177.86 | 2,621 | \$ 185.11 | | \$ (13,521) | \$ 643,559 | \$ 245.54 |
| 201710 | \$ | \$ 436,529.07 | 0.9377 | \$ 465,547.50 | 2,556 | \$ 182.14 | | \$ (14,099) | \$ 652,183 | \$ 255.16 |
| 201711 | \$ | \$ 522,902.18 | 0.9427 | \$ 554,683.37 | 2,505 | \$ 221.43 | | \$ (14,235) | \$ 738,871 | \$ 294.96 |
| 201712 | \$ 15,424,640.86 | \$ 847,411.93 | 0.9520 | \$ 890,184.66 | 2,393 | \$ 372.00 | \$ 3,086,650.59 | \$ (15,575) | \$ 1,098,935 | \$ 459.23 |

* Express Completion Factor as a percentage

** Express Prescription Drug Rebates as a negative number

PA Rate Template Part II
Rate Development and Change

Carrier Name: Capital Advantage Insurance Company
Product(s): PPO
Market Segment: Individual
Rate Effective Date: 1/1/2019

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

| Development of the Projected Index Rate | Actual Experience Data | Manual Data | | |
|---|------------------------|-------------|--|----------|
| Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates) PMPM | \$ 558.25 | \$ 284.15 | < Actual Experience | \$284.15 |
| Two year trend projection factor | 1.191 | 1.191 | | |
| Unadjusted Projected Allowed EHB Claims PMPM | \$ 665.10 | \$ 338.53 | | |
| Single Risk Pool Adjustment Factors | | | | |
| Change in Morbidity | 1.060 | 1.060 | < See URRT Instructions | |
| Change in Other | 1.016 | 1.016 | < See URRT Instructions | |
| Change in Demographics | 1.000 | 1.000 | < See URRT Instructions | |
| Change in Network | 1.016 | 1.016 | < See URRT Instructions | |
| Change in Benefits | 1.000 | 1.000 | < See URRT Instructions | |
| Change in Other | 1.000 | 1.000 | < See URRT Instructions | |
| Total Adjusted Projected Allowed EHB Claims PMPM | \$ 716.47 | \$ 364.68 | | |
| Credibility Factors | 0% | 100% | < See Instructions | |
| Blended Projected EHB Claims PMPM | | \$ 364.68 | < Projected Index | \$364.68 |
| Development of the Market-Adjusted Index Rate and Total Allowed Claims | | | | |
| Adjusted Projected Allowed EHB Claims PMPM | \$ 364.68 | | < Index Rate for Projection Period on URRT - Individual or First Quarter Small Group | |
| Adjusted Projected Allowed EHB Claims PMPM [will only populate for small group filings] | \$ 0.423 | | < Paid to Allowed Average Factor in Projection Period on URRT | |
| Projected Paid to Allowed Ratio | | | | |
| Projected Paid EHB Claims PMPM | \$ 154.42 | | | |
| Market-wide Adjustments | | | | |
| Projected Risk Adjustment PMPM | \$ (191.67) | | | |
| Projected Paid Exchange User Fees PMPM | \$ | | | |
| Market-Adjusted Projected Paid EHB Claims PMPM | \$ 346.09 | | | |
| Market-Adjusted Projected Allowed EHB Claims PMPM | \$ 817.31 | | < Market-Adjusted Index | \$17.31 |
| Projected Allowed Non-EHB Claims PMPM | \$ - | | | |
| Market-Adjusted Projected Paid Total Claims PMPM | \$ 346.09 | | | |
| Market-Adjusted Projected Allowed Total Claims PMPM | \$ 817.31 | | | |

Table 6. Retention

| Retention Items - Express in percentages | Percentages | PMPM Amounts | |
|--|-------------|--------------|---|
| Administrative Expenses | 12.47% | \$51.94 | |
| General and Claims | 9.66% | \$40.25 | |
| Agent/Broker Fees and Commissions | 1.15% | \$4.80 | |
| Quality Improvement Initiatives | 1.50% | \$6.29 | |
| Taxes and Fees | 2.42% | \$10.08 | |
| PCORI Fees | 0.00% | \$0.00 | |
| PA Premium Tax (if applicable) | 2.00% | \$8.33 | |
| Federal Income Tax | 0.42% | \$1.75 | |
| Health Insurance Provider's Fee (Prorated for Small Groups only) | 0.00% | \$0.00 | |
| Profit/Contingency (after tax) | 2.00% | \$8.33 | |
| Total Retention | 16.89% | \$70.34 | |
| Projected Required Revenue PMPM | \$ 416.43 | | < Single Pool Gross Premium Avg. Rate, PMPM on URRT |

Table 8. Components of Rate Change

| Rate Components | 2018 | 2019 | Difference | Percent Change |
|---|-------------|-------------|------------|----------------|
| A. Calibrated Plan Adjusted Index Rate (PMPM) | \$ 438.75 | \$ 248.99 | -\$189.76 | -43.2% |
| B. Base period allowed claims before normalization | \$ 593.01 | \$ 284.15 | -\$308.86 | -70.4% |
| C. Normalization factor component of change | \$ (246.38) | \$ (116.97) | \$129.41 | 29.5% |
| D. Change in Normalized Allowed Claims Adjustment Components | | | | |
| D1. Base period allowed claims after normalization | \$ 346.63 | \$ 167.18 | -\$179.46 | -40.9% |
| D2. URRT Trend | \$ 98.24 | \$ 32.00 | -\$66.24 | -15.1% |
| D3. URRT Morbidity | \$ 42.12 | \$ 11.95 | -\$30.17 | -6.9% |
| D4. URRT Other | \$ (31.55) | \$ 3.43 | \$ 34.79 | 7.9% |
| D5. Normalized URRT RA/R1 on an allowed basis | \$ (19.38) | \$ 266.31 | \$ 285.69 | 65.1% |
| D6. Normalized Exchange User Fee on an allowed basis | \$ - | \$ - | \$ - | 0.0% |
| D7. Subtotal - Sum(D1:D6) | \$ 436.26 | \$ 480.87 | \$ 44.61 | 10.2% |
| E. Change in Allowable Plan Adjusted Level Components | | | | |
| E1. Network | \$ - | \$ 15.77 | \$ 15.77 | 3.6% |
| E2. Pricing AV | \$ (70.41) | \$ (231.34) | -\$160.93 | -36.7% |
| E3. Benefit Richness | \$ 3.66 | \$ 148.57 | \$ 144.91 | 33.0% |
| E4. Catastrophic Eligibility | \$ - | \$ (206.93) | -\$206.93 | -47.2% |
| E5. Subtotal - Sum(E1:E4) | \$ (66.75) | \$ (273.93) | -\$207.19 | -47.2% |
| F. Change in Retention Components | | | | |
| F1. Administrative Expenses | \$ 31.91 | \$ 31.05 | -\$0.86 | -0.2% |
| F2. Taxes and Fees | \$ 28.56 | \$ 6.03 | -\$22.53 | -5.1% |
| F3. Profit and/or Contingency | \$ 8.78 | \$ 4.98 | -\$3.80 | -0.9% |
| F4. Subtotal - Sum(F1:F3) | \$ 69.24 | \$ 42.06 | -\$27.18 | -6.2% |
| G. Change in Miscellaneous Items | | | \$ - | 0.0% |
| H. Sum of Components of Rate Change (should approximate the change shown in line A) | \$ 438.76 | \$ 248.99 | -\$189.76 | -43.3% |

For Informational Purposes only - No input required.

| | | |
|--|------------------|---|
| Blended Base Period Unadjusted Claims before Normalization | \$ 284.15 | < Index Rate of Experience Period on URRT |
| Blended Earned Premium | \$ 15,424,640.86 | |
| Blended Loss Ratio | 68.30% | |

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

| Effective Date | 1/1/2019 | 4/1/2019 | 7/1/2019 | 10/1/2019 | Total Single Risk Pool |
|---|-----------|-----------|-----------|-----------|------------------------|
| # of Member Months Renewing in Quarter | - | - | - | - | - |
| Adjusted Projected Allowed EHB Claims PMPM Q1 | \$ 364.68 | \$ 364.68 | \$ 364.68 | \$ 364.68 | \$ 364.68 |
| Months of Trend | - | 3 | 6 | 9 | 9 |
| Annual Trend | 9.15% | 9.15% | 9.15% | 9.15% | 9.15% |
| Single Risk Pool Projected Allowed Claims | \$ 364.68 | \$ 372.75 | \$ 381.00 | \$ 389.43 | \$ - |
| Quarterly Trend Factor | 100.0% | 102.2% | 104.5% | 106.8% | 0.0% |
| 2019 Trend Factors by Quarter | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | |

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

| Normalization Factors | 2018 | 2019 | |
|--|-----------|-----------|-----------|
| Average Age Factor | 1.700 | 1.618 | Exhibit N |
| Average Geographic Factor | 1.000 | 1.027 | Exhibit N |
| Average Tobacco Factor | 1.000 | 1.006 | |
| Average Benefit Richness (induced demand) | 1.000 | 1.000 | |
| Average Network Factor | 1.000 | 1.016 | |
| Market-Adjusted Projected Allowed Total Claims PMPM | \$ 346.34 | \$ 817.31 | |
| Normalized Market-Adjusted Projected Allowed Total Claims PMPM | \$ 436.26 | \$ 480.87 | |

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

| | 2018 | 2019 | |
|---|------------|-----------|---------------|
| Paid-to-Allowed | 0.847 | 0.423 | |
| URRT Trend (Total Applied Trend Factor) | 1.281 | 1.191 | < URRT W1, S2 |
| URRT Morbidity | 1.095 | 1.060 | < URRT W1, S2 |
| URRT "Other" | 0.936 | 1.016 | < URRT W1, S2 |
| Risk Adjustment | \$ (28.09) | \$ 191.67 | < URRT W1, S3 |
| Exchange User Fee | \$ - | \$ - | < URRT W1, S3 |
| Capitation | \$ - | \$ 0.30 | < URRT W1, S2 |
| Network | 1.000 | 1.033 | |
| Pricing AV | 0.839 | 0.534 | |
| Benefit Richness | 1.010 | 1.560 | |
| Catastrophic Eligibility | 1.000 | 0.500 | |
| Administrative Expenses | 7.27% | 12.47% | |
| Taxes and Fees | 6.51% | 2.42% | |
| Profit and/or Contingency | 2.00% | 2.00% | |

| | |
|--------------------------------|-------------------------------------|
| Carrier Name: | Capital Advantage Insurance Company |
| Product(s): | PPO |
| Market Segment: | Individual |
| Rate Effective Date: | 1/1/2019 |
| Base Period Start Date | 1/1/2017 |
| Date of Most Recent Membership | 2/1/2018 |
| Market Adjusted Index Rate | \$ 817.31 |

| | |
|----------------------------------|--|
| Total Covered Lives @ 02-01-2018 | |
|----------------------------------|--|

PA Rate Template Part IV A - Individual

Table 11. Plan Premium Development for 21-Year-Old Non-Tobacco User

| | |
|----------------------|-------------------------------------|
| Carrier Name: | Capital Advantage Insurance Company |
| Product(s): | PPO |
| Market Segment: | Individual |
| Rate Effective Date: | 1/1/2019 |

[illegible]

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Table B

| <u>Plan ID</u> | <u>Plan Name</u> | <u>Metal Level</u> | <u>Projected</u> | <u>Projected Allowed</u> | <u>Projected Paid</u> | <u>Paid to Allowed</u> | <u>Average Tobacco</u> | <u>AV and Cost</u> | <u>(8)/(6*7) Induced</u> | <u>Induced Demand</u> |
|----------------|----------------------------|--------------------|-------------------|--------------------------|-----------------------|------------------------|------------------------|-----------------------|--------------------------|-----------------------|
| (1) | | (2) | <u>Membership</u> | <u>Claims</u> | <u>Claims</u> | <u>Factor</u> | <u>Factor</u> | <u>Sharing Factor</u> | <u>Utilization</u> | <u>Table 10</u> |
| (3) | | | | (4) | (5) | (6) | (7) | (8) | (9) | |
| 82795PA0140001 | Catastrophic PPO 7900/0/75 | Catastrophic | 2,609 | 2,132,370 | 902,949 | 0.42 | 1.000 | 0.53 | 0.63 | 1.59 |
| Total | | | 2,609 | 2,132,370 | 902,949 | 0.42 | 1.00 | 0.53 | 0.63 | 1.59 |
| PMPM | | | | 817.31 | 346.09 | | | | | |
| Rate Dev II | | | | 817.31 | 346.09 | | | | | |

| | | | |
|--------------------------|-------------------------------------|-----------------------|-------------------|
| Company Name: | Capital Advantage Insurance Company | Ending date of Rates: | December 31, 2019 |
| Market: | Individual | | |
| Product: | PPO | | |
| Effective Date of Rates: | January 1, 2019 | | |

| HIOS Plan ID (On Exchange)=> | | | | | | |
|-------------------------------|----------------------------|----------|----------------------------|----------|----------------------------|------------|
| HIOS Plan ID (Off Exchange)=> | 82795PA0140001 | | 82795PA0140001 | | 82795PA0140001 | |
| Plan Marketing Name => | Catastrophic PPO 7900/0/75 | | Catastrophic PPO 7900/0/75 | | Catastrophic PPO 7900/0/75 | |
| Form # => | CAIC-Ind-PPO-C-v0119 | | CAIC-Ind-PPO-C-v0119 | | CAIC-Ind-PPO-C-v0119 | |
| Rating Area => | 6 | | 7 | | 9 | |
| Network => | PPO | | PPO | | PPO | |
| Metal => | Catastrophic | | Catastrophic | | Catastrophic | |
| Deductible => | \$7900 Med/Rx Combined | | \$7900 Med/Rx Combined | | \$7900 Med/Rx Combined | |
| Coinurance => | 0% | | 0% | | 0% | |
| Copays => | \$75/\$0/\$0 PCP/SPC/ER | | \$75/\$0/\$0 PCP/SPC/ER | | \$75/\$0/\$0 PCP/SPC/ER | |
| OOP Maximum => | \$7900 Med/Rx Combined | | \$7900 Med/Rx Combined | | \$7900 Med/Rx Combined | |
| Pediatric Dental (Yes/No) => | Yes | | Yes | | Yes | |
| Age Band | Non-Tobacco | Tobacco | Non-Tobacco | Tobacco | Non-Tobacco | Tobacco |
| 0 - 14 | \$190.48 | \$190.48 | \$196.19 | \$196.19 | \$205.72 | \$205.72 |
| 15 | \$207.41 | \$207.41 | \$213.63 | \$213.63 | \$224.00 | \$224.00 |
| 16 | \$213.88 | \$213.88 | \$220.30 | \$220.30 | \$230.99 | \$230.99 |
| 17 | \$220.36 | \$220.36 | \$226.97 | \$226.97 | \$237.98 | \$237.98 |
| 18 | \$227.33 | \$227.33 | \$234.15 | \$234.15 | \$245.51 | \$245.51 |
| 19 | \$234.30 | \$234.30 | \$241.33 | \$241.33 | \$253.04 | \$253.04 |
| 20 | \$241.52 | \$241.52 | \$248.77 | \$248.77 | \$260.84 | \$260.84 |
| 21 | \$248.99 | \$255.21 | \$256.46 | \$262.87 | \$268.91 | \$275.63 |
| 22 | \$248.99 | \$255.21 | \$256.46 | \$262.87 | \$268.91 | \$275.63 |
| 23 | \$248.99 | \$255.21 | \$256.46 | \$262.87 | \$268.91 | \$275.63 |
| 24 | \$248.99 | \$255.21 | \$256.46 | \$262.87 | \$268.91 | \$275.63 |
| 25 | \$249.99 | \$256.24 | \$257.49 | \$263.92 | \$269.98 | \$276.73 |
| 26 | \$254.97 | \$261.34 | \$262.61 | \$269.18 | \$275.36 | \$282.25 |
| 27 | \$260.94 | \$267.47 | \$268.77 | \$275.49 | \$281.82 | \$288.86 |
| 28 | \$270.65 | \$277.42 | \$278.77 | \$285.74 | \$292.30 | \$299.61 |
| 29 | \$278.62 | \$285.59 | \$286.98 | \$294.15 | \$300.91 | \$308.43 |
| 30 | \$282.60 | \$289.67 | \$291.08 | \$298.36 | \$305.21 | \$312.84 |
| 31 | \$288.58 | \$295.79 | \$297.24 | \$304.67 | \$311.67 | \$319.46 |
| 32 | \$294.56 | \$301.92 | \$303.39 | \$310.98 | \$318.12 | \$326.07 |
| 33 | \$298.29 | \$305.75 | \$307.24 | \$314.92 | \$322.15 | \$330.21 |
| 34 | \$302.27 | \$309.83 | \$311.34 | \$319.13 | \$326.46 | \$334.62 |
| 35 | \$304.27 | \$311.87 | \$313.39 | \$321.23 | \$328.61 | \$336.82 |
| 36 | \$306.26 | \$313.91 | \$315.45 | \$323.33 | \$330.76 | \$339.03 |
| 37 | \$308.25 | \$315.96 | \$317.50 | \$325.43 | \$332.91 | \$341.23 |
| 38 | \$310.24 | \$318.00 | \$319.55 | \$327.54 | \$335.06 | \$343.44 |
| 39 | \$314.23 | \$322.08 | \$323.65 | \$331.74 | \$339.36 | \$347.85 |
| 40 | \$318.21 | \$342.07 | \$327.76 | \$352.34 | \$343.67 | \$369.44 |
| 41 | \$324.18 | \$348.50 | \$333.91 | \$358.95 | \$350.12 | \$376.38 |
| 42 | \$329.91 | \$354.66 | \$339.81 | \$365.29 | \$356.30 | \$383.03 |
| 43 | \$337.88 | \$363.22 | \$348.02 | \$374.12 | \$364.91 | \$392.28 |
| 44 | \$347.84 | \$373.93 | \$358.27 | \$385.14 | \$375.67 | \$403.84 |
| 45 | \$359.54 | \$395.50 | \$370.33 | \$407.36 | \$388.30 | \$427.14 |
| 46 | \$373.48 | \$410.83 | \$384.69 | \$423.16 | \$403.36 | \$443.70 |
| 47 | \$389.17 | \$428.09 | \$400.85 | \$440.93 | \$420.31 | \$462.34 |
| 48 | \$407.10 | \$447.81 | \$419.31 | \$461.24 | \$439.67 | \$483.63 |
| 49 | \$424.78 | \$467.25 | \$437.52 | \$481.27 | \$458.76 | \$504.64 |
| 50 | \$444.70 | \$511.40 | \$458.04 | \$526.74 | \$480.27 | \$552.31 |
| 51 | \$464.37 | \$534.02 | \$478.30 | \$550.04 | \$501.52 | \$576.74 |
| 52 | \$486.03 | \$558.93 | \$500.61 | \$575.70 | \$524.91 | \$603.65 |
| 53 | \$507.94 | \$584.13 | \$523.18 | \$601.65 | \$548.57 | \$630.86 |
| 54 | \$531.59 | \$611.33 | \$547.54 | \$629.67 | \$574.12 | \$660.24 |
| 55 | \$555.25 | \$666.30 | \$571.91 | \$686.29 | \$599.67 | \$719.60 |
| 56 | \$580.89 | \$697.07 | \$598.32 | \$717.98 | \$627.37 | \$752.84 |
| 57 | \$606.79 | \$728.15 | \$624.99 | \$749.99 | \$655.33 | \$786.40 |
| 58 | \$634.43 | \$761.31 | \$653.46 | \$784.15 | \$685.18 | \$822.22 |
| 59 | \$648.12 | \$777.75 | \$667.56 | \$801.08 | \$699.97 | \$839.96 |
| 60 | \$675.76 | \$844.70 | \$696.03 | \$870.04 | \$729.82 | \$912.27 |
| 61 | \$699.66 | \$874.58 | \$720.65 | \$900.81 | \$755.63 | \$944.54 |
| 62 | \$715.35 | \$894.19 | \$736.81 | \$921.01 | \$772.58 | \$965.72 |
| 63 | \$735.02 | \$918.77 | \$757.07 | \$946.34 | \$793.82 | \$992.27 |
| 64+ | \$746.96 | \$933.71 | \$769.37 | \$961.72 | \$806.72 | \$1,008.41 |

Capital Advantage Insurance Company
Individual
Plan Design Summary

| HIOS Plan ID | Plan Marketing Name | Product | Metal | On/Off Exchange | Network | Rating Area | Counties Covered |
|----------------|----------------------------|---------|--------------|--------------------|---------|-------------|------------------|
| 82795PA0140001 | Catastrophic PPO 7900/0/75 | PPO | Catastrophic | Off | PPO | 6,7,9 | All |

Company Name Capital Advantage Insurance Company
Market Individual
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

| 02-01-2018 Number of Covered Lives by Rating County | | | | |
|---|----------------------------|---------|--------------|-----------------|
| HIOS Plan ID | Plan Marketing Name | Product | Metal | On/Off Exchange |
| 82795PA0140001 | Catastrophic PPO 7900/0/75 | PPO | Catastrophic | Off |

| RATING AREA 6 | | | | | | | | | | RATING AREA 7 | | | | RATING AREA 9 | | | | | | |
|---------------|----------|----------|----------|----------|-------------|----------------|------------|----------|----------|---------------|----------|-----------|----------|---------------|----------|----------|----------|----------|----------|----------|
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 145 | 94 | 0 | 0 | 0 | 4 | 13 |
| Centre | Columbia | Lehigh | Mifflin | Montour | Northampton | Northumberland | Schuylkill | Snyder | Union | Adams | Berks | Lancaster | York | Cumberland | Dauphin | Franklin | Fulton | Juniata | Lebanon | Perry |
| \$248.99 | \$248.99 | \$248.99 | \$248.99 | \$248.99 | \$248.99 | \$248.99 | \$248.99 | \$248.99 | \$248.99 | \$256.46 | \$256.46 | \$256.46 | \$256.46 | \$268.91 | \$268.91 | \$268.91 | \$268.91 | \$268.91 | \$268.91 | \$268.91 |

Product-Plan Data Collection

Company Legal Name: Capital Advantage Insurance Company
 HIOS Issuer ID: 82795
 Effective Date of Rate Change(s): 1/1/2019

State: PA
 Market: Individual

Product/Plan Level Calculations

Section I: General Product and Plan Information

| | | |
|---|--------------------|------------------|
| Product | 82795PA012 | PPO |
| Product ID: | 82795PA012 | 82795PA014 |
| Metal: | Silver | Catastrophic |
| AV Metal Value | 0.700 | 0.600 |
| AV Pricing Value | 0.700 | 0.514 |
| Plan Category | Terminated | New |
| Plan Type: | PPO | PPO |
| Plan Name | Silver CareConnect | Catastrophic PPO |
| Plan ID (Standard Component ID): | 82795PA0120001 | 82795PA0140001 |
| Exchange Plan? | No | No |
| Historical Rate Increase - Calendar Year - 2 | -2.10% | -2.10% |
| Historical Rate Increase - Calendar Year - 1 | 39.00% | 39.00% |
| Historical Rate Increase - Calendar Year 0 | 20.20% | 20.20% |
| Effective Date of Proposed Rates | 1/1/2019 | 1/1/2019 |
| Rate Change % (over prior filing) | 0.00% | 0.00% |
| Cum/Tive Rate Change % (over 12 mos prior) | 0.00% | 0.00% |
| Proj'd Per Rate Change % (over Exper. Period) | -100.00% | #DIV/0! |
| Product Rate Increase % | 0.00% | 0.00% |

Section II: Components of Premium Increase (PMPM Dollar Amount above Current Average Rate PMPM)

| | | | |
|----------------------------------|--------|----------------|----------------|
| Plan ID (Standard Component ID): | Total | 82795PA0120001 | 82795PA0140001 |
| Inpatient | \$0.00 | \$0.00 | \$0.00 |
| Outpatient | \$0.00 | \$0.00 | \$0.00 |
| Professional | \$0.00 | \$0.00 | \$0.00 |
| Prescription Drug | \$0.00 | \$0.00 | \$0.00 |
| Other | \$0.00 | \$0.00 | \$0.00 |
| Capitation | \$0.00 | \$0.00 | \$0.00 |
| Administration | \$0.00 | \$0.00 | \$0.00 |
| Taxes & Fees | \$0.00 | \$0.00 | \$0.00 |
| Risk & Profit Charge | \$0.00 | \$0.00 | \$0.00 |
| Total Rate Increase | \$0.00 | \$0.00 | \$0.00 |
| Member Cost Share Increase | \$0.00 | \$0.00 | \$0.00 |

| | | | |
|---------------------------|--------|--------|--------|
| Average Current Rate PMPM | \$0.00 | \$0.00 | \$0.00 |
| Projected Member Months | 2,609 | 0 | 2,609 |

Section III: Experience Period Information

| | | | |
|---|---------------|----------------|----------------|
| Plan ID (Standard Component ID): | Total | 82795PA0120001 | 82795PA0140001 |
| Plan Adjusted Index Rate | \$621.00 | \$621.00 | \$0.00 |
| Member Months | 1,815 | 1,815 | 0 |
| Total Premium (TP) | \$1,127,116 | \$1,127,116 | \$0 |
| EHB Percent of TP, [see instructions] | 100.00% | 100.00% | 100.00% |
| state mandated benefits portion of TP that are other than EHB | 0.00% | 0.00% | 0.00% |
| Other benefits portion of TP | 0.00% | 0.00% | 0.00% |
| Total Allowed Claims (TAC) | \$513,622 | \$513,622 | \$0 |
| EHB Percent of TAC, [see instructions] | 100.00% | 100.00% | 100.00% |
| state mandated benefits portion of TAC that are other than EHB | 0.00% | 0.00% | 0.00% |
| Other benefits portion of TAC | 0.00% | 0.00% | 0.00% |
| Allowed Claims which are not the issuer's obligation: | \$176,455 | \$176,455 | \$0 |
| Portion of above payable by HHS's funds on behalf of insured person, in dollars | \$0 | | |
| Portion of above payable by HHS on behalf of insured person, as % | 0.00% | | |
| Total Incurred claims, payable with issuer funds | \$337,168 | \$337,168 | \$0 |
| Net Amt of Reim | \$0.00 | \$0.00 | \$0.00 |
| Risk Adjustment Transfer Amount | -\$567,695.00 | -\$567,695.00 | \$0.00 |
| Incurred Claims PMPM | \$185.77 | \$185.77 | #DIV/0! |
| Allowed Claims PMPM | \$282.99 | \$282.99 | #DIV/0! |
| EHB portion of Allowed Claims, PMPM | \$282.99 | \$282.99 | #DIV/0! |

Section IV: Projected (12 months following effective date)

| | | | |
|--|-------------|----------------|----------------|
| Plan ID (Standard Component ID): | Total | 82795PA0120001 | 82795PA0140001 |
| Plan Adjusted Index Rate | \$416.43 | \$0.00 | \$416.43 |
| Member Months | 2,609 | - | 2,609 |
| Total Premium (TP) | \$1,086,477 | \$0 | \$1,086,477 |
| EHB Percent of TP, [see instructions] | 100.00% | 100.00% | 100.00% |
| state mandated benefits portion of TP that are other than EHB | 0.00% | 0.00% | 0.00% |
| Other benefits portion of TP | 0.00% | 0.00% | 0.00% |
| Total Allowed Claims (TAC) | \$1,716,396 | \$0 | \$1,716,396 |
| EHB Percent of TAC, [see instructions] | 100.00% | 100.00% | 100.00% |
| state mandated benefits portion of TAC that are other than EHB | 0.00% | 0.00% | 0.00% |
| Other benefits portion of TAC | 0.00% | 0.00% | 0.00% |

| | | | |
|---|-------------|-----|-------------|
| Allowed Claims which are not the issuer's obligation | \$1,299,583 | \$0 | \$1,299,583 |
| Portion of above payable by HHS's funds on behalf of insured person, in dollars | \$0 | | |
| Portion of above payable by HHS on behalf of insured person, as % | 0.00% | | |
| Total incurred claims, payable with issuer funds | \$416,813 | \$0 | \$416,813 |
| | | | |
| Net Amt of Reim | \$0 | \$0 | \$0 |
| Risk Adjustment Transfer Amount | -\$500,061 | \$0 | -\$500,061 |

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

ACTUARIAL MEMORANDUM

Individual Rates

Effective January 1, 2019

General Information

Company Information

- Company Legal Name: Capital Advantage Insurance Company – CAIC
- State: PA
- HIOS Issuer ID: 82795
- Market: Individual
- Effective Date: 1/1/2019

PID Company Information

- Company Name: Capital Advantage Insurance Company (CAIC)
- NAIC: 41203
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2019
- Average Rate Change Requested: -43.2%
- Range of Requested Rate Change: -43.2% to -43.2%
- Total additional annual revenue generated from the proposed rate change: \$(1,142,157)
- Product: PPO
- Rating Areas: 6,7, 9
- Metal Levels: Catastrophic
- Current Covered Lives and Policyholders: 257/169
- 2019 Number of Plans: 1
- 2018 Number of Plans and Percent Change: 1/0%
- Contract Form #: CAIC-Ind-PPO-C-v0119
- Form Filing SERFF #: CABC-131454364
- Binder SERFF #: CABC-PA19-125079476
- HIOS Issuer ID: 82795
- HIOS Submission Tracking Number: 82795-121631673400116633

Company Contact Information

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

Scope and Purpose

By this filing, Capital Advantage Insurance Company (CAIC), a subsidiary of Capital BlueCross (CBC), submits rates for products to be made available effective January 1, 2019. CAIC will only offer products off the federally-facilitated exchange.

Rate History and Proposed Variations in Rate Changes

| Market | Company | Effective Date | SERFF # | Annual Increase |
|------------|---------|----------------|----------------|-----------------|
| Individual | CAIC | 1/1/2015 | CABC-129649188 | 0.00% |
| Individual | CAIC | 1/1/2016 | CABC-130079084 | -2.10% |
| Individual | CAIC | 1/1/2017 | CABC-130539588 | 39.00% |
| Individual | CAIC | 1/1/2018 | CABC-131022047 | 20.20% |

Average Rate Change

CAIC is proposing an aggregate annual -43.2% rate change. The rate change does vary by plan. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

Regulatory Considerations

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

- Individual Mandate: 0.06 added to the morbidity factor.

Membership

Membership is shown in PA Rate Template Part I, Table 1. The average age is 46.

Benefit Changes 2018-2019

A summary of proposed 2019 benefits is included in Exhibit A.

There are several benefit changes being implemented in 2018. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). Any plan with a benefit change that did not meet the uniform modification of coverage standard was terminated, and a new plan was created in its place. Benefit changes by plan are listed in Exhibit B, highlighted in yellow.

CAIC has discontinued its Gatekeeper PPO product and is offering an off-exchange Catastrophic PPO plan in 2019.

Experience Period Premium and Claims

Single Risk Pool: The data used to develop rates and shown in the URRT abides by 45 CFR part 156.80(d) single risk pool requirements. The single risk pool reflects all covered lives for every non-grandfathered product/plan combination for CAIC in the individual market. The single risk pool includes transitional products/plans for purposes of base rate experience.

Base Experience Period: The base experience period (BEP) includes completed fee-for-service paid and incurred claims for dates of service between January 1, 2017 and December 31, 2017.

Paid Through Date: Claims in the BEP are paid through March 31, 2018

Premiums (net of MLR Rebate) in BEP: Premiums are calculated on an earned basis in the BEP. MLR rebate adjustments are equal to zero as CAIC does not expect to refund any MLR rebates in the BEP.

Allowed and Incurred Claims in BEP:

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

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

1. Historical fee-for-service claims are viewed by date of service and date of payment in a claims triangle.
2. The claims triangle payments are then accumulated by date of service to develop factors that represent the rate of accumulation or rate of "completion".
3. Historical rates of completion by duration are used to derive projected rates of completion. Some of the methods used to develop projected completion factors are averages (e.g. harmonic averages, time weighted averages, geometric averages) and regression methods. Numerous items are considered when viewing these averages or regression statistics, such as the impact of high claims on perceived completion patterns.
4. For durations that exhibit a projected completion factor greater than the Valuation Actuary's chosen threshold (e.g. 80% complete), cumulative paid and incurred claims are divided by the projected completion factor to arrive at ultimate incurred claims. For durations that are less than the chosen threshold, a projection methodology is used. Similar

to completion factor development, projection methodologies are worthy of a lengthy discussion. In general, an ultimate incurred claims PMPM is derived by projecting a recent 12-month period to the current month(s) and seasonally adjusting.

5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

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

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

Risk Adjustment in BEP: Risk adjustment amounts in the BEP are equal to those reported by the Department on 5/9/2018.

Loss Ratio in BEP: Loss ratio is 145.03%

Credibility of Data

CAIC individual data is not credible, so CBC subsidiary, Keystone Health Plan Central (KHPC) is used as the credibility manual. KHPC data is relevant to CAIC rate development because KHPC offers off-exchange Bronze and Catastrophic plans, similar to CAIC's 2019 product offering.

Trend Identification

Trend: 11.3%

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

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

1. Base Cost/ Change in hospital and physician contracting: The contracted increase in reimbursements to hospitals and physicians is the basis of cost trends. CBC uses the following to project future costs:
 - a. Vendor Physician Cost Model and Internal Hospital Contracting Model
 - i. The medical cost models use best estimates of Capital BlueCross (CBC)'s future contracting increases with physicians and hospitals. The models use cost estimates based on varying contract effective dates by physician and hospital. All facilities and providers are considered in this modeling

effort (i.e. acute and non-acute, network and non-network, inpatient and outpatient, in- area and out-of-area). From there, a monthly anticipated cost (assuming static utilization) summary is produced which can be used in projecting future claims costs. Cost trends are determined at the CBC book of business level for all commercial business.

- b. Internal Prescription Drug Trend Model
 - i. Price Inflation
 - ii. Contract Pricing
 - iii. Member Cost-Sharing
 - iv. Units per Script
 - v. Brand/Generic Mix
 - vi. Therapeutic Mix
 - vii. Cost per Script
- 2. Utilization Considerations:
 - a. Intensity of medical services rendered
 - b. Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
 - c. Further migration from brand prescription drugs to generic prescription drugs
 - d. Favorable impacts of value based benefits designs
 - e. Induced Utilization: Induced utilization is CBC's best estimate for increased utilization in the individual market due to unknown future regulatory changes. CBC predicts that consumers will use more services in 2019 due to unknown coverage status in 2020.
 - f. Medical utilization estimates reviewed by CBC's Chief Medical Officer
- 3. Leveraging: The trend model is based on allowed cost increases. Paid claims trend at a higher rate than allowed due to leveraging. Leveraging is the impact of static cost-share, such as deductibles, to the paid trend. Estimated leveraging is calculated in Exhibit E1.
 - o Estimated costs are based on average plan benefit value in the month, calculated using CBC's internal benefit model.
 - o CBC expects the average benefit level in 2019 to be similar to current month, 201803.
 - o As of 201803, on average, Individual members pay 44.8% of costs, while CBC pays 55.2%. So for example,
 - \$2,000 in annual allowed claims results in member pay = \$896, and CBC pay = \$1,104.
 - \$2,000 trends at 5.5% = \$2,110
 - Member pay is fixed at \$896
 - CBC pay = 2,110 – 896 = \$1,214
 - Total CBC trend = 1,214/1,104 -1 = 10%
 - o With an allowed trend of 5.5%, and static cost-share, leveraging will add an additional 4.5% to trend.
- 4. Intensity: Intensity is defined as the amount of inputs used to provide each unit of service. This can best be seen in an example:

Year 2018

| <u>Type of Service</u> | <u>Units</u> | <u>Cost per Unit</u> |
|------------------------|--------------|----------------------|
| X-Ray | 1 | \$200 |
| MRI | 1 | \$5,000 |
| Total | 2 | \$5,200 |

Year 2019

| <u>Type of Service</u> | <u>Units</u> | <u>Cost per Unit</u> |
|------------------------|--------------|----------------------|
| X-Ray | 0 | \$200 |
| MRI | 2 | \$5,000 |
| Total | 2 | \$10,000 |

| | |
|--------------------|-----|
| Total Annual Trend | 92% |
|--------------------|-----|

5. **Underwriting Cycle:** The underwriting cycle is defined as the tendency to swing between profitable and unprofitable periods over time. The underwriting cycle is exacerbated partly by pricing performed with incomplete information as to the level of current experience trends. A reaction delay occurs, as carriers tend to rely on measurements of past experience in developing current pricing assumptions. As a result, carriers are often increasing their pricing trends when actual experience trends have begun to decline, and decreasing their pricing trends actual trends are increasing. CAIC strives to mitigate the underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

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

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

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

Rate Development & Change

Projection Factors

Changes in Morbidity: Found in URRT Worksheet 1, "Pop'l risk Morbidity", and PA Rate Template Table 5.

The changes to morbidity incorporate both the Department's Individual Mandate factor discussed above, and changes to the population going from Bronze and Catastrophic experience to Catastrophic in the projection period. The additional morbidity change factor calculated in Exhibit F.

Changes in Benefits: Benefit changes are not applied to allowed claims as allowed should stay consistent from 2017 to 2019. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from CBC's internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

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

Changes in Network: No network adjustment is applied.

Other Adjustments: No other adjustment is applied.

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

Index Rate

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

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

To calculate the projected index rate:

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

See Exhibit J for the Index Rate.

Paid to Allowed Ratio

CAIC used the prescribed URRT allowed claim rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. The URRT projects allowed claims, and uses a paid-to-allowed ratio in order to adjust allowed claims to paid levels. This value is then used to develop premiums. In order to determine the paid-to-

allowed ratio, CAIC projected paid and incurred claims, adjusted for benefits, to the experience period.

Projected Paid and Incurred Claims are calculated as follows:

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

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

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

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

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

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

Trended Claim PMPM

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

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

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

The *Benefit Adjustment*, *Morbidity Adjustment*, and *Other Adjustment* are discussed in the Projections Factors section above.

6. Develop *Projected Claims PMPM by Benefit* as follows:

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

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

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

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

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

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

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

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

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

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

- b. And to arrive at the *Total Projected Claims PMPM*, CAIC assumes a distribution of members across the benefit plans being offered in 2019. The *Total Projected Claims PMPM* :

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

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

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

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

Risk Adjustment

Projected Risk Adjustments PMPM:

Relevant to 2019 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2019. The pricing impact is:

$$[\text{Net Projected Risk Adjustments PMPM}] \\ = [\text{Projected CRA Transfer PMPM}] - [\text{Risk Adjustment Fee PMPM}]$$

The following items are those that we deem important in generating a CRA payment transfer adjustment:

1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
2. Statewide average premiums
3. Current market penetration of this company and competitors in the market and in the state
4. 2016-2017 risk adjustment results
5. Market improvement in coding risk: CBC's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that CBC is disadvantaged in the market. This will drive CBC's relative risk to the market down over time.

To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.13 PMPM. The Risk Adjustment Fee PMPM is included in the URRT Worksheet 1, "Projected Risk Adjustments PMPM", and is found on Exhibit K.

Market Adjusted Index Rate

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

$$\begin{aligned} &[\text{Market Adjusted Index Rate}] \\ &= ([\text{Index Rate}] \times [\text{Paid to Allowed Ratio}] \\ &\quad - [\text{Net Projected ACA Reinsurance Recoveries}] \\ &\quad - [\text{Net Projected Risk Adjustments PMPM}] + [\text{Exchange Fees PMPM}]) \\ &\quad \div [\text{Paid to Allowed Ratio}] \end{aligned}$$

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

Retention Items

Administrative Expense Load:

1. Administrative Expense: Calculated using an allocation method from CBC's Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to CAIC Individual products. Administrative expenses are included in the URRT Worksheet 1, "Administrative Load", and PA Rate Template Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.
2. Broker Expense: Calculated based on CAIC's explicit per contract broker fee. Broker Expense is included in the URRT Worksheet 1, "Administrative Load", and PA Rate Template Table 6. CAIC pays commissions for new business and renewal enrollment received during open enrollment, both on and off exchange, and in all geographic areas. Commission is less on catastrophic plans due to the lower premium. CAIC does not pay commission during Special Enrollment Periods (SEP). The 2019 broker commission schedule is yet to be finalized. Attached please find the 1/1/2018 copy of the broker agreement – redacted version. Files are as follows:
 - a. Redacted Agent Agreement: "Ind_18-13_Initial_CAIC_PPO_WBEBrokerIndRedacted_Supporting_20180518.pdf"
 - b. Redacted Preferred Producer Master Agreement: "Ind_18-13_Initial_CAIC_PPO_PPMABrokerIndRedacted_Supporting_20180518.pdf"
3. Member Out-Of-Pocket (OOP) and Ways to Save:
 - a. Description: These products offer enhanced transparency to cost savings potential both prospectively and retrospectively. These are new services included in each

of CAIC's plans that work to decrease costs by engaging members in their health care decisions. The Member OOP program will show a member, prospectively, the value of a service and the impact of member cost-sharing when that service is incurred. It allows a member to shop for the best price while introducing transparency related to the member's expected cost share at the time of service. The "Ways to Save" program allows members to receive alerts, retrospectively, informing them of cost savings that could have been incurred had they have known about competing medical providers in the area. The alerts are retrospective and offer transparency around member's healthcare options.

- b. Costs: Costs are aggregated into CBC's total administrative expense above. No additional fee is charged. The cost is approximately \$0.25 PMPM. Included in the URRT Worksheet 1, "Administrative Load", and PA Rate Template Table 6.
4. Value-Based Benefits (VBB): Standard with each plan, Capital BlueCross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
 - a. Complete Health Risk Assessment questionnaire and receive a gift card.
 - b. Participate in an online coaching program and receive a gift card reward.
 - c. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
 - d. Included in the URRT Worksheet 1, "Administrative Load", and PA Rate Template Table 6.
5. Identity Theft Coverage: Identity protection offering will include the following components:
 - a. Credit monitoring – Monitors activity that may affect credit
 - b. Fraud detection – Identifies potentially fraudulent use of identity or credit
 - c. Fraud resolution support – Assists members in addressing issues that arise in relation to credit monitoring and fraud detection
 - d. Included in the URRT Worksheet 1, "Administrative Load", and PA Rate Template Table 6.
6. Additional Quality Improvement: The Final Notice of Benefit and Payment Parameters (NBPP) for 2019 finalized the rule to allow issuers to apply a standard 0.8% of premium for quality improvement (QI) measures in the MLR calculation. Total QI amounts applied in rating equal 0.8%.

Profit (or Contribution to Surplus) & Risk Margin:

7. Contingency: Contingency is included in the URRT Worksheet 1, "Profit and Risk", and PA Rate Template Table 6.

Taxes and Fees:

1. Health Insurer Fee (HIF) – Section 9010 of PPACA and Section 1406 of the Reconciliation Act (which modified PPACA) refers to HIF. The fee is a fixed-dollar amount distributed across health insurance providers. This fee has been suspended for 2019.

2. Exchange Fee – All issuers participating in a federally-facilitated exchange will remit 3.5% of premium to HHS. The exchange user fee is applied as an adjustment to the Index Rate at the market level. The calculation and amount is found in Exhibit K. The amount is also found in PA Rate Template, Table 5.
3. Federal Income Tax: Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in the URRT Worksheet 1, “Taxes and Fees”, and PA Rate Template, Table 6.

See Exhibit H for all retention values.

Plan Rate Development

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

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

1. Actuarial Value and Cost Sharing adjustment: The Actuarial Value and Cost Sharing Adjustment is determined using CAIC’s actuarial cost model. CAIC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a claim PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on CPDs, where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
2. Induced Demand: Please see Table 8
3. Provider Network: The Provider network is the same across all PPO plans. A network factor is applied to the EPO plan.
 - a. The Capital Advantage EPO plan is a plan built around Pinnacle Health’s delivery system and is available in Cumberland, Dauphin, and Perry counties.
 - b. See Exhibit O1 for the development of the network factor.
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Catastrophic Plans: Applied to catastrophic plans to reflect lower morbidity.
6. Adjustment for distribution and administrative costs: Described in Non-Benefit Expenses and Profit & Risk section above.
7. Tobacco Adjustment: Calculated as the average tobacco factor applied across the risk pool.

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

Plan Premium Development for 21-Year-Old Non-Tobacco User

Age Curve Calibration: The average age factor is calculated by taking the member-weighted average of current individual enrollment by age in CAIC. Age factors are applied in accordance with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file Ind_18-12_Initial_CAIC_PPO_List-Billed_Supporting_20180518 for the calculation.

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

Geographic Factors: CAIC performed regional analysis to quantify the cost difference between the three regions in our service area. The analysis gathered allowed claims in a 12-month period by region, normalized for demographics. We then compared the claim cost for each of the three regions, and found cost differentials between the regions, mostly due to differences in hospital contracting between regions. The data from the analysis is found in Exhibit Q.

Tobacco Factor Calibration: Average tobacco factor is calculated using 2017 member and smoking status data.

The calibration is:

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

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

Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

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

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

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

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

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

AV Metal Values

The AV Metal Values included in Worksheet 2 of the URRT were based on the federally issued AV Calculator.

AV Pricing Values

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

Projected Loss Ratio

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

Membership Projection

The membership projections found in Worksheet 2 of the URRT were developed by assuming that moderate growth and similar distribution to current.

Attachments and Examples

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

PA Rate Template Part I through Part V

Table 8

Exhibit A – Benefit Summary
Exhibit B – Benefit Change Summary
Exhibit C – Benefit Categories
Exhibit D – Benefit Mix
Exhibit E – Trend
Exhibit F – URRT
Exhibit F1 - Leveraging
Exhibit G – Paid-to-Allowed Development
Exhibit G1 – Transitional Data
Exhibit H – Retention
Exhibit I – Projected Loss Ratio
Exhibit J – Index Rate
Exhibit K – Market Adjusted Index Rate
Exhibit L – Rate Development by Plan
Exhibit M – Plan Adjusted Index Rates

Exhibit N – Calibration
Exhibit O – Rating Factors
Exhibit P – Quarterly Base Rates
Exhibit Q – Regional Analysis

Broker Contracts
List-Billed Data

Actuarial Statement

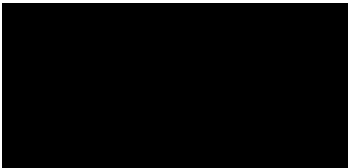
I, [REDACTED], ASA, MAAA, am of the opinion that this filing is in compliance with the applicable Federal and State Laws and Regulations concerning the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010.

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

1. This filing has been prepared in accordance with the following:
 - a. Actuarial Standard of Practice No. 5, “Health and Disability Claims”
 - b. Actuarial Standard of Practice No. 8, “Regulatory Filings for Rates and Financial Projections for Health Plans”
 - c. Actuarial Standard of Practice No. 12, “Risk Classification”
 - d. Actuarial Standard of Practice No. 23, “Data Quality”
 - e. Actuarial Standard of Practice No. 25, “Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverage”
 - f. Actuarial Standard of Practice No. 26, “Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans”
 - g. Actuarial Standard of Practice No. 41, “Actuarial Communications”.
2. The index rate is:
 - a. Projected in compliance with all applicable state and federal statutes and regulations (45 CFR 156.80(d) (1)).
 - b. Developed in compliance with the applicable Actuarial Standards of Practice.
 - c. Reasonable in relation to the benefits provided and the population anticipated to be covered.
 - d. Neither excessive nor deficient.
 - e. Adjusted by only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) to generate plan level rates.
3. The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.
4. The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans, and in accordance with CFR 156.135(b)(2) as necessary. For any plan requiring an alternative method, the

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

- a. The analysis was
 - i. conducted by a member of the American Academy of Actuaries, and
 - ii. performed in accordance with generally accepted actuarial principles and methods.
5. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
6. New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
7. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2019 Rate Filing Justification.



██████████, ASA, MAAA
Actuarial Associate
Capital BlueCross



CAPITAL ADVANTAGE INSURANCE COMPANY, INC.
RFJ Part II – Consumer Friendly Justification

Rate Decrease Considerations:

- Stabilization of the Individual market in recent years
- Suspension of the Health Insurer Fee in 2019

Changes being requested are based upon consideration of the factors that influence future period cost structures. The primary drivers of change in future costs are:

- Anticipated increase in facility and physician unit costs
- Anticipated changes in prescription drug unit costs
- Continuing change in utilization such as
 - Intensity of medical services rendered
 - Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
 - Further migration from brand prescription drugs to generic prescription drugs
 - Favorable impacts of value based benefits designs
- Prescription drug patent expirations and new to market brand drugs
- Leveraging associated with unchanged cost share components such as deductible and copays
- Inflation adjustment to administrative expenses

| | | | | | |
|---|--|--|---|--|---|
| 2019 Rates Table Template v8.1 | | All fields with an asterisk (*) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F. | | | |
| | | If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns. | | | |
| | | If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band. | | | |
| | | If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use. | | | |
| | | To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet. | | | |
| HIOS Issuer ID* | 82795 | | | | |
| | Federal TIN* | 23-2195219 | | | |
| | Rate Effective Date* | 1/1/2019 | | | |
| | Rate Expiration Date* | 12/31/2019 | | | |
| | Rating Method* | Age-Based Rates | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Plan ID* | Rating Area ID* | Tobacco* | Age* | Individual Rate* | Individual Tobacco Rate* |
| Required: Enter the 14-character Plan ID | Required: Select the Rating Area ID | Required: Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan | Required: Select the age of a subscriber eligible for the rate | Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan | Required: Enter the rate of an Individual tobacco enrollee on a plan |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 0-14 | 190.48 | 190.48 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 15 | 207.41 | 207.41 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 16 | 213.88 | 213.88 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 17 | 220.36 | 220.36 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 18 | 227.33 | 227.33 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 19 | 234.30 | 234.30 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 20 | 241.52 | 241.52 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 21 | 248.99 | 255.21 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 22 | 248.99 | 255.21 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 23 | 248.99 | 255.21 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 24 | 248.99 | 255.21 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 25 | 249.99 | 256.24 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 26 | 254.97 | 261.34 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 27 | 260.94 | 267.47 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 28 | 270.65 | 277.42 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 29 | 278.62 | 285.59 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 30 | 282.60 | 289.67 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 31 | 288.58 | 295.79 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 32 | 294.56 | 301.92 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 33 | 298.29 | 305.75 |
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| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 35 | 304.27 | 311.87 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 36 | 306.26 | 313.91 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 37 | 308.25 | 315.96 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 38 | 310.24 | 318.00 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 39 | 314.23 | 322.08 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 40 | 318.21 | 342.07 |
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| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 43 | 337.88 | 363.22 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 44 | 347.84 | 373.93 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 45 | 359.54 | 395.50 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 46 | 373.48 | 410.83 |
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| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 54 | 531.59 | 611.33 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 55 | 555.25 | 666.30 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 56 | 580.89 | 697.07 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 57 | 606.79 | 728.15 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 58 | 634.43 | 761.31 |
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| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 60 | 675.76 | 844.70 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 61 | 699.66 | 874.58 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 62 | 715.35 | 894.19 |
| 82795PA0140001 | Rating Area 6 | Tobacco User/Non-Tobacco User | 63 | 735.02 | 918.77 |
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| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 15 | 213.63 | 213.63 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 16 | 220.30 | 220.30 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 17 | 226.97 | 226.97 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 18 | 234.15 | 234.15 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 19 | 241.33 | 241.33 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 20 | 248.77 | 248.77 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 21 | 256.46 | 262.87 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 22 | 256.46 | 262.87 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 23 | 256.46 | 262.87 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 24 | 256.46 | 262.87 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 25 | 257.49 | 263.92 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 26 | 262.61 | 269.18 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 27 | 268.77 | 275.49 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 28 | 278.77 | 285.74 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 29 | 286.98 | 294.15 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 30 | 291.08 | 298.36 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 31 | 297.24 | 304.67 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 32 | 303.39 | 310.98 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 33 | 307.24 | 314.92 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 34 | 311.34 | 319.13 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 35 | 313.39 | 321.23 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 36 | 315.45 | 323.33 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 37 | 317.50 | 325.43 |
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| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 39 | 323.65 | 331.74 |
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| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 53 | 523.18 | 601.65 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 54 | 547.54 | 629.67 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 55 | 571.91 | 686.29 |
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| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 57 | 624.99 | 749.99 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 58 | 653.46 | 784.15 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 59 | 667.56 | 801.08 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 60 | 696.03 | 870.04 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 61 | 720.65 | 900.81 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 62 | 736.81 | 921.01 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 63 | 757.07 | 946.34 |
| 82795PA0140001 | Rating Area 7 | Tobacco User/Non-Tobacco User | 64 and over | 769.37 | 961.72 |
| 82795PA0140001 | Rating Area 9 | Tobacco User/Non-Tobacco User | 0-14 | 205.72 | 205.72 |
| 82795PA0140001 | Rating Area 9 | Tobacco User/Non-Tobacco User | 15 | 224.00 | 224.00 |
| 82795PA0140001 | Rating Area 9 | Tobacco User/Non-Tobacco User | 16 | 230.99 | 230.99 |
| 82795PA0140001 | Rating Area 9 | Tobacco User/Non-Tobacco User | 17 | 237.98 | 237.98 |
| 82795PA0140001 | Rating Area 9 | Tobacco User/Non-Tobacco User | 18 | 245.51 | 245.51 |
| 82795PA0140001 | Rating Area 9 | Tobacco User/Non-Tobacco User | 19 | 253.04 | 253.04 |
| 82795PA0140001 | Rating Area 9 | Tobacco User/Non-Tobacco User | 20 | 260.84 | 260.84 |
| 82795PA0140001 | Rating Area 9 | Tobacco User/Non-Tobacco User | 21 | 268.91 | 275.63 |
| 82795PA0140001 | Rating Area 9 | Tobacco User/Non-Tobacco User | 22 | 268.91 | 275.63 |

| | | | | | |
|----------------|---------------|-------------------------------|-------------|--------|---------|
| 82795PA0140001 | Rating Area 9 | Tobacco User/Non-Tobacco User | 23 | 268.91 | 275.63 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 24 | 268.91 | 275.63 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 25 | 269.98 | 276.73 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 26 | 275.36 | 282.25 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 27 | 281.82 | 288.86 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 28 | 292.30 | 299.61 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 29 | 300.91 | 308.43 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 30 | 305.21 | 312.84 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 31 | 311.67 | 319.46 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 32 | 318.12 | 326.07 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 33 | 322.15 | 330.21 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 34 | 326.46 | 334.62 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 35 | 328.61 | 336.82 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 36 | 330.76 | 339.03 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 37 | 332.91 | 341.23 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 38 | 335.06 | 343.44 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 39 | 339.36 | 347.85 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 40 | 343.67 | 369.44 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 41 | 350.12 | 376.38 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 42 | 356.30 | 383.03 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 43 | 364.91 | 392.28 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 44 | 375.67 | 403.84 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 45 | 388.30 | 427.14 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 46 | 403.36 | 443.70 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 47 | 420.31 | 462.34 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 48 | 439.67 | 483.63 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 49 | 458.76 | 504.64 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 50 | 480.27 | 552.31 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 51 | 501.52 | 576.74 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 52 | 524.91 | 603.65 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 53 | 548.57 | 630.86 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 54 | 574.12 | 660.24 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 55 | 599.67 | 719.60 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 56 | 627.37 | 752.84 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 57 | 655.33 | 786.40 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 58 | 685.18 | 822.22 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 59 | 699.97 | 839.96 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 60 | 729.82 | 912.27 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 61 | 755.63 | 944.54 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 62 | 772.58 | 965.72 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 63 | 793.82 | 992.27 |
| | Rating Area 9 | Tobacco User/Non-Tobacco User | 64 and over | 806.72 | 1008.41 |

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Benefit Summary

INDIVIDUAL PORTFOLIO

| Changes | Plan Name | HIOS ID | | Deductible (2x Family) | Coinsurance | Out-of-Pocket Maximum | PCP | Specialist | Emergency Room | Urgent Care | IP Hospital per day, maximum of 5 days | Hi-Tech Imaging | Lab Ind Hos | OP Surgery ASC ACH | Small Group: Rx \$0 Individual: Rx | Small Group: Rx \$250 (brand only deductible) Individual: N/A |
|-----------------|-----------|---------------------------------------|---|---------------------------|-------------|--------------------------|------------|------------|-------------------|----------------|--|-----------------|------------------|-------------------------|---|--|
| | | Small Group: Rx \$0 Individual: Rx | Small Group: Rx \$250 (brand only deductible) Individual: N/A | | | | | | | | | | | | | |
| | | In-Network | In-Network | In-Network | In-Network | In-Network | In-Network | In-Network | In-Network | In-Network | In-Network | In-Network | In-Network | In-Network | | |
| BRONZE PRODUCTS | | | | | | | | | | | | | | | | |
| 1 | New Plan | Catastrophic PPO 7900/0/75 | 82795PA0140001 | \$7,900 | 0% | \$7,900 | \$75 | D | D | D | N/A | D | D D | D D | Rx Ded: Combined, Rx Gen - Ded Applies? Y, Retail: 0/0/0/0, Mail: 0/0/0/0 | |

1 Drug copays listed are Preferred Generic/Non-Preferred Generic/Preferred Brand/Non-Preferred Brand
2 Speciality drug coverage = 20% up to \$250 per fill/20% up to \$350 per fill/20% up to \$450 per fill
3 Tiered Lab benefits. Independent labs | Hospital based labs
4 D = Deductible D/\$ = Deductible applies first then a copay
5 Plan naming convention = Metal level, Plan type, Deductible/Coinsurance/Office Visit Copay - HRA funding
6 CareConnect copays listed are for PCP directed care

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Benefit Change Summary

| Line | On/Off Exchange | New/Existing | HIOS | Med Description | Rx Description | AV | | Metal Level | | HRA Amount | | Deductible(2x Family) | | Coinsurance | | MOOP | |
|------|-----------------|--------------|------------------|--------------------------------------|----------------|-------|-------|--------------|--------------|------------|------|-----------------------|-------|-------------|------|-------|-------|
| | | | | | | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 |
| 1 | On Exchange | Existing | 45127PA0020013 | Gold PPO 2000/10/20 | Combined w/Med | 76.3% | 76.0% | Gold | Gold | 0 | 0 | 2,000 | 2,000 | 10% | 10% | 7,350 | 7,350 |
| 2 | Off Exchange | Existing | 45127PA0020021 | Silver PPO 4950/10/30 | Combined w/Med | 66.7% | 68.3% | Silver | Silver | 0 | 0 | 4,950 | 4,950 | 10% | 10% | 7,350 | 7,350 |
| 3 | On Exchange | Existing | 45127PA002000804 | Silver PPO 5000 CSR73 | Combined w/Med | 72.3% | 73.4% | Silver | Silver | 0 | 0 | 4,500 | 4,500 | 8% | 8% | 5,850 | 5,850 |
| 4 | On Exchange | Existing | 45127PA002000805 | Silver PPO 5000 CSR87 | Combined w/Med | 86.3% | 86.6% | Gold | Gold | 0 | 0 | 1,200 | 1,200 | 5% | 5% | 2,450 | 2,450 |
| 5 | On Exchange | Existing | 45127PA002000806 | Silver PPO 5000 CSR94 | Combined w/Med | 94.5% | 94.2% | Platinum | Platinum | 0 | 0 | 250 | 250 | 0% | 0% | 1,250 | 1,250 |
| 6 | On Exchange | Existing | 45127PA0020008 | Silver PPO 5000/10/30 | Combined w/Med | 66.6% | 68.2% | Silver | Silver | 0 | 0 | 5,000 | 5,000 | 10% | 10% | 7,350 | 7,350 |
| 7 | Off Exchange | Existing | 53789PA0100008 | Bronze HMO 7350/0/60 | Combined w/Med | 61.3% | 62.6% | Bronze | Bronze | 0 | 0 | 7,350 | 7,350 | 0% | 0% | 7,350 | 7,350 |
| 8 | On Exchange | Existing | 45127PA0020020 | Bronze PPO 7350/0/60 | Combined w/Med | 61.3% | 62.6% | Bronze | Bronze | 0 | 0 | 7,350 | 7,350 | 0% | 0% | 7,350 | 7,350 |
| 9 | Off Exchange | Existing | 53789PA0100004 | Catastrophic HMO 7900/0/75 | Combined w/Med | 60.3% | 60.0% | Catastrophic | Catastrophic | 0 | 0 | 7,350 | 7,900 | 0% | 0% | 7,350 | 7,900 |
| 10 | Off Exchange | New | 82795PA0140001 | Catastrophic PPO 7900/0/75 | Combined w/Med | | 60.0% | Catastrophic | Catastrophic | | 0 | | 7,900 | | 0% | | 7,900 |
| 11 | On Exchange | New | 45127PA0140001 | Gold Capital Advantage EPO 2000/0/45 | Combined w/Med | | 76.2% | Gold | Gold | | 0 | | 2,000 | | 0% | | 7,350 |

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Benefit Change Summary

| Line | On/Off Exchange | New/Existing | HIOS | Med Description | Rx Description | ACA PCP | | Non-ACA PCP | | SPC | | ER | | UC | | IP Hosp Copay Per Day | | Hi-Tech Imaging | | Low End Imaging | | Lab Independent | | Lab Hospital-Based | | OP Su |
|------|-----------------|--------------|------------------|--------------------------------------|----------------|---------|------|-------------|------|------|------|-------|-------|------|------|-----------------------|------|-----------------|-------|-----------------|-------|-----------------|------|--------------------|------|-------|
| | | | | | | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | |
| 1 | On Exchange | Existing | 45127PA0020013 | Gold PPO 2000/10/20 | Combined w/Med | 20 | 20 | 20 | 20 | 50 | 45 | D/300 | D/300 | 75 | 75 | N/A | N/A | D/10% | D/25% | D/10% | D/10% | 25 | 25 | D/75 | D/75 | D |
| 2 | Off Exchange | Existing | 45127PA0020021 | Silver PPO 4950/10/30 | Combined w/Med | 30 | 30 | 30 | 30 | 75 | 75 | D/400 | D/400 | 75 | 75 | N/A | N/A | D/10% | D/25% | D/10% | D/10% | 25 | 25 | D/75 | D/75 | D |
| 3 | On Exchange | Existing | 45127PA002000804 | Silver PPO 5000 CSR73 | Combined w/Med | 10 | 10 | 10 | 10 | 20 | 20 | D/200 | D/200 | 45 | 45 | N/A | N/A | D/8% | D/18% | D/8% | D/8% | 20 | 20 | D/60 | D/60 | D |
| 4 | On Exchange | Existing | 45127PA002000805 | Silver PPO 5000 CSR87 | Combined w/Med | 5 | 5 | 5 | 5 | 10 | 10 | D/75 | D/75 | 35 | 35 | N/A | N/A | D/5% | D/15% | D/5% | D/5% | 15 | 15 | D/40 | D/40 | D |
| 5 | On Exchange | Existing | 45127PA002000806 | Silver PPO 5000 CSR94 | Combined w/Med | 3 | 3 | 3 | 3 | 5 | 5 | D/50 | D/50 | 20 | 20 | N/A | N/A | D/0% | D/10% | D | D | 10 | 10 | D/20 | D/20 | D |
| 6 | On Exchange | Existing | 45127PA0020008 | Silver PPO 5000/10/30 | Combined w/Med | 30 | 30 | 30 | 30 | 75 | 75 | D/400 | D/400 | 75 | 75 | N/A | N/A | D/10% | D/25% | D/10% | D/10% | 25 | 25 | D/75 | D/75 | D |
| 7 | Off Exchange | Existing | 53789PA0100008 | Bronze HMO 7350/0/60 | Combined w/Med | 60 | 60 | 60 | 60 | 85 | 85 | D | D | D | D | N/A | N/A | D | D | D | D | 25 | 25 | D | D | D |
| 8 | On Exchange | Existing | 45127PA0020020 | Bronze PPO 7350/0/60 | Combined w/Med | 60 | 60 | 60 | 60 | 85 | 85 | D | D | D | D | N/A | N/A | D | D | D | D | 25 | 25 | D | D | D |
| 9 | Off Exchange | Existing | 53789PA0100004 | Catastrophic HMO 7900/0/75 | Combined w/Med | 75 | 75 | 75 | 75 | D | D | D | D | D | D | N/A | N/A | D | D | D | D | 25 | D | D | D | D |
| 10 | Off Exchange | New | 82795PA0140001 | Catastrophic PPO 7900/0/75 | Combined w/Med | | 75 | | 75 | D | D | | D | | D | N/A | N/A | | D | | D | | D | | D | |
| 11 | On Exchange | New | 45127PA0140001 | Gold Capital Advantage EPO 2000/0/45 | Combined w/Med | | 25 | | 25 | | 50 | | D/300 | | 75 | | N/A | | | D | | D/25 | | D/25 | | |

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Benefit Change Summary

| Line | On/Off Exchange | New/Existing | HIOS | Med Description | Rx Description | g ASC | |
|------|-----------------|--------------|------------------|--------------------------------------|----------------|-------|-------|
| | | | | | | | 2019 |
| 1 | On Exchange | Existing | 45127PA0020013 | Gold PPO 2000/10/20 | Combined w/Med | | 250 |
| 2 | Off Exchange | Existing | 45127PA0020021 | Silver PPO 4950/10/30 | Combined w/Med | | 250 |
| 3 | On Exchange | Existing | 45127PA002000804 | Silver PPO 5000 CSR73 | Combined w/Med | | 200 |
| 4 | On Exchange | Existing | 45127PA002000805 | Silver PPO 5000 CSR87 | Combined w/Med | | 100 |
| 5 | On Exchange | Existing | 45127PA002000806 | Silver PPO 5000 CSR94 | Combined w/Med | | 50 |
| 6 | On Exchange | Existing | 45127PA0020008 | Silver PPO 5000/10/30 | Combined w/Med | | 250 |
| 7 | Off Exchange | Existing | 53789PA0100008 | Bronze HMO 7350/0/60 | Combined w/Med | | 250 |
| 8 | On Exchange | Existing | 45127PA0020020 | Bronze PPO 7350/0/60 | Combined w/Med | | 250 |
| 9 | Off Exchange | Existing | 53789PA0100004 | Catastrophic HMO 7900/0/75 | Combined w/Med | | D |
| 10 | Off Exchange | New | 82795PA0140001 | Catastrophic PPO 7900/0/75 | Combined w/Med | | D |
| 11 | On Exchange | New | 45127PA0140001 | Gold Capital Advantage EPO 2000/0/45 | Combined w/Med | | D/100 |

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Benefit Change Summary

| Line | On/Off Exchange | New/Existing | HIOS | | Med Description | Rx Description | OP Surg AHC | | Rx Ded | | Rx Gen - Ded Applies? | | Rx Gen Pref | | Rx Gen Non-Pref | | Rx Brand Pref | | Rx Brand Non-Pref | | Rx Specialty Coin Tier 1 | | Rx Specialty Max Tier 1 | | Rx Specialty Coin Tier 2 | | Rx Specialty |
|------|-----------------|--------------|------------------|--|--------------------------------------|----------------|-------------|-------|----------|----------|-----------------------|------|-------------|------|-----------------|------|---------------|------|-------------------|------|--------------------------|------|-------------------------|------|--------------------------|------|--------------|
| | | | | | | | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | |
| 1 | On Exchange | Existing | 45127PA0020013 | | Gold PPO 2000/10/20 | Combined w/Med | D/10% | D/10% | Combined | Combined | N | N | 3 | 10 | 3 | 0 | 25 | 25 | 75 | 75 | 40% | 40% | 1000 | 800 | 40% | 40% | 1000 |
| 2 | Off Exchange | Existing | 45127PA0020021 | | Silver PPO 4950/10/30 | Combined w/Med | D/10% | D/10% | Combined | Combined | N | N | 10 | 10 | 10 | 0 | 50 | 50 | 100 | 100 | 50% | 50% | 1000 | 800 | 50% | 50% | 1000 |
| 3 | On Exchange | Existing | 45127PA002000804 | | Silver PPO 5000 CSR73 | Combined w/Med | D/8% | D/8% | Combined | Combined | N | N | 5 | 5 | 5 | 0 | 25 | 25 | 55 | 55 | 40% | 40% | 800 | 700 | 40% | 40% | 800 |
| 4 | On Exchange | Existing | 45127PA002000805 | | Silver PPO 5000 CSR87 | Combined w/Med | D/5% | D/5% | Combined | Combined | N | N | 3 | 3 | 3 | 0 | 15 | 15 | 40 | 40 | 30% | 30% | 500 | 400 | 30% | 30% | 500 |
| 5 | On Exchange | Existing | 45127PA002000806 | | Silver PPO 5000 CSR94 | Combined w/Med | D | D | Combined | Combined | N | N | 2 | 2 | 2 | 0 | 10 | 10 | 25 | 25 | 10% | 10% | 300 | 200 | 10% | 10% | 300 |
| 6 | On Exchange | Existing | 45127PA0020008 | | Silver PPO 5000/10/30 | Combined w/Med | D/10% | D/10% | Combined | Combined | N | N | 10 | 10 | 10 | 0 | 50 | 50 | 100 | 100 | 50% | 50% | 1000 | 800 | 50% | 50% | 1000 |
| 7 | Off Exchange | Existing | 53789PA0100008 | | Bronze HMO 7350/0/60 | Combined w/Med | D | D | Combined | Combined | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50% | 50% | 0 | 0 | 50% | 50% | 0 |
| 8 | On Exchange | Existing | 45127PA0020020 | | Bronze PPO 7350/0/60 | Combined w/Med | D | D | Combined | Combined | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50% | 50% | 0 | 0 | 50% | 50% | 0 |
| 9 | Off Exchange | Existing | 53789PA0100004 | | Catastrophic HMO 7900/0/75 | Combined w/Med | D | D | Combined | Combined | Y | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0% | 0% | 0 |
| 10 | Off Exchange | New | 82795PA0140001 | | Catastrophic PPO 7900/0/75 | Combined w/Med | | D | | Combined | | Y | | 0 | | 0 | | | 0 | | 0% | | | 0 | | 0% | |
| 11 | On Exchange | New | 45127PA0140001 | | Gold Capital Advantage EPO 2000/0/45 | Combined w/Med | | D/100 | | Combined | | N | | 10 | | 0 | | 50 | | 100 | | 50% | | 800 | | 50% | |

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Benefit Change Summary

| Line | On/Off Exchange | New/Existing | HIOS | | Med Description | Rx Description | Max Tier 2 2019 | Rx Gen Pref Coins | | Rx Gen Non-Pref Coins | | Rx Brand Pref Coin | | Rx Brand Non-Pref Coins | | Rx Gen Pref Mail Copay | | Rx Gen Non-Pref Mail Copay | | Rx Brand Pref Mail Copay | | Rx Brand Non-Pref Mail Copay | |
|------|-----------------|--------------|------------------|--|--------------------------------------|----------------|--------------------|-------------------|------|-----------------------|------|--------------------|------|-------------------------|------|------------------------|------|----------------------------|------|--------------------------|------|------------------------------|------|
| | | | | | | | | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 |
| 1 | On Exchange | Existing | 45127PA0020013 | | Gold PPO 2000/10/20 | Combined w/Med | 1000 | 0% | 0% | 0% | 25% | 0% | 0% | 0% | 0% | 8 | 20 | 8 | 0 | 63 | 50 | 188 | 150 |
| 2 | Off Exchange | Existing | 45127PA0020021 | | Silver PPO 4950/10/30 | Combined w/Med | 1000 | 0% | 0% | 0% | 25% | 0% | 0% | 0% | 0% | 25 | 20 | 25 | 0 | 125 | 100 | 250 | 200 |
| 3 | On Exchange | Existing | 45127PA002000804 | | Silver PPO 5000 CSR73 | Combined w/Med | 800 | 0% | 0% | 0% | 18% | 0% | 0% | 0% | 0% | 13 | 10 | 13 | 0 | 63 | 50 | 138 | 110 |
| 4 | On Exchange | Existing | 45127PA002000805 | | Silver PPO 5000 CSR87 | Combined w/Med | 500 | 0% | 0% | 0% | 15% | 0% | 0% | 0% | 0% | 8 | 6 | 8 | 0 | 38 | 30 | 100 | 80 |
| 5 | On Exchange | Existing | 45127PA002000806 | | Silver PPO 5000 CSR94 | Combined w/Med | 300 | 0% | 0% | 0% | 10% | 0% | 0% | 0% | 0% | 5 | 4 | 5 | 0 | 25 | 20 | 63 | 50 |
| 6 | On Exchange | Existing | 45127PA0020008 | | Silver PPO 5000/10/30 | Combined w/Med | 1000 | 0% | 0% | 0% | 25% | 0% | 0% | 0% | 0% | 25 | 20 | 25 | 0 | 125 | 100 | 250 | 200 |
| 7 | Off Exchange | Existing | 53789PA0100008 | | Bronze HMO 7350/0/60 | Combined w/Med | 0 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | On Exchange | Existing | 45127PA0020020 | | Bronze PPO 7350/0/60 | Combined w/Med | 0 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | Off Exchange | Existing | 53789PA0100004 | | Catastrophic HMO 7900/0/75 | Combined w/Med | 0 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | Off Exchange | New | 82795PA0140001 | | Catastrophic PPO 7900/0/75 | Combined w/Med | 0 | | 0% | | 0% | | 0% | | 0% | 0 | 0 | | 0 | | 0 | | 0 |
| 11 | On Exchange | New | 45127PA0140001 | | Gold Capital Advantage EPO 2000/0/45 | Combined w/Med | 1000 | | 0% | | 25% | | 0% | | 0% | 20 | | 0 | | 100 | | | 200 |

Individual Rates

Effective 1/1/2019

Benefit Categories

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

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Benefit Mix Changes

| Benefit Mix Calculation | | | |
|------------------------------|-----------------|----------------|------------------|
| | Med Manual Cost | Rx Manual Cost | Manual Cost PMPM |
| Average in Experience Period | | | 247.87 |
| Average in Rating Period | | | 247.03 |
| Benefit Mix Adjustment | | | 1.00 |

| BEP Manual Cost Calculation | | | | | | | |
|-----------------------------|------------------|----------|---------|-------------------|------------------|------------------|---------|
| Company | HIOS 14 Digit | Med Plan | Rx Plan | Med Man Cost PMPM | Rx Man Cost PMPM | Manual Cost PMPM | BEP MM |
| CAAC | 45127PA002000800 | PPOIJ310 | | | | 333.29 | 57,247 |
| CAAC | 45127PA002000801 | PPOIJ304 | | | | 333.29 | 144,631 |
| CAAC | 45127PA002000802 | PPOIJ305 | | | | 333.29 | 83 |
| CAAC | 45127PA002000803 | PPOIJ306 | | | | 333.29 | 7 |
| CAAC | 45127PA002001300 | PPOIJ335 | | | | 350.57 | 35,325 |
| CAAC | 45127PA002001301 | PPOIJ332 | | | | 350.57 | 56,637 |
| CAAC | 45127PA002001302 | PPOIJ333 | | | | 350.57 | 1 |
| CAAC | 45127PA002001303 | PPOIJ334 | | | | 350.57 | 4 |
| KHPC | 53789PA010000400 | HMOIJ712 | | | | 247 | 8,616 |
| KHPC | 53789PA010000800 | HMOIJ725 | | | | 248.18 | 24,315 |
| CAIC | 82795PA012000100 | PGOIJ500 | | | | 356.26 | 1,816 |

| Projected 2019 Manual Cost Calculation | | | |
|--|-------------------|------------------|-------------|
| Mapped 2019 Plan | Med Man Cost PMPM | Rx Man Cost PMPM | Proj Member |
| 82795PA0140001 | | | 2,609 |
| | | | Dist |
| | | | 2,609 |

247.03

2,609

247.03

2,609

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Trend

| Trend by Service Category | | | | | | |
|---------------------------|-------|------|----------------|-------|---------|---------------|
| Category | Cost | Util | Induced Demand | Total | Weights | Total Weights |
| Inpatient Hospital | 7.3% | 0.0% | 1.0% | 8.4% | 26% | 20% |
| Outpatient Hospital | 7.0% | 0.0% | 1.0% | 8.1% | 46% | 35% |
| Professional | 5.5% | 1.0% | 1.0% | 7.6% | 22% | 17% |
| Other Medical | 7.0% | 0.0% | 1.0% | 8.1% | 6% | 5% |
| Capitation | 3.0% | 0.0% | 0.0% | 3.0% | 0% | 4% |
| Prescription Drug | 12.2% | 0.8% | 1.0% | 14.2% | 100% | 20% |
| Dental & Vision | 1.0% | 2.0% | 0.0% | 3.0% | 100% | 100% |

| Aggregate Pricing Trend | |
|-------------------------|-------|
| Total | 9.1% |
| Medical | 8.1% |
| Drug | 14.2% |
| Agg Med + Rx Trend | 9.3% |
| Dental and Vision | 3.0% |

| Raw Trends | | | *From Hospital Trend Model |
|---------------------|------|-------------|----------------------------|
| URRT Categories | Cost | Utilization | Composite |
| Inpatient Hospital | 5.2% | 0.0% | 5.2% |
| Outpatient Hospital | 5.0% | 0.0% | 5.0% |
| Professional | 3.4% | 1.0% | 4.4% |
| Other Medical | 5.0% | 0.0% | 5.0% |
| Capitation | 3.0% | | 3.0% |
| Prescription Drugs | 6.8% | 0.8% | 7.7% |
| Dental & Vision | 1.0% | 2.0% | 3.0% |

| Adjustments to Pricing Trend | | | | | *Adjustments in Drug Trend Model |
|------------------------------|------|--|--------------|-------|----------------------------------|
| Medical | | | Drug | | |
| Intensity | 0.5% | | Contracting | -0.1% | |
| Leveraging | 1.6% | | Leveraging | 3.0% | |
| Demographics | 0.0% | | Demographics | 0.0% | |
| Buy-Downs | 0.0% | | Buy-Downs | 0.0% | |
| Other | 0.0% | | Pipeline | 2.5% | |
| Total 18-13 | 2.1% | | Total | 5.4% | |

16

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Leveraging Calculation

Individual Leveraging Model

201803 Allowed 377.91 Allowed Trend: 6.5%

| <u>Market</u> | <u>Date</u> | <u>Expected Cost</u> | <u>Enrollment</u> | <u>PMPM</u> | <u>Implied AV</u> | <u>Fixed Cost Share</u> | <u>Leveraging</u> |
|---------------|-------------|----------------------|-------------------|-------------|-------------------|-------------------------|-------------------|
| IND | 201803 | 10,699,088.08 | 40,445 | 264.53 | 0.7000 | 0.3000 | 1.6% |

2.82%

| <u>Year</u> | <u>Issuer cost</u> | <u>Member Cost</u> | <u>Total</u> |
|-------------|--------------------|--------------------|--------------|
| 2018 | 264.53 | 113.37 | 377.91 |
| 2019 | 285.90 | 116.57 | 402.47 |
| Trend | 8.1% | 2.8% | 6.5% |

Capital Advantage Insurance Company

Individual Rates

Effective 1/1/2019

Credibility Manual Development for URRT

Exhibit F_URRT

Section II: Allowed Claims, PMPM basis

| Benefit Category | Experience Period | | | | Adj't. from Experience to Projection Period | | Annualized Trend Factors | | Projections | | |
|---------------------|-------------------------|-----------------------|----------------------|-------|---|-------|--------------------------|-------|---|------------|--------|
| | | Allowed | | | Pop'l risk MorbidityOther | | CostUtil | | Utilization per 1,000Average Cost/ServicePMPM | | |
| | Utilization Description | Utilization per 1,000 | Average Cost/Service | PMPM | | | | | | | |
| Inpatient Hospital | Admits | 48.46 | 13,776.11 | 55.64 | 1.060 | 1.016 | 1.073 | 1.010 | 52.41 | 16,114.19 | 70.37 |
| Outpatient Hospital | Visits | 1,834.38 | 647.36 | 98.96 | 1.060 | 1.016 | 1.070 | 1.010 | 1,983.53 | 753.75 | 124.59 |
| Professional | Visits | 6,498.68 | 89.01 | 48.20 | 1.060 | 1.016 | 1.055 | 1.020 | 7,168.30 | 100.59 | 60.09 |
| Other Medical | Services | 1,589.14 | 99.92 | 13.23 | 1.060 | 1.016 | 1.070 | 1.010 | 1,718.35 | 116.35 | 16.66 |
| Capitation | Benefit Period | 0.36 | 347,616.96 | 10.56 | 1.060 | 1.016 | 1.030 | 1.000 | 0.39 | 374,783.37 | 12.06 |
| Prescription Drug | Prescriptions | 4,714.95 | 146.49 | 57.56 | 1.060 | 1.016 | 1.122 | 1.018 | 5,182.53 | 187.33 | 80.90 |
| Total | \$284.15 | | | | \$364.68 | | | | | | |

* All data experience is from CAIC subsidiary Keystone Health Plan Central (KHPC)

| | |
|------------------------|-------|
| *Other | 1.016 |
| Change in Demographics | 1.000 |
| Change in Network | 1.016 |
| Change in Benefits | 1.000 |
| Change in Other | 1.000 |

Morbidity Adjustment Applied to Allowed Claims

| | | | |
|------------------|---------|--------|------------|
| | Dist MM | Factor | Agg Factor |
| BEP | 26% | 1.00 | 1.00 |
| Projected | 100% | 1.00 | 1.00 |
| Morbidity Change | | | 1.00 |

Morbidity Adjustment Applied to Paid Claims

| | | | |
|------------------|---------|--------|------------|
| | Dist MM | Factor | Agg Factor |
| BEP | 26% | 0.50 | 0.87 |
| Projected | 100% | 0.50 | 0.50 |
| Morbidity Change | | | 0.58 |

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Paid to Allowed Ratio Development

| Medical Rate Development | | |
|--------------------------|-----------------------|--|
| Base Experience Period: | 1/1/2017-12/31/2017 | |
| Data as of | 3/31/2018 | |
| Rating Period: | 1/1/2019 - 12/31/2019 | |
| Trend Months: | 24 | |
| Trend: | 8.1% | |

| Drug Rate Development | | |
|-------------------------|-----------------------|--|
| Base Experience Period: | 1/1/2017-12/31/2017 | |
| Data as of | 3/31/2018 | |
| Rating Period: | 1/1/2019 - 12/31/2019 | |
| Trend Months: | 24 | |
| Trend: | 14.2% | |

| Pediatric Dental Rate Development | | |
|-----------------------------------|-----------------------|--|
| Base Experience Period: | 1/1/2017-12/31/2017 | |
| Data as of | 3/31/2018 | |
| Rating Period: | 1/1/2019 - 12/31/2019 | |
| Trend Months: | 24 | |
| Trend: | 3.0% | |

| Pediatric Vision Rate Development | | |
|-----------------------------------|-----------------------|--|
| Base Experience Period: | 1/1/2017-12/31/2017 | |
| Data as of | 3/31/2018 | |
| Rating Period: | 1/1/2019 - 12/31/2019 | |
| Trend Months: | 24 | |
| Trend: | 3.0% | |

| | | |
|----|--|-----------|
| 1 | Medical Paid and Incurred Claims* | 4,417,409 |
| 2 | Completion Factor | 0.99 |
| 3 | BEP Completed Claims (1) / (2) | 4,447,724 |
| 4 | BEP Member Months | 32,931 |
| 5 | BEP Completed Claim PMPM (3) / (4) | 135.06 |
| 6 | Trend Factor | 1.17 |
| 7 | Trended Claim PMPM (5) x (6) | 157.69 |
| 8 | Benefit Change Factor | 1.00 |
| 9 | Morbidity Adjustment | 0.61 |
| 10 | Capitation | 347.617 |
| 11 | Capitation PMPM | 10.56 |
| 12 | Other Adjustment | 1.016 |
| 13 | Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12) | 108.11 |

| Expected Claim PMPM in | |
|--|--------|
| Rating Period | |
| Medical | 108.11 |
| Drug | 45.28 |
| Pediatric Dental | 0.93 |
| Pediatric Vision | 0.10 |
| Expected Distribution of Embedded Dental Benefit | |
| 100% | |
| Total Expected Incurred in Rating Period | |
| 154.42 | |
| Total Expected Incurred in Rating Period Net RA | |
| 346.09 | |
| Projected Allowed | |
| 364.68 | |
| Paid to Allowed Ratio | |
| 0.423 | |

*Medical Paid and Incurred Claims are net of CSR

| | | |
|----|--|-----------|
| 1 | BEP Paid and Incurred Claims | 1,583,914 |
| 2 | Completion Factor | 1.000 |
| 3 | BEP Completed Claims (1) / (2) | 1,583,916 |
| 4 | BEP Member Months | 32,931 |
| 5 | BEP Completed Claim PMPM (3) / (4) | 48.10 |
| 6 | Trend Factor | 1.30 |
| 7 | Trended Claim PMPM (5) x (6) | 62.76 |
| 8 | Benefit Change Factor | 1.00 |
| 9 | Morbidity Adjustment | 0.61 |
| 10 | Rx Rebates | 211,352 |
| 11 | Rx Rebates PMPM | 6.42 |
| 12 | Other Adjustment | 1.016 |
| 13 | Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12) | 45.28 |

| | | |
|----|--|--------|
| 1 | BEP Paid and Incurred Claims | 91,737 |
| 2 | Completion Factor | 0.989 |
| 3 | BEP Completed Claims (1) / (2) | 92,768 |
| 4 | BEP Member Months | 65,758 |
| 5 | BEP Completed Claim PMPM (3) / (4) | 1.41 |
| 6 | Trend Factor | 1.06 |
| 7 | Trended Claim PMPM (5) x (6) | 1.50 |
| 8 | Benefit Change Factor | 1.00 |
| 9 | Morbidity Adjustment | 0.61 |
| 10 | | |
| 11 | | |
| 12 | Other Adjustment | 1.016 |
| 13 | Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12) | 0.93 |

| | | |
|----|--|--------|
| 1 | BEP Paid and Incurred Claims | 9,738 |
| 2 | Completion Factor | 0.983 |
| 3 | BEP Completed Claims (1) / (2) | 9,906 |
| 4 | BEP Member Months | 65,786 |
| 5 | BEP Completed Claim PMPM (3) / (4) | 0.15 |
| 6 | Trend Factor | 1.06 |
| 7 | Trended Claim PMPM (5) x (6) | 0.16 |
| 8 | Benefit Change Factor | 1.00 |
| 9 | Morbidity Adjustment | 0.61 |
| 10 | | |
| 11 | | |
| 12 | Other Adjustment | 1.016 |
| 13 | Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12) | 0.10 |

Capital Advantage Insurance Company

Individual Rates

Effective 1/1/2019

Retention

Exhibit H_Ret

| | <u>Medical + Rx</u> | <u>Dental</u> | <u>Vision</u> | <u>Total</u> | <u>% of Premium</u> |
|--|---------------------|---------------|---------------|--------------|---------------------|
| Reinsurance Contribution | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% |
| Risk Adjustment Fee | \$0.13 | \$0.00 | \$0.00 | \$0.13 | 0.0% |
| | | | | | |
| Admin PMPM | \$39.56 | \$0.60 | \$0.09 | \$40.25 | 9.7% |
| Broker PMPM | \$4.80 | \$0.00 | \$0.00 | \$4.80 | 1.2% |
| | | | | | |
| Value Based Benefits | \$5.20 | \$0.00 | \$0.00 | \$5.20 | 1.2% |
| BCBSA Identity Theft Protection | \$0.02 | \$0.00 | \$0.00 | \$0.02 | 0.0% |
| Quality Improvement | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% |
| Contingency | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| HRA Admin Fee PMPM * | \$2.66 | \$0.00 | \$0.00 | \$2.66 | 0.6% |
| | | | | | |
| Patient-Centered Outcomes Research Trust Fund: | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% |
| Insurer Tax | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Exchange Fee | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% |
| Federal Income Tax | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% |
| Premium Tax | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |

* HRA Admin fee in charged to HRA plans only

Insurer Tax and Admin Fee Calc

| | | | | | |
|-----------------------------|----------------|-------|--------------------------------|----|------|
| Applied HIF to All Quarters | | | 0.00% | | |
| Quarter | % of Enrollees | HIF | 2019 assessment2020 assessment | | |
| 1 | 100% | 0.00% | 0 | 0% | 2.3% |
| | | | 3 | 0% | 2.3% |
| | | | 6 | 0% | 2.3% |
| | | | 9 | 0% | 2.3% |

| | <u>Admin</u> | <u>Profit</u> | <u>Taxes</u> |
|--------------|---------------------|---------------|--------------|
| | 12.5% | 2.0% | 2.4% |
| Claims | 9.7% | | |
| Broker | 1.2% | | |
| Filing 18-13 | Quality Improvement | 1.7% | 20 |

| | |
|-------------------|--------|
| Expected Incurred | 346.09 |
|-------------------|--------|

| | |
|--|------------------|
| Plan | Catastrophic PPO |
| | 7900/0/75 |
| Deductible | 7900 |
| Expected Claim Cost | 154.42 |
| Expected Premium PMPM * | \$416.43 |
| <u>Allowed Adjustments to Premium for MLR</u> | |
| Reinsurance Contribution | 0.00 |
| Patient-Centered Outcomes Research Trust Fund: | 0.00 |
| Risk Adjustment Fee | 0.13 |
| Premium Tax | 8.33 |
| Insurer Tax | 0.00 |
| Exchange Fee | 0.00 |
| Quality Improvement | 1.67 |
| Federal Income Tax** | 1.75 |
| MLR Adjusted Premium | \$404.55 |
| Expected Member Distribution | 100.0% |

| | |
|-------------------------------|----------|
| | |
| Unadjusted Premium | \$416.43 |
| Expected MLR Adjusted Premium | \$404.55 |

| | |
|-----|-------|
| MLR | 85.5% |
|-----|-------|

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

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Projected Index Rate

| | |
|----------------------|----------|
| Projected Index Rate | \$364.68 |
|----------------------|----------|

| <u>Effective Date</u> | <u>Total Index Rate</u> | <u>Trend</u> | <u>Distribution of Members</u> | <u>Projected Allowed</u> | <u>Market Adjusted Index Rate</u> |
|-----------------------|-------------------------|--------------|--------------------------------|--------------------------|-----------------------------------|
| January - December | \$364.68 | | 100% | \$364.68 | |

| | | | | | |
|-------------------------------|----------|--|--|----------|----------|
| Average for Projection Period | \$364.68 | | | \$364.68 | \$817.31 |
|-------------------------------|----------|--|--|----------|----------|

* From URRT and Exhibit B

Capital Advantage Insurance Company

Exhibit K_MarketAdjInd

Individual Rates

Effective 1/1/2019

Market Adjusted Index Rate

Development of Market Adjusted Index Rate

| | |
|---|---------|
| Q1 Index Rate | 364.68 |
| Paid to Allowed | 0.42 |
| Q1 Projected Claims | 154.42 |
| Net Projected ACA Reinsurance Recoveries | 0.00 |
| Net Projected Risk Adjustments PMPM | -191.67 |
| Exchange User Fee Adjustment | 0.00 |
| Q1 Market-Adjusted Projected Paid EHB Claims PMPM | 346.09 |
| Q1 Market Adjusted Index Rate | 817.31 |

Development of Exchange User Fee

| | |
|--|----------|
| Average Exchange Premium | \$779.75 |
| Average Exchange Fee | \$27.29 |
| Percentage of Membership on Exchange | 0% |
| Exchange Fee to Add to Market Index Rate | \$0.00 |

Development of Risk Adjustment Projection

| | | |
|---|--------------|---|
| Projected 2019 Risk Adjustment Payment | -\$191.54 | *10% increase for 2018 and 2019 premium changes |
| Projected 2017 Risk Adjustment | -\$5,734,115 | *CAIC is using KHPC data to project 2019 CAIC is offering Cat plan, so membership likely to be similar to KHPC |
| 2017 MemberMonths | 32,931 | |
| Projected 2017 Risk Adjustment Payment PMPM | -\$174.13 | |
| Capital Advantage Assurance Company | \$40,434,004 | |
| Keystone Health Plan Central | -\$5,734,115 | |
| Capital Advantage Insurance Company | -\$567,695 | |

Adjust Base Experience Period to Base Plan

| | <u>Medical</u> | <u>Rx</u> | <u>Ped Dental</u> | <u>Ped Vision</u> | <u>Total</u> |
|--------------------------------------|----------------|-----------|-------------------|-------------------|--------------|
| Expected Claim PMPM in Rating Period | 108.11 | 45.28 | 0.93 | 0.10 | 154.42 |
| Adjustment to Base Plan | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Adjustment for Network | 1.016 | 1.016 | 1.016 | 1.016 | 1.016 |
| Adjustment for Induced Demand | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Expected Claim Base Plan | 106.38 | 44.56 | 0.91 | 0.10 | 151.95 |

| Rate Development by Benefit Option | | Off-Exchange |
|------------------------------------|--|------------------|
| Level of Coverage | | Gold |
| HIOS | | 82795PA0140001 |
| Med Plan Name: | | Catastrophic PPO |
| Rx: | | 7900/0/75 |
| Plan Type: | | Combined |
| HRA | | PPO |
| Q1 Market Adjusted Index Rate | | N |
| | | 817.31 |

| | |
|--------------------------------|-------|
| AV and Cost-Sharing Adjustment | 0.53 |
| Network | 1.016 |
| Catastrophic | 0.50 |
| Induced Demand | 1.56 |

| Plan Pricing Relativities: | |
|---|--------|
| Manual PMPM | 247.03 |
| Pricing Relativity | 1.000 |
| Projected Claims | 154.42 |
| Total Projected Claims PMPM + Market Level Adjustments: | 346.09 |

| Retention | |
|--|---------|
| Admin PMPM | \$40.25 |
| Broker PMPM | \$4.80 |
| Patient-Centered Outcomes Research Trust Fund: | \$0.00 |
| HRA Admin Fee | \$0.00 |
| Value-Based Benefits | \$5.20 |
| BCBSA Identity Theft | \$0.02 |
| Premium Tax | 2.0% |
| Federal Income Tax | 0.4% |
| Insurer Tax | 0.0% |
| Contingency | 2.0% |
| Quality Improvement | 0.4% |

| | |
|------------------------------|----------|
| Premium Neutrality | 1.67 |
| Total Premium Single Rate: | \$248.99 |
| Plan Adjusted Index Rates | \$416.43 |
| Expected Member Distribution | 100.0% |

| Relativity Checks | |
|-------------------|------|
| Claims | 1.00 |
| Premium | 1.00 |

| | |
|-------|---------|
| | \$50.27 |
| Admin | 12% |
| Taxes | 2.4% |

| Benefit Plans | | | | | | | | | | | | | | | | | | | | | | | | | Annual Trend | | |
|---------------|---------------------------|----------------------|---------|-----------------|------------|----------------|-----------------|--------------|-------------|---------------|---------|----------------|---------|---------------------------|------------|-----------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|-----------------|-----------------|-------|
| # | Combo Description | 100% | 2,609 | New or Existing | Product ID | Plan ID | On/Off Exchange | Metal Level | Metal Value | Pricing Value | Network | Induced Demand | Product | Med Plan Description | Deductible | Drug Plan | Pediatric Dental | Pediatric Vision | Average Plan Adj. | Q1 Plan Adj Index | Q2 Plan Adj Index | Q3 Plan Adj Index | Q4 Plan Adj Index | Medical & Rx | Dental & Vision | Aggregate Trend | |
| | | Projected Membership | Prod MM | | | | | | | | | | | | | | | | Index Rate | Rate | Rate | Rate | | | | | |
| 1 | Catastrophic PPO 7900/075 | 100.0% | 2,609 | New | 82795PA014 | 82795PA0140001 | Off Exchange | Catastrophic | 60.0% | 53.4% | 1.02 | 1.56 | PPO | Catastrophic PPO 7900/075 | 7900 | Combined | Embedded | Embedded | \$416.43 | \$416.43 | | | | | 9.30% | 3.0% | 9.12% |

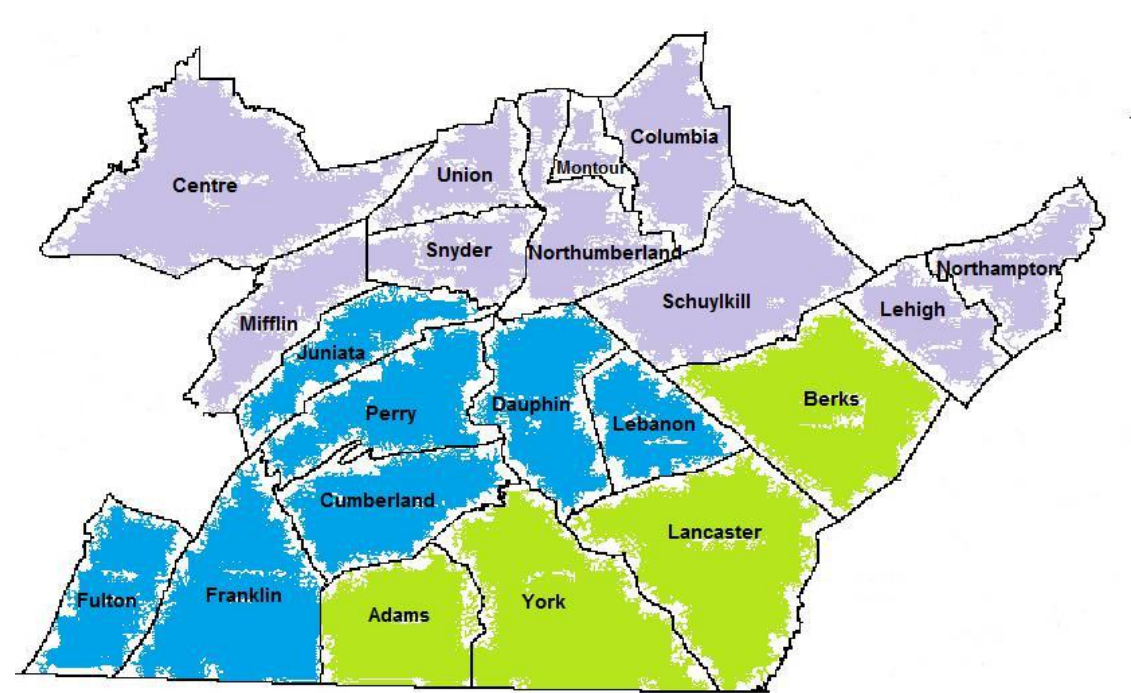
| | |
|---|-------|
| Expected Average Age Factor: | 1.624 |
| List-Billed Adjustment for Max 3 Children | 1.004 |
| Adjusted Average Age Factor | 1.618 |
| Expected Average Region Factor: | 1.03 |
| Expected Average Tobacco Factor | 1.006 |
| Cumulative Rating Factors (Premium Neutrality): | 1.672 |

| Age Factors | | | Region Factors | | | Tobacco | | |
|-------------|----------------------------|------------|-----------------------------------|----------------------------|--------|----------------|-------|----------------|
| Age | Distribution of Population | Age Factor | Region | Distribution of Population | Factor | PPD | HMQ | Final Factor |
| 0-14 | 11.2% | 0.7650 | 6 | 34.5% | 1.00 | 1.007 | 1.003 | 1.006 |
| 15 | 0.9% | 0.8330 | 7 | 50.2% | 1.03 | Product Type | HMO | |
| 16 | 1.1% | 0.8590 | 9 | 15.4% | 1.08 | | | |
| 17 | 0.9% | 0.8850 | Total Current Month Members | | | PPD | HMO | |
| 18 | 1.6% | 0.9130 | | | | 48622 | 2850 | |
| 19 | 1.0% | 0.9410 | Members without Tobacco Surcharge | | | PPD | HMO | Tobacco Factor |
| 20 | 1.5% | 0.9700 | | | | 45619 | 2738 | 1 |
| 21 | 1.7% | 1.0000 | Members with Tobacco Surcharge | | | | | |
| 22 | 1.3% | 1.0000 | | | | | | |
| 23 | 1.7% | 1.0000 | | | | | | |
| 24 | 1.4% | 1.0000 | | | | | | |
| 25 | 1.3% | 1.0040 | | | | | | |
| 26 | 3.2% | 1.0240 | | | | | | |
| 27 | 3.9% | 1.0480 | | | | | | |
| 28 | 3.8% | 1.0670 | | | | | | |
| 29 | 3.5% | 1.1190 | | | | | | |
| 30 | 1.2% | 1.1350 | | | | | | |
| 31 | 1.3% | 1.1590 | | | | | | |
| 32 | 1.1% | 1.1830 | | | | | | |
| 33 | 0.5% | 1.1980 | | | | | | |
| 34 | 0.6% | 1.2140 | | | | | | |
| 35 | 1.0% | 1.2220 | | | | | | |
| 36 | 1.0% | 1.2300 | | | | | | |
| 37 | 1.5% | 1.2380 | | | | | | |
| 38 | 1.2% | 1.2460 | | | | | | |
| 39 | 1.1% | 1.2620 | | | | | | |
| 40 | 1.2% | 1.2780 | | | | | | |
| 41 | 0.8% | 1.3020 | | | | | | |
| 42 | 1.3% | 1.3250 | | | | | | |
| 43 | 0.8% | 1.3570 | | | | | | |
| 44 | 0.8% | 1.3970 | | | | | | |
| 45 | 1.7% | 1.4440 | | | | | | |
| 46 | 1.6% | 1.5000 | | | | | | |
| 47 | 1.9% | 1.5630 | | | | | | |
| 48 | 1.6% | 1.6350 | | | | | | |
| 49 | 1.4% | 1.7060 | | | | | | |
| 50 | 1.7% | 1.7860 | | | | | | |
| 51 | 1.4% | 1.8650 | | | | | | |
| 52 | 1.8% | 1.9520 | | | | | | |
| 53 | 1.9% | 2.0400 | | | | | | |
| 54 | 2.2% | 2.1350 | | | | | | |
| 55 | 1.8% | 2.2300 | | | | | | |
| 56 | 2.0% | 2.3330 | | | | | | |
| 57 | 2.3% | 2.4370 | | | | | | |
| 58 | 2.4% | 2.5480 | | | | | | |
| 59 | 2.5% | 2.6030 | | | | | | |
| 60 | 2.3% | 2.7140 | | | | | | |
| 61 | 2.4% | 2.8100 | | | | | | |
| 62 | 3.3% | 2.8730 | | | | | | |
| 63 | 3.4% | 2.9520 | | | | | | |
| 64+ | 5.2% | 3.0000 | | | | | | |
| | | | | | | Members 201202 | | |
| | | | | | | 0 | 0 | 1 |
| | | | | | | 0 | 0 | 1 |
| | | | | | | 2 | 0 | 1 |
| | | | | | | 3 | 0 | 1 |
| | | | | | | 4 | 0 | 1 |
| | | | | | | 5 | 0 | 1 |
| | | | | | | 6 | 0 | 1 |
| | | | | | | 7 | 0 | 1 |
| | | | | | | 8 | 0 | 1 |
| | | | | | | 9 | 0 | 1 |
| | | | | | | 10 | 0 | 1 |
| | | | | | | 11 | 0 | 1 |
| | | | | | | 12 | 0 | 1 |
| | | | | | | 13 | 0 | 1 |
| | | | | | | 14 | 0 | 1 |
| | | | | | | 15 | 0 | 1 |
| | | | | | | 16 | 0 | 1 |
| | | | | | | 17 | 0 | 1 |
| | | | | | | 18 | 1 | 0 |
| | | | | | | 19 | 3 | 1 |
| | | | | | | 20 | 6 | 1 |
| | | | | | | 21 | 6 | 1 |
| | | | | | | 22 | 13 | 1 |
| | | | | | | 23 | 26 | 5 |
| | | | | | | 24 | 31 | 4 |
| | | | | | | 25 | 33 | 1 |
| | | | | | | 26 | 74 | 5 |
| | | | | | | 27 | 105 | 10 |
| | | | | | | 28 | 95 | 7 |
| | | | | | | 29 | 73 | 5 |
| | | | | | | 30 | 59 | 3 |
| | | | | | | 31 | 63 | 3 |
| | | | | | | 32 | 43 | 3 |
| | | | | | | 33 | 67 | 1 |
| | | | | | | 34 | 63 | 1 |
| | | | | | | 35 | 81 | 3 |
| | | | | | | 36 | 73 | 3 |
| | | | | | | 37 | 78 | 3 |
| | | | | | | 38 | 79 | 2 |
| | | | | | | 39 | 71 | 0 |
| | | | | | | 40 | 59 | 1 |
| | | | | | | 41 | 74 | 3 |
| | | | | | | 42 | 70 | 0 |
| | | | | | | 43 | 68 | 0 |
| | | | | | | 44 | 84 | 0 |
| | | | | | | 45 | 74 | 2 |
| | | | | | | 46 | 74 | 2 |
| | | | | | | 47 | 91 | 4 |
| | | | | | | 48 | 73 | 6 |
| | | | | | | 49 | 87 | 1 |
| | | | | | | 50 | 91 | 2 |
| | | | | | | 51 | 76 | 2 |
| | | | | | | 52 | 94 | 4 |
| | | | | | | 53 | 76 | 2 |
| | | | | | | 54 | 99 | 0 |
| | | | | | | 55 | 61 | 3 |
| | | | | | | 56 | 79 | 2 |
| | | | | | | 57 | 65 | 3 |
| | | | | | | 58 | 66 | 4 |
| | | | | | | 59 | 85 | 2 |
| | | | | | | 60 | 75 | 0 |
| | | | | | | 61 | 61 | 3 |
| | | | | | | 62 | 74 | 1 |
| | | | | | | 63 | 75 | 0 |
| | | | | | | 64 | 66 | 2 |
| | | | | | | 65 | 0 | 0 |
| | | | | | | 66 | 0 | 0 |
| | | | | | | 67 | 3 | 0 |
| | | | | | | 68 | 0 | 0 |
| | | | | | | 69 | 0 | 0 |
| | | | | | | 70 | 0 | 0 |
| | | | | | | 71 | 0 | 0 |
| | | | | | | 72 | 0 | 0 |
| | | | | | | 73 | 0 | 0 |
| | | | | | | 74 | 0 | 0 |
| | | | | | | 75 | 0 | 0 |
| | | | | | | 76 | 0 | 0 |
| | | | | | | 77 | 0 | 0 |
| | | | | | | 78 | 0 | 0 |
| | | | | | | 79 | 0 | 0 |
| | | | | | | 80 | 0 | 0 |
| | | | | | | 81 | 0 | 0 |
| | | | | | | 82 | 0 | 0 |
| | | | | | | 83 | 0 | 0 |
| | | | | | | 84 | 0 | 0 |
| | | | | | | 85 | 0 | 0 |
| | | | | | | 86 | 0 | 0 |
| | | | | | | 87 | 0 | 0 |
| | | | | | | 88 | 0 | 0 |
| | | | | | | 89 | 0 | 0 |
| | | | | | | 90 | 0 | 0 |

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Rating Factors

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

Region



| Region | Factor |
|--------|--------|
| 6 | 1.00 |
| 7 | 1.03 |
| 9 | 1.08 |

| Network | Factor |
|---------|--------|
| PPO | 1.00 |
| | |
| | |

| Benefit Plans | | | | | | | | | | | | | | Base Rates | | | | Annual Total | | | | | | | |
|---------------|-------------------------|----------------------|---------|-----------------|-------------|-----------------|-----------------|------------|------------|---------------|----------------|---------|--------------------------|------------|----------------|------------------|------------------|--------------|----------|---------|------------------|------------------|----------|--------------|-----------------|
| # | Combo Description | Projected Membership | Proj MM | New or Existing | Product ID | Plan ID | On/Off Exchange | Metd Level | Metd Value | Pricing Value | Indexed Demand | Product | Medical Plan Description | Deductible | Drug Plan Desc | Pediatric Dental | Pediatric Vision | Medical + Rx | Medical | Rx | Pediatric Dental | Pediatric Vision | Total | Medical + Rx | Dental & Vision |
| 1 | Catacombs PPO 7500/0/75 | 100.0% | 2,409 | New | 82750P/0014 | 82750P/00140001 | Off Exchange | Catacombs | 60.0% | 53.4% | 1.56 | PPO | Catacombs PPO 7500/0/75 | 7500 | Continued | Embedded | Embedded | \$247.94 | \$203.31 | \$44.63 | \$0.00 | \$0.12 | \$248.09 | 9.3% | 3.0% |

Capital Advantage Insurance Company
Individual Rates
Effective 1/1/2019
Regional Analysis

Results

| Region | DemoUnits | MemberMonths | AdjustedPaid | AllowedAmount | Adjusted Allowed | Allowed PMPM | Demo | Relative Demo | Normalized Allowed | Relative Value Normalized | Rating Factor |
|--------|-----------|--------------|--------------|---------------|------------------|--------------|--------|---------------|-----------------------|------------------------------|---------------|
| 6 | 368,356 | 296,531 | 90,261,766 | 107,236,316 | 116,957,368 | 394.42 | 1.2422 | 1.00 | 393.16 | -3.2% | 1.00 |
| 7 | 362,378 | 294,970 | 89,289,240 | 107,114,203 | 118,932,154 | 403.20 | 1.2285 | 0.99 | 406.39 | 0.1% | 1.03 |
| 9 | 248,747 | 199,516 | 64,263,901 | 75,473,210 | 85,405,208 | 428.06 | 1.2468 | 1.01 | 425.14 | 4.7% | 1.08 |
| | | | | | | 406.18 | 1.24 | 1.00 | 406.16 | 0.0% | |

Data - Claims and Enrollment for 12 Months Ending December 2016 and Hospital and Physician Contracting thru 2018

| Total | | 979,481 | 791,017 | 243,814,906 | 289,823,729 | 1.11 | 321,294,730 | 366.39 | 1.2383 | 1.00 | 405.98 | |
|--------|-------------------|-----------|--------------|--------------|---------------|------------------------|------------------|----------------------------|--------|---------------|-----------------------|------------------------------|
| Region | Group County Name | DemoUnits | MemberMonths | AdjustedPaid | AllowedAmount | Contracted Increase | Adjusted Allowed | Allowed PMPM w Increase | Demo | Relative Demo | Normalized Allowed | Relative Value Normalized |
| 7 | ADAMS | 13,679 | 10,443 | 3,394,184 | 3,973,174 | 1.14 | 4,512,605 | 432.12 | 1.3099 | 1.06 | 408.48 | 100.6% |
| 7 | BERKS | 125,887 | 100,900 | 32,916,422 | 39,021,187 | 1.10 | 43,051,624 | 426.68 | 1.2476 | 1.01 | 423.47 | 104.3% |
| 6 | CENTRE | 19,922 | 17,590 | 5,658,648 | 6,477,963 | 1.10 | 7,109,452 | 404.18 | 1.1326 | 0.91 | 441.89 | 108.8% |
| 6 | COLUMBIA | 5,415 | 4,139 | 1,163,209 | 1,406,248 | 1.11 | 1,555,268 | 375.76 | 1.3082 | 1.06 | 355.67 | 87.6% |
| 9 | CUMBERLAND | 74,534 | 61,189 | 19,135,213 | 22,553,892 | 1.11 | 25,078,821 | 409.86 | 1.2181 | 0.98 | 416.64 | 102.6% |
| 9 | DAUPHIN | 95,161 | 75,619 | 26,105,853 | 30,417,196 | 1.13 | 34,369,550 | 454.51 | 1.2584 | 1.02 | 447.22 | 110.2% |
| 9 | FRANKLIN | 39,366 | 31,689 | 8,899,778 | 10,555,168 | 1.15 | 12,097,676 | 381.76 | 1.2423 | 1.00 | 380.53 | 93.7% |
| 9 | FULTON | 4,396 | 3,536 | 1,268,027 | 1,403,703 | 1.16 | 1,624,041 | 459.29 | 1.2431 | 1.00 | 457.49 | 112.7% |
| 9 | JUNIATA | 2,419 | 1,763 | 1,007,291 | 1,112,588 | 1.03 | 1,145,491 | 649.74 | 1.3721 | 1.11 | 586.35 | 144.4% |
| 7 | LANCASTER | 135,437 | 114,895 | 31,644,795 | 38,454,128 | 1.10 | 42,405,854 | 369.08 | 1.1788 | 0.95 | 387.70 | 95.5% |
| 9 | LEBANON | 28,061 | 22,155 | 6,645,000 | 8,007,213 | 1.20 | 9,624,084 | 434.40 | 1.2666 | 1.02 | 424.68 | 104.6% |
| 6 | LEHIGH | 155,388 | 125,195 | 36,288,278 | 43,695,605 | 1.09 | 47,444,604 | 378.97 | 1.2412 | 1.00 | 378.08 | 93.1% |
| 6 | MIFFLIN | 4,933 | 4,057 | 1,125,642 | 1,281,771 | 1.11 | 1,420,226 | 350.07 | 1.2159 | 0.98 | 356.51 | 87.8% |
| 6 | MONTOUR | 1,354 | 1,070 | 523,520 | 606,126 | 1.12 | 680,642 | 636.11 | 1.2650 | 1.02 | 622.65 | 153.4% |
| 6 | NORTHAMPTON | 122,092 | 97,609 | 28,885,496 | 34,516,080 | 1.09 | 37,718,646 | 386.43 | 1.2508 | 1.01 | 382.54 | 94.2% |
| 6 | NORTHUMBERLAND | 12,764 | 9,899 | 4,070,566 | 4,622,745 | 1.10 | 5,093,158 | 514.51 | 1.2894 | 1.04 | 494.09 | 121.7% |
| 9 | PERRY | 4,810 | 3,565 | 1,202,738 | 1,423,449 | 1.03 | 1,465,544 | 411.09 | 1.3492 | 1.09 | 377.29 | 92.9% |
| 6 | SCHUYLKILL | 34,409 | 27,296 | 9,431,239 | 11,009,074 | 1.10 | 12,089,177 | 442.89 | 1.2606 | 1.02 | 435.04 | 107.2% |
| 6 | SNYDER | 7,182 | 5,779 | 2,054,579 | 2,351,995 | 1.03 | 2,421,549 | 419.03 | 1.2427 | 1.00 | 417.51 | 102.8% |
| 6 | UNION | 4,898 | 3,897 | 1,060,590 | 1,268,710 | 1.12 | 1,424,644 | 365.57 | 1.2570 | 1.02 | 360.13 | 88.7% |
| 7 | YORK | 87,375 | 68,732 | 21,333,839 | 25,665,715 | 1.13 | 28,962,071 | 421.38 | 1.2712 | 1.03 | 410.44 | 101.1% |



June 22, 2018

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

**Re: Capital Advantage Insurance Company
Individual Rates
Filing No 18-13
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear ██████████:

CAIC received an objection letter from the Department dated June 15, 2018. CAIC is providing the following in response to the objection letter:

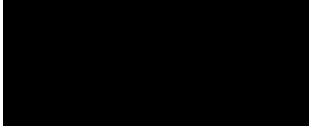
- Q&A written response
- Q&A exhibits
- Correction to List-Billed data file
- Correction to Actuarial Memo – correction to 2017 rate SERFF filing number
- Correction to Memo Exhibits:
 - Exhibit E – Trend
 - Exhibit F – URRT, morbidity factor
 - Exhibit G – Paid to Allowed Ratio Development, paid-to-allowed ratio
 - Exhibit L – Rate Development, induced demand factor
 - PA Rate Template Part II, morbidity factor, paid-to-allowed ratio
 - Table 10 Plan Rates, induced demand factor
- Correction to URRT, morbidity factor, credibility manual data (matches Exhibit F), paid-to-allowed ratio


These changes do not impact rates.

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




Harrisburg, PA 17177 | capbluecross.com

Sincerely,

A large black rectangular redaction box covering the signature area.

, ASA, MAAA
Manager, Actuarial Services
Capital BlueCross

Enclosures

cc: , FSA, MAAA, Senior Director, Actuarial Services
, ASA, MAAA, Vice President and Chief Actuary, Actuarial Services
, Corporate Counsel

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

Question and Answer Individual Rates Effective January 1, 2019

With this response, please find corresponding Q&A Exhibits in Ind_18-13_Initial_CAIC_PPO_Q&AExhibits1_Supporting_20180622.xlsx

Question 1. Please answer the following questions regarding the trend factors used (tab “Exhibit E_Trend”):

- a. The leveraging calculation assumes all member cost sharing is static (“Fixed Cost Share” column on tab “Exhibit E1_Lever”), but all plans have benefits which are subject to the deductible and/or coinsurance which would increase, to some extent, with allowed costs. Please explain why you think it is appropriate to assume all cost sharing is static.
- b. The leveraging calculation in “ExhibitE1_Lever” assumes allowed cost sharing is 5.5%. However, in the Raw Trends shown in “Exhibit E_Trend” none of the service categories have trends that high, and the weighted average, including drug but not dental/vision, appears to be closer to 5.4%. Please provide an explanation for why you used 5.5% in the calculation and a quantitative build-up of the 5.5% if it is not changing.
- c. The leveraging calculation in “ExhibitE1_Lever” compares projected paid costs by month to a plan with zero cost sharing (essentially an allowed amount since there is no cost sharing). However, it does not appear as if induced utilization is accounted for in the calculation. Based on the HHS curve, a zero cost sharing plan (1.00 AV) would have 24% higher utilization and, as a result, 24% higher allowed costs than a bronze plan (0.60 AV). Please provide an explanation for why induced utilization is not accounted for in the calculation.
- d. Please provide a quantitative buildup of the “leveraging adjustment” for the drug trend.
- e. Please provide a quantitative buildup of the “pipeline adjustment” for the drug trend and describe the adjustment and why it is necessary.
- f. Please explain the following regarding the dental and vision trends:
 - i. Please provide an explanation on the development of the final cost and utilization trends shown in cells B14 and C14 of the “Exhibit E_Trend” tab.
 - ii. Please provide an explanation on how the composite factor shown in cell C31 relates to the raw trends in cells B31 and C31.
- g. The final trends shown in cells B8:C14 tie to the trends on WS1 of the URRT as well as the rate development on tab “II Rate Development & Change.” These trends are applied to allowed claims. Please explain why you think it is necessary to make an adjustment to account for paid claim trend leveraging when trending allowed claims forward.
- h. Please provide an explanation and quantitative buildup of the induced demand adjustment. Include an explanation regarding how the higher utilization and, as a result, higher paid costs are accounted for in the calculation of the leveraging factor.

Answer 1.

- a. While, in some cases, the amount the consumer pays out of pocket increases as allowed claims increase, the consumer-paid percentage-of-total decreases due to fixed dollar cost-sharing such as deductible and copayments. For a member with a \$2,000 deductible, incurring \$1000 in allowed claims year 1 and \$1100 in year 2 (10% allowed trend, for example), their cost-sharing increased, and they paid 100% of allowed claims in both years. But if that same member incurred \$5,000 in allowed claims year 1 (paid \$2,000 in deductible), and \$5,500 year 2, the insurer's paid trend is $3,500/3,000 - 1 = 17\%$, and the member's out-of-pocket trend is 0%. This is because the member's percentage-of-total out-of-pocket expenses decrease when fixed deductibles and copays apply. The leveraging calculation factors in all scenarios, showing the average impact of cost-sharing on a large population, measuring in aggregate how paid claims rise faster than allowed as the insurer percentage-of-total claims rises over time.
- b. For this example, 5.5% allowed trend is used because it falls within the range of reasonable allowed trends. This small group filing is requesting a lower than average trend due to competitive pressures. While the raw trend shows 5.3%, induced demand drives that trend up 3 points.
- c. This calculation uses CBC's internal manual cost model to determine benefit relativities. While this model accounts for induced utilization as cost-sharing decreases, it does not use the same assumptions as the AV calculator.
- d. For Individual business, medical and Rx deductible are combined, and the average AV is Silver (approx. \$5,000 deductible on average). These larger deductibles applied to Rx creates leveraging values between 2% and 4%. Please see Q&A Exhibit 1 for a comparison of paid and allowed trends by market segment. While Individual historical trends do not reflect pricing trend (the high trend is attributable to a changes in morbidity), the difference between paid and allowed is 3%, attributable to leveraging.
- e. The pipeline adjustment is used to account for new drugs expected to enter the market in 2019. Since these drugs are new, their cost is not accounted for in the BEP. CBC has compiled pipeline reports from our PBM and Specialty Rx vendor to quantify which drugs could potentially be entering the market in 2019. While there are many unknowns as to which drugs will become available and utilization of those drugs, through this process, the group decided to apply 1% pipeline to the group market. For the individual market, it is reasonable to assume a higher pipeline adjustment due to higher specialty trend (the vast majority of pipeline drugs are specialty – low incidence, high cost). Please see Q&A Exhibit 2 for specialty trend by market segment.
- f.
 - i. We applied standard pricing trend to dental and vision. Because Individual and Small Group enrollment has fluctuated, and embedded pediatric dental and vision coverage is fairly new to the market, it is difficult to estimate changes in utilization and mix of services. Due to these factors, 3% pricing trend is applied to these components.
 - ii. The composite dental and vision trend is not correct. It is being corrected with this submission.

- g. While it is not necessary to apply paid trends to allowed claims, the format of the exhibits makes it preferable to do so. If I apply allowed trends to allowed claims, and paid trends to paid claims, the final proposed rates do not change, only the paid-to-allowed ratio changes.
- h. Induced Utilization: Induced utilization is CBC's best estimate for increased utilization in the individual market due to unknown future regulatory changes. CBC predicts that consumers will use more services in 2019 due to unknown coverage status in 2020. Association Health Plans also play a role in driving out healthier individuals from the ACA-compliant market, resulting in higher utilization trends over time. While induced utilization is not explicitly included in the leveraging calculation, it is reasonable to assume that induced utilization could further drive leveraging (paid costs).

Question 2. Please provide a quantitative build-up of the 0.500 catastrophic plan factor. In addition, please provide an explanation for how the catastrophic adjustment factor is not being double-counted in the development of the morbidity factor ("Exhibit F_URRT") and the separate application of the catastrophic adjustment factor ("III Plan Rates").

Answer 2. Please see Q&A Exhibit 4 for the catastrophic plan factor calculation. I agree that the catastrophic factor applied to the URRT allowed claims and again applied in III Plan Rates double-counts this factor. Projected claims are correct, but the double application of the catastrophic factor is driving up the induced utilization factor. With this submission, changes are being made to remove the catastrophic adjustment from Exhibit F_URRT and adjust the induced utilization factor. This also requires changes to the URRT. Final rates are not impacted.

Question 3. Please provide quantitative and qualitative support for the network factor on the "III Plan Rates" tab.

Answer 3. The network factor accounts for the difference between an HMO managed care plan with no out-of-network coverage and a PPO. CAIC is using KHPC HMO experience to rate its catastrophic plan. While membership and benefit characteristics should be similar between the two companies, network differs. KHPC assumes 2% claim reduction to the medical portion of the premium for these managed care attributes. Medical claims account for about 80% of the premium, for a total of 1.6% (0.8×0.02) claims reduction. Normalizing claims to a PPO network, the factor is $1 / (1 - 0.02 \times 0.8) = 1.016$.

Question 4. Please provide an explanation for why it is appropriate to use the 2017 risk adjustment results from Keystone Health Plan Central (KHPC) as the starting point in the risk adjustment calculation for Capital Advantage Insurance Company (CAIC). CAIC will only have a catastrophic plan in the projection period, which is in a separate risk pool for risk adjustment calculation purposes. KHPC had both a bronze plan and catastrophic plan in the 2017 calculation with the majority of its membership in the Bronze plan.

Answer 4. I applied KHPC RA estimates to CAIC because KHPC data is used to rate CAIC. Also, in order to keep rate development consistent across like benefits (same Catastrophic benefit

design is offered in CAIC and KHPC), it is reasonable to start with KHPC data, adjust for KHPC-specific RA, and apply the same catastrophic adjustment to the like-plans.

Question 5. Please provide an explanation for the why the “Benefit Richness (induced demand)” information in column L of the “III Plan Rates” tab does not result in a weighted average factor of 1.0 as directed in the Rate Filing Guidance.

Answer 5. The induced demand factor is designed to adjust the AV and Cost-Sharing factors so that, in aggregate, they equate to the Paid-to-Allowed ratio. In this filing, the AV and Cost-Sharing factors aggregate to 0.53. But the Paid-to-Allowed ratio is 0.73. The induced demand factor of 2.74 is applied to 0.53 to bring claims up to 0.73 level. $0.53 \times 2.74 = 0.73$. So projected claims by plan aggregate to equal projected claims calculated in total. Projected claims were not increased by applying induced demand (impact of 1.0), which is demonstrated in the fact that projected claims = [allowed claims] x [average AV and cost-sharing factor] x [average induced demand]. This is demonstrated in Table B.

Question 6. Please review and update your calculation of the “List-Billed Adjustment for Max 3 Children” as the work provided has factors in column N which are different than those in column M even when there are 3 or fewer children (e.g., rows 8 and 612).

Answer 6. The List-Billed Adjustment for Max 3 Children file has been corrected with this response.

Question 7. The Federal Income Tax in “Exhibit H_Ret” is calculated as a subset of the Contingency amount (21% of the 2% Contingency). However, it is included in the rate development as an amount in addition to the 2% Contingency amount. Please provide an explanation as to why this approach is appropriate and does not double-count the impact of Federal Income Tax.

Answer 7. Please see Q&A Exhibit 3 for an example of how federal income tax and contingency are applied to establish a net contingency (net of taxes) that is still less than 2%. The example shows a premium build with and without federal income tax applied. While federal income tax is applied “below the line” or to operating margin, creating a circular calculation, the goal in the premium build is to apply an assumption that accounts for this item. In the first calculation, net contingency falls to 1.58%. The second calculation results in a net contingency of 1.91%, closer to the 2% goal.

Question 8. Each response to a Department data call must contain a cover letter that details the changes made to the PA Actuarial Memorandum Exhibits and the reasons why the changes were made, e.g., in response to Department question number 5.

Answer 8. A cover letter is being provided with this response.

Question 9. Please confirm that you have tested to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, the PA Plan Design Summary and Rate Tables, the Federal Rates Template, and in the binder are identical.

Answer 9. I confirm that I have tested to ensure the rates in Table 11 of the Actuarial Memorandum Exhibits, the PA Plan Design Summary and Rate Tables, the Federal Rates Template, and in the binder are identical.

Question 10. Page 2 of the actuarial memo list a SERFF number for the rate filing effective 1/1/2017 that is incorrect. The SERFF number references a form filing. Please correct this.

Answer 10. Changes have been made to the actuarial memo.

Question 11. In the 2019 Guidance published on the Department's website, the Department required that all issuers file uniform factors for the Individual Adjustment of 1.06 and the CSR Defunding Adjustment of 1.28. In addition, the Department indicated that as the rate review process moves forward and federal healthcare reform efforts are clarified, the Department would consider issuer specific requests. We can now advise that the aforementioned factors of 1.06 for the Individual Adjustment and 1.28 for CSR Defunding Adjustment constitute ceilings. If your company desires lower adjustments than those stated in the Department's 2019 Guidance, you may provide updated materials (PA Actuarial Memorandum and Exhibits, Part III Actuarial Memorandum, Part I URRT and corresponding rate tables – State and Federal) and justification for the lower Adjustment factor(s) with your first round response due June 22, 2018. The Department will not consider adjustment factors greater than those stated in the 2019 Guidance.

Answer 11. CAIC will continue to apply the recommended factors. No changes are being made.

Capital Advantage Insurance Company
Individual Rates
Q&A Exhibit 1
Rx Leveraging

Individual

All Drugs

| | 12 Months Ending 201703 | | | 12 Months Ending 201803 | | | Trend | | |
|---------|-------------------------|----------|----------|-------------------------|----------|-----------|-----------|----------|-------|
| | Days/1000 | Cost/Day | PMPM | Days/1000 | Cost/Day | PMPM | Days/1000 | Cost/Day | PMPM |
| Allowed | 367,433 | \$ 2.91 | \$ 89.03 | 438,934 | \$ 3.18 | \$ 116.31 | 19.5% | 9.4% | 30.6% |
| Paid | | | \$ 70.43 | | | \$ 94.00 | | | 33.5% |

SmallGroup

All Drugs

| | 12 Months Ending 201703 | | | 12 Months Ending 201803 | | | Trend | | |
|---------|-------------------------|----------|----------|-------------------------|----------|-----------|-----------|----------|------|
| | Days/1000 | Cost/Day | PMPM | Days/1000 | Cost/Day | PMPM | Days/1000 | Cost/Day | PMPM |
| Allowed | 355,574 | \$ 3.20 | \$ 94.86 | 352,476 | \$ 3.46 | \$ 101.63 | -0.9% | 8.1% | 7.1% |
| Paid | | | \$ 78.90 | | | \$ 86.05 | | | 9.1% |

Capital Advantage Insurance Company
Individual Rates
Q&A Exhibit 2
Specialty Trend Considerations for Pipeline Adjustment

Individual

Specialty Drugs

| | 12 Months Ending 201703 | | | 12 Months Ending 201803 | | | | Trend | | |
|---------|-------------------------|-----------|----------|-------------------------|-----------|----------|--|-----------|----------|--------|
| | Days/1000 | Cost/Day | PMPM | Days/1000 | Cost/Day | PMPM | | Days/1000 | Cost/Day | PMPM |
| Allowed | 1,852 | \$ 251.86 | \$ 38.86 | 2,831 | \$ 236.69 | \$ 55.83 | | 52.9% | -6.0% | 43.7% |
| Paid | | | \$ 36.39 | | | \$ 94.97 | | | | 161.0% |

SmallGroup

Specialty Drugs

| | 12 Months Ending 201703 | | | 12 Months Ending 201803 | | | | Trend | | |
|---------|-------------------------|-----------|----------|-------------------------|-----------|----------|--|-----------|----------|-------|
| | Days/1000 | Cost/Day | PMPM | Days/1000 | Cost/Day | PMPM | | Days/1000 | Cost/Day | PMPM |
| Allowed | 1,900 | \$ 208.53 | \$ 33.02 | 2,197 | \$ 223.00 | \$ 40.83 | | 15.6% | 6.9% | 23.7% |
| Paid | | | \$ 31.64 | | | \$ 38.76 | | | | 22.5% |

Capital Advantage Insurance Company
Individual Rates
Q&A Exhibit 3
Federal Income Tax and Contingency Examples

| <u>Item</u> | <u>Without Fed Income Tax</u> | <u>With Fed Income Tax</u> |
|------------------|-----------------------------------|--------------------------------|
| Claims | \$350.00 | \$350.00 |
| Admin | \$35.00 | \$35.00 |
| Contingency | 2% | 2% |
| Federal Taxes | 0% | 0.4% |
| Premium | \$392.86 | \$394.55 |
| Expected Profit | \$7.86 | \$9.55 |
| Federal Taxes | \$1.65 | \$2.01 |
| Profit Net Taxes | \$6.21 | \$7.54 |
| Net Contingency* | 1.58% | 1.91% |

*Net Contingency is below 2% in both calculations, but adding an assumption for federal income tax increases contingency closer to the 2% goal.

Capital Advantage Insurance Company
Individual Rates
Q&A Exhibit 4
Catastrophic Adjustment

| <u>HIOS</u> | <u>Metal Level</u> | 2017 Experience | | <u>Allowed PMPM</u> | <u>Avg Age</u> | <u>Age Factor</u> | <u>Normalized Allowed*</u> |
|--------------------------------|--------------------|---------------------|----------------|---------------------|----------------|-------------------|----------------------------|
| | | <u>MemberMonths</u> | <u>Allowed</u> | | | | |
| 53789PA0100008 | Bronze | 24,275 | \$8,261,212 | \$340.32 | 43 | 1.357 | \$250.79 |
| 53789PA0100004 | Catastrophic | 8,616 | \$1,145,960 | \$133.00 | 24 | 1.000 | \$133.00 |
| Calculated Catastrophic Factor | 0.53 | | | | | | |
| Applied in Rating | 0.5 | | | | | | |

*Normalized for Age



July 13, 2018

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

**Re: Capital Advantage Insurance Company
Individual Rates
Filing No 18-13
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear ██████████:

CAIC received an objection letter from the Department dated July 6, 2018. CAIC is providing the following in response to the objection letter:

- Q&A written response
- Q&A exhibits
- Correction to list-billed portion of the age calibration, Memo Exhibits, Exhibit N Calibration
- Correction and modification to Memo Exhibits, Exhibit E – Trend
 - Correction to displayed dental and vision trend
 - Modification to leveraging adjustment, which impacts overall trend
- Updated rates based on trend and list-billed changes

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

Sincerely,

██████████
██████████, ASA, MAAA
Manager, Actuarial Services
Capital BlueCross

Harrisburg, PA 17177 | capbluecross.com

Enclosures

cc: [REDACTED], FSA, MAAA, Senior Director, Actuarial Services
[REDACTED], ASA, MAAA, Vice President and Chief Actuary, Actuarial Services
[REDACTED], Corporate Counsel

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

Question and Answer Individual Rates Effective January 1, 2019

With this response, please find corresponding Q&A Exhibits in Ind_18-13_Initial_CAIC_PPO_Q&AExhibits2_Supporting_20180716.xlsx

Questions from Actuarial Consultant:

Question 1. In response to Question 1a you state the leveraging calculation represents the “average impact of cost sharing on a large population.” This calculation assumes zero increase to member cost sharing from year to year. Your explanation indicates some members may see no change to their cost sharing (members with allowed claims over the deductible in your example) and some members would see increases to their cost sharing (members with allowed claims under the deductible in your example). Please provide quantitative support for the assumption that there is no change to the average member cost sharing percentage as that would assume all members had allowed claims above their deductible amount.

Answer 1. In reviewing the calculation, I see how the fixed cost sharing column did not account for member cost share increases as allowed claims increase. Exhibit E1_Lever has been updated to account for trend in member cost share. The assumption is that 20% of members see increase in their cost sharing due to allowed trend, or $5.5\% \times 0.2 = 1.1\%$ annual trend. With this change, leveraging is reduced from 4.5% to 3.6%.

Question 2. In response to Question 1b you state induced demand drives raw trend up by 3 points. The induced demand shown on the “Exhibit E_Trend” tab only shows induced demand at 1%. Please explain this discrepancy.

Answer 2. The response to Question 1b mistakenly said 3% for induced demand. Induced demand does account for 1%.

Question 3. In response to Question 1c you state your “model accounts for induced utilization as cost-sharing decreases.” However, in your calculation of the “Implied AV” on the “Exhibit E1_Lever” tab, the paid PMPM amount is always divided by the allowed amount for a plan with no cost sharing. This calculation does not appear to account for the lower allowed amount which would occur for leaner plans because of induced utilization. Please provide quantitative support for how the “Implied AV” amounts account for induced utilization when compared to a plan with no cost sharing or update the calculation accordingly if they currently do not.

Answer 3. In reviewing the calculation, induced utilization is not explicitly shown, as the allowed amount is static for all months. While Exhibit E1_Lever originally showed several months of data, the calculation only uses the most current month (201803). So to simplify the exhibit, I’ve removed the months prior to 201803. The implied AVs (developed in conjunction with the Zero

Cost Share Manual rate) for that month are correct. The new exhibit also incorporates an annual increase in member cost share, as noted above.

Question 4. In response to Question 1f you updated the total composite trend for Dental and Vision to be 3%. It appears cost trend and utilization trend are still not consistent between rows 31 and 14 of the 'Exhibit E_Trend' tab. Please provide an explanation for which is the correct assumption and please ensure all other pricing and documentation files match, as this could have a slight impact on final rates.

Answer 4. With this submission, Exhibit E_Trend has been corrected to be consistent between rows 31 and 14.

Question 5. The Individual Adjustment factor prescribed by the Pennsylvania Insurance Department is a maximum of 1.06 and includes the impact of the \$0 individual mandate penalty, association health plans, and short term limited duration policies. In response to Question 1h you state the induced utilization factor includes the impact of "unknown future regulatory changes" and association health plans. Please remove the portion of the induced utilization factor caused by those two items as they are prescribed to be included in the 1.06 morbidity factor separately included in the rate development.

Answer 5. My response mistakenly quoted Association Health Plans as part of the induced demand trend factor. As for unknown future regulatory changes, the Department has mandated a factor of 1.06 for the impact of healthier individuals leaving the PPACA market due to dropped coverage, short term limited duration policies, or Association Health Plan. The Induced Demand trend factor of 1% is intended to account for increased utilization by existing members who are concerned about losing coverage due market sabotage or ACA regulation change. These are members that need Essential Health Benefits (EHBs) covered and are concerned about losing comprehensive coverage. They are likely to use more services in the upcoming year due to fear of losing coverage in 2020.

Question 6. In response to the corrected application of the catastrophic plan factor (Question 2), please explain how a change in allowed claims and induced utilization does not impact rates.

Answer 6. While the change impacted allowed claims, the original paid claim projection was correct. So the change impacted the paid-to-allowed ratio, leaving the projected market-adjusted index rate intact. This results in no change to rates.

Question 7. As a follow up to Question 4, please provide the projected 2017 KHPC risk adjustment results (member months and total transfer amount) separately for catastrophic and non-catastrophic plans. In addition, please provide support for how the fact that catastrophic plans being in a separate risk pool than non-catastrophic plans (i.e., different statewide average premium, risk score, and allowable rating factor) was accounted for in the development of the projected risk adjustment amount, which should reflect only catastrophic plans.

Answer 7. Please see Q&A Exhibit 1 for 2017 KHPC risk adjustment results split by catastrophic and non-catastrophic plans.

While Catastrophic plans are in a separate pool for risk adjustment, they are part of the single risk pool for rating, as specified in 45 CFR 156.80(a-c). As stated in the URRT instructions, page 8:

The Market-Wide Adjusted Index Rate is the Index Rate adjusted for Risk Adjustment and Exchange Fees (with impacts and costs spread across the whole risk pool). As a result, the Market-Wide Adjusted Index Rate should be the same value for ALL non-grandfathered plans for an issuer in a State and market.

So risk adjustment must be applied equally to all plans, both catastrophic and non-catastrophic. The catastrophic adjustment of 0.50 is then made at the Plan Adjusted Index rate level to account for differences in health status, as allowed by 45 CFR 156.80(d)(2).

Additionally, CAIC uses KHPC data for both Index Rate and Market Adjusted Index rate development, so developments between subsidiaries is consistent. It is a reasonable approach in order to keep similar benefits rated consistently between subsidiaries.

Question 8. Thank you for correcting the List-Billed Adjustment file. Please explain why this change did not have a resulting impact on rates.

Answer 8. With this submission, the filing has been updated to include the impact of the List-Billed factor change.

Questions from PID:

Question 1. Each response to a Department data call must contain a cover letter that details the changes made to the PA Actuarial Memorandum Exhibits and the reasons why the changes were made, e.g., in response to Department question number 5.

Answer 1. A cover letter is being provided with this response.

Question 2. Please confirm that you have tested to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, the PA Plan Design Summary and Rate Tables, the Federal Rates Template, and in the binder are identical.

Answer 2. I confirm that I have tested to ensure the rates in Table 11 of the Actuarial Memorandum Exhibits, the PA Plan Design Summary and Rate Tables, the Federal Rates Template, and in the binder are identical.

Question 3. Responses to the second round of questions are due July 13, 2018. No modifications other than risk adjustment due to the Federal Risk Adjustment Report and Department requested changes will be accepted.

Answer 3. With this submission, only changes requested by the Department have been made.

Capital Advantage Insurance Company
Individual Rates
Q&A Exhibit 1
Keystone Health Plan Central 2017 Risk Adjustment Results

| <u>Market</u> | <u>Issuer</u> | <u>CBC Member Months</u> | <u>CBC PLRS</u> | <u>Statewide PLRS</u> | <u>Payment Tranfer</u> |
|---------------|---------------|--------------------------|-----------------|-----------------------|------------------------|
| Individual | 53789 | 24,387 | 0.8407 | 1.6620 | -\$5,895,927 |
| Catastrophic | 53789 | 8,694 | 0.3721 | 0.3640 | \$161,812 |



July 19, 2018

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

**Re: Capital Advantage Insurance Company
Individual Rates
Filing No 18-13
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear ██████████:

CAIC received an objection letter from the Department dated July 17, 2018. CAIC is providing the following in response to the objection letter:

- Q&A written response
- Q&A exhibits
- Modification to Memo Exhibits, Exhibit E – Trend and Exhibit E1 - Leveraging
 - Modification to leveraging adjustment, which impacts overall trend
 - In response to consultant questions 1 and 2

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

Sincerely,

██████████

██████████, ASA, MAAA
Manager, Actuarial Services
Capital BlueCross

Harrisburg, PA 17177 | capbluecross.com

Enclosures

cc: [REDACTED], FSA, MAAA, Senior Director, Actuarial Services
[REDACTED], ASA, MAAA, Vice President and Chief Actuary, Actuarial Services
[REDACTED], Corporate Counsel

CAPITAL ADVANTAGE INSURANCE COMPANY, INC.

Question and Answer Individual Rates Effective January 1, 2019

With this response, please find corresponding Q&A Exhibits in Ind_18-13_Initial_CAIC_PPO_Q&AExhibits3_Supporting_20180719.xlsx

Questions from Actuarial Consultant:

Question 1. In response to Question 1, you applied an adjustment to the calculation in the “Exhibit E1_Lever” tab to increase member cost sharing only 0.2% for every 1.0% increase in allowed costs. Please provide quantitative support for this assumption.

Answer 1. Please see Q&A Exhibit 1 for a new calculation of leveraging. In order to determine the future impact of leveraging, including the impact of increasing cost sharing due to allowed costs rising, I’m showing a claim probability distribution with allowed amounts by range. The data is for 2017 CBC ACA single risk pool population. While, the Individual average AV displayed in Exhibit E1 – Leveraging is 55%, that AV seemed too low when applying it the CBC’s ACA data. So, I applied a more reasonable average AV of 70%. From that, I can infer that a deductible (applying to all services) of \$5,519 is equal to 70% AV for this population. Using that deductible amount, I can measure incurred claims and member cost-sharing trend, given an allowed trend of 6.5%. Please note that allowed trend has been increased from 5.5% to 6.5% to account for higher utilization trends seen in the Individual market compared to the Small Group market. Claims are trended in a database in order to move claims into the correct buckets as they trend. You can see that the total allowed amounts are increasing at 6.5% annually (columns O and X). Given the deductible and allowed trend, incurred claims trend at 8.1%, member cost-share at 2.8% and leveraging is $8.1\% - 6.5\% = 1.6\%$. Exhibit E1 – Leveraging and Exhibit E – Trend are updated to reflect this revised amount.

Question 2. In response to Question 3 you state that “induced utilization is not explicitly shown, as the allowed amount is static for all months” in the calculation on the “Exhibit E1_Lever” tab. Our understanding with this calculation is that the paid amounts (\$264.53 in 201803) is reflective of the average manual rate paid costs based on Capital’s internal model and the allowed amount (\$479.20) is reflective of a plan with no cost sharing (1.000 AV). The member cost sharing amount is then calculated by subtracting the paid amount from the allowed amount ($\$479.20 - \$264.53 = \$214.67$). This subtraction assumes that the allowed amount for the mix of plans underlying each month is the same as the allowed amount for a plan with no cost sharing and does not account for induced utilization differences. As an example, a silver plan (0.700 AV) would have 17% lower utilization and allowed costs than a plan with no cost sharing (1.000 AV) if using the HHS induced demand factors. By not accounting for induced utilization in the allowed amounts, the member cost sharing amounts are being overstated, which then increases the calculated impact of leveraging. Please update the “Exhibit E1_Lever” to calculate member cost sharing based on allowed amounts reflective of the plan mix underlying each month instead

of allowed amounts reflective of a plan with no cost sharing or provide support for how induced utilization is accurately being accounted for in the current calculation.

Answer 2. Based on the calculation found in Q&A Exhibit 1, I have updated the 201803 AV to 70%. In order to accommodate this change, I have changed the allowed amount to \$377.91. 70% AV seems to be reasonable given CAIC subsidiary, CAAC's, paid-to-allowed ratio of 72%, with lower AVs in KHPC and CAIC. Leveraging is applied equally to trend across CAAC, CAIC and KHPC even though CAIC and KHPC offer lower AV plans.

Questions from PID:

Question 1. Each response to a Department data call must contain a cover letter that details the changes made to the PA Actuarial Memorandum Exhibits and the reasons why the changes were made, e.g., in response to Department question number 5.

Answer 1. A cover letter is being provided with this response, with details around the changes.

Question 2. Please confirm that you have tested to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, the PA Plan Design Summary and Rate Tables, the Federal Rates Template, and in the binder are identical.

Answer 2. As discussed, Table 11 of the Actuarial Memorandum Exhibits are being updated with this submission. PA Plan Design Summary and Rate Tables and the Federal Rates Template will be updated at a future date. At that time, we will ensure that all templates are identical.

Individual AV

Member Pays 30%
CBC Pays 70%

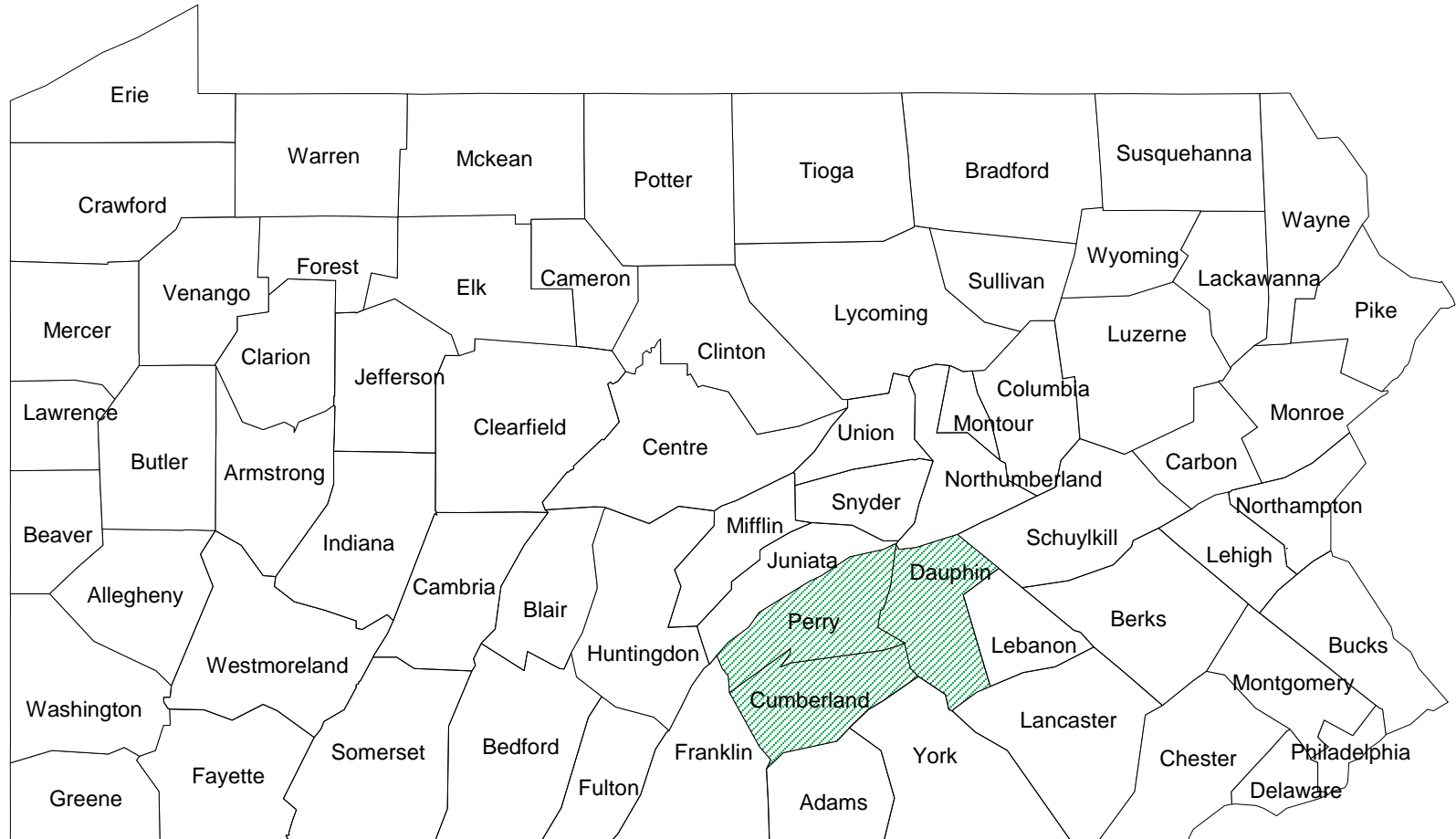
Deductible Equivalent 5,519
Allowed Trend 6.5%

| 2017 ACA Member Data | | | | | | | Trended 2018 | | | | | | | Trended 2019 | | | | | | | Trended 2019 | | | | | | | | | | | | | |
|--------------------------------|--------|------------|---------|---------|------|------------|--------------------------------|---------|----------|-------|-------------|------------|-----------|---------------------------------------|------------|-------------|---------|-------|--------|-----------|----------------------------------|------------|------------|-------|-------------|------------|------------|---|------------|------------|--|--|--|--|
| 911,008,5931,535,359593.35100% | | | | | | | 970,224,1521,535,359631.92100% | | | | | | | 289,897,303680,326,849970,224,1526.5% | | | | | | | 1,033,288,7211,535,359672.99100% | | | | | | | 298,073,258735,215,4641,033,288,7212.8%8.1%6.5% | | | | | | |
| Annual Claim | | Member | | | | | Member Paid | | CBC Paid | | Member Paid | | | CBC Paid | | Member Paid | | | Member | | Member Paid | | CBC Paid | | Member Paid | | | CBC Paid | | Total | | | | |
| Min | Max | Allowed | Months | PMPM | MM % | | PMPY | PMPY | | PMPY | PMPY | | PMPY | PMPY | | PMPY | PMPY | | Months | PMPM | MM % | PMPY | PMPY | | Months | PMPM | MM % | PMPY | PMPY | | | | | |
| - | 100 | 378,661 | 254,927 | 1.49 | 17% | 343,547 | 250,279 | 1.37 | 16% | 16 | - | 343,547 | - | 343,547 | 311,767 | 246,060 | 1.27 | 16% | 15 | - | 311,767 | - | 311,767 | 15 | - | 311,767 | - | 311,767 | - | 311,767 | | | | |
| 100 | 350 | 4,524,850 | 189,615 | 23.86 | 12% | 4,366,233 | 181,072 | 24.11 | 12% | 289 | - | 4,366,233 | - | 4,366,233 | 4,214,593 | 172,393 | 24.45 | 11% | 293 | - | 4,214,593 | - | 4,214,593 | 293 | - | 4,214,593 | - | 4,214,593 | - | 4,214,593 | | | | |
| 350 | 600 | 6,643,083 | 137,334 | 48.37 | 9% | 6,490,935 | 133,214 | 48.73 | 9% | 585 | - | 6,490,935 | - | 6,490,935 | 6,291,119 | 128,465 | 48.97 | 8% | 588 | - | 6,291,119 | - | 6,291,119 | 588 | - | 6,291,119 | - | 6,291,119 | - | 6,291,119 | | | | |
| 600 | 850 | 7,439,006 | 103,613 | 71.80 | 7% | 7,349,931 | 101,609 | 72.34 | 7% | 868 | - | 7,349,931 | - | 7,349,931 | 7,204,565 | 99,291 | 72.56 | 6% | 871 | - | 7,204,565 | - | 7,204,565 | 871 | - | 7,204,565 | - | 7,204,565 | - | 7,204,565 | | | | |
| 850 | 1,100 | 7,744,846 | 81,681 | 94.82 | 5% | 7,682,571 | 80,795 | 95.09 | 5% | 1,141 | - | 7,682,571 | - | 7,682,571 | 7,713,435 | 80,803 | 95.46 | 5% | 1,146 | - | 7,713,435 | - | 7,713,435 | 1,146 | - | 7,713,435 | - | 7,713,435 | - | 7,713,435 | | | | |
| 1,100 | 1,350 | 7,851,886 | 66,564 | 117.96 | 4% | 7,900,100 | 66,740 | 118.37 | 4% | 1,420 | - | 7,900,100 | - | 7,900,100 | 7,863,817 | 66,185 | 118.82 | 4% | 1,426 | - | 7,863,817 | - | 7,863,817 | 1,426 | - | 7,863,817 | - | 7,863,817 | - | 7,863,817 | | | | |
| 1,350 | 1,600 | 7,688,801 | 53,805 | 142.90 | 4% | 7,597,963 | 53,313 | 142.52 | 3% | 1,710 | - | 7,597,963 | - | 7,597,963 | 7,666,109 | 53,977 | 142.03 | 4% | 1,704 | - | 7,666,109 | - | 7,666,109 | 1,704 | - | 7,666,109 | - | 7,666,109 | - | 7,666,109 | | | | |
| 1,600 | 1,850 | 7,493,436 | 45,411 | 165.01 | 3% | 7,654,501 | 46,162 | 165.82 | 3% | 1,990 | - | 7,654,501 | - | 7,654,501 | 7,718,454 | 46,333 | 166.59 | 3% | 1,999 | - | 7,718,454 | - | 7,718,454 | 1,999 | - | 7,718,454 | - | 7,718,454 | - | 7,718,454 | | | | |
| 1,850 | 2,100 | 7,406,537 | 38,854 | 190.62 | 3% | 7,436,297 | 39,297 | 189.23 | 3% | 2,271 | - | 7,436,297 | - | 7,436,297 | 7,517,036 | 39,725 | 189.23 | 3% | 2,271 | - | 7,517,036 | - | 7,517,036 | 2,271 | - | 7,517,036 | - | 7,517,036 | - | 7,517,036 | | | | |
| 2,100 | 2,350 | 7,221,824 | 33,879 | 213.17 | 2% | 7,264,675 | 33,915 | 214.20 | 2% | 2,570 | - | 7,264,675 | - | 7,264,675 | 7,352,950 | 34,224 | 214.85 | 2% | 2,578 | - | 7,352,950 | - | 7,352,950 | 2,578 | - | 7,352,950 | - | 7,352,950 | - | 7,352,950 | | | | |
| 2,350 | 2,600 | 7,254,059 | 30,417 | 238.49 | 2% | 7,347,193 | 30,955 | 237.35 | 2% | 2,848 | - | 7,347,193 | - | 7,347,193 | 7,276,658 | 30,671 | 237.25 | 2% | 2,847 | - | 7,276,658 | - | 7,276,658 | 2,847 | - | 7,276,658 | - | 7,276,658 | - | 7,276,658 | | | | |
| 2,600 | 2,850 | 6,874,328 | 26,244 | 261.94 | 2% | 7,115,590 | 27,102 | 262.55 | 2% | 3,151 | - | 7,115,590 | - | 7,115,590 | 7,212,627 | 27,526 | 262.03 | 2% | 3,144 | - | 7,212,627 | - | 7,212,627 | 3,144 | - | 7,212,627 | - | 7,212,627 | - | 7,212,627 | | | | |
| 2,850 | 3,100 | 6,695,037 | 23,266 | 287.76 | 2% | 6,894,955 | 24,033 | 286.90 | 2% | 3,443 | - | 6,894,955 | - | 6,894,955 | 7,122,119 | 24,986 | 285.04 | 2% | 3,421 | - | 7,122,119 | - | 7,122,119 | 3,421 | - | 7,122,119 | - | 7,122,119 | - | 7,122,119 | | | | |
| 3,100 | 3,350 | 6,750,227 | 21,771 | 310.06 | 1% | 6,708,197 | 21,504 | 311.95 | 1% | 3,743 | - | 6,708,197 | - | 6,708,197 | 6,879,792 | 21,870 | 314.58 | 1% | 3,775 | - | 6,879,792 | - | 6,879,792 | 3,775 | - | 6,879,792 | - | 6,879,792 | - | 6,879,792 | | | | |
| 3,350 | 3,600 | 6,681,944 | 20,044 | 333.36 | 1% | 6,709,265 | 20,100 | 333.79 | 1% | 4,006 | - | 6,709,265 | - | 6,709,265 | 6,571,557 | 19,708 | 333.45 | 1% | 4,001 | - | 6,571,557 | - | 6,571,557 | 4,001 | - | 6,571,557 | - | 6,571,557 | - | 6,571,557 | | | | |
| 3,600 | 3,850 | 6,501,209 | 18,120 | 358.79 | 1% | 6,605,982 | 18,448 | 358.09 | 1% | 4,297 | - | 6,605,982 | - | 6,605,982 | 6,770,945 | 18,973 | 356.87 | 1% | 4,282 | - | 6,770,945 | - | 6,770,945 | 4,282 | - | 6,770,945 | - | 6,770,945 | - | 6,770,945 | | | | |
| 3,850 | 4,100 | 6,000,696 | 15,789 | 380.06 | 1% | 6,504,231 | 16,974 | 383.19 | 1% | 4,598 | - | 6,504,231 | - | 6,504,231 | 6,635,807 | 17,348 | 382.51 | 1% | 4,590 | - | 6,635,807 | - | 6,635,807 | 4,590 | - | 6,635,807 | - | 6,635,807 | - | 6,635,807 | | | | |
| 4,100 | 4,350 | 5,768,198 | 14,184 | 406.67 | 1% | 6,058,767 | 14,970 | 404.73 | 1% | 4,857 | - | 6,058,767 | - | 6,058,767 | 6,556,501 | 16,059 | 408.28 | 1% | 4,899 | - | 6,556,501 | - | 6,556,501 | 4,899 | - | 6,556,501 | - | 6,556,501 | - | 6,556,501 | | | | |
| 4,350 | 4,600 | 5,686,799 | 13,406 | 424.20 | 1% | 5,619,540 | 13,021 | 431.58 | 1% | 5,179 | - | 5,619,540 | - | 5,619,540 | 6,066,061 | 14,179 | 427.82 | 1% | 5,134 | - | 6,066,061 | - | 6,066,061 | 5,134 | - | 6,066,061 | - | 6,066,061 | - | 6,066,061 | | | | |
| 4,600 | 4,850 | 5,815,910 | 13,001 | 447.34 | 1% | 5,720,309 | 12,851 | 445.13 | 1% | 5,342 | - | 5,720,309 | - | 5,720,309 | 5,644,929 | 12,455 | 453.23 | 1% | 5,439 | - | 5,644,929 | - | 5,644,929 | 5,439 | - | 5,644,929 | - | 5,644,929 | - | 5,644,929 | | | | |
| 4,850 | 5,100 | 5,670,602 | 12,154 | 466.56 | 1% | 5,832,519 | 12,293 | 474.46 | 1% | 5,519 | 174 | 5,654,224 | 178,295 | 5,832,519 | 5,761,753 | 12,206 | 472.04 | 1% | 5,519 | 145 | 5,614,208 | 147,545 | 5,761,753 | 5,519 | 145 | 5,614,208 | 147,545 | 5,761,753 | - | 5,761,753 | | | | |
| 5,100 | 5,350 | 5,272,021 | 10,608 | 496.99 | 1% | 5,598,735 | 11,367 | 492.54 | 1% | 5,519 | 391 | 5,228,306 | 370,429 | 5,598,735 | 5,714,846 | 11,425 | 500.21 | 1% | 5,519 | 483 | 5,254,983 | 459,862 | 5,714,846 | 5,519 | 483 | 5,254,983 | 459,862 | 5,714,846 | - | 5,714,846 | | | | |
| 5,350 | 5,600 | 5,387,193 | 10,444 | 515.82 | 1% | 5,496,646 | 10,752 | 511.22 | 1% | 5,519 | 615 | 4,945,434 | 551,212 | 5,496,646 | 5,722,689 | 11,165 | 512.56 | 1% | 5,519 | 631 | 5,135,395 | 587,294 | 5,722,689 | 5,519 | 631 | 5,135,395 | 587,294 | 5,722,689 | - | 5,722,689 | | | | |
| 5,600 | 5,850 | 5,054,886 | 9,321 | 542.31 | 1% | 5,351,305 | 9,905 | 540.26 | 1% | 5,519 | 964 | 4,555,852 | 795,452 | 5,351,305 | 5,649,762 | 10,515 | 537.31 | 1% | 5,519 | 928 | 4,836,425 | 813,338 | 5,649,762 | 5,519 | 928 | 4,836,425 | 813,338 | 5,649,762 | - | 5,649,762 | | | | |
| 5,850 | 6,100 | 4,801,356 | 8,589 | 559.01 | 1% | 5,470,892 | 9,650 | 566.93 | 1% | 5,519 | 1,284 | 4,438,564 | 1,032,329 | 5,470,892 | 5,299,420 | 9,356 | 566.42 | 1% | 5,519 | 1,278 | 4,303,337 | 996,083 | 5,299,420 | 5,519 | 1,278 | 4,303,337 | 996,083 | 5,299,420 | - | 5,299,420 | | | | |
| 6,100 | 7,100 | 19,028,471 | 30,770 | 618.41 | 2% | 18,946,328 | 30,738 | 616.38 | 2% | 5,519 | 1,877 | 14,138,090 | 4,808,237 | 18,946,328 | 20,307,447 | 32,803 | 619.07 | 2% | 5,519 | 1,909 | 15,087,897 | 5,219,550 | 20,307,447 | 5,519 | 1,909 | 15,087,897 | 5,219,550 | 20,307,447 | - | 20,307,447 | | | | |
| 7,100 | 8,100 | 17,021,747 | 24,133 | 705.33 | 2% | 18,377,002 | 25,835 | 711.32 | 2% | 5,519 | 3,016 | 11,882,932 | 6,494,070 | 18,377,002 | 18,735,330 | 26,191 | 715.33 | 2% | 5,519 | 3,065 | 12,046,676 | 6,688,654 | 18,735,330 | 5,519 | 3,065 | 12,046,676 | 6,688,654 | 18,735,330 | - | 18,735,330 | | | | |
| 8,100 | 9,100 | 14,961,337 | 18,670 | 801.36 | 1% | 15,873,961 | 19,782 | 802.44 | 1% | 5,519 | 4,110 | 9,098,826 | 6,775,135 | 15,873,961 | 17,259,790 | 21,606 | 798.84 | 1% | 5,519 | 4,067 | 9,937,783 | 7,322,007 | 17,259,790 | 5,519 | 4,067 | 9,937,783 | 7,322,007 | 17,259,790 | - | 17,259,790 | | | | |
| 9,100 | 10,100 | 15,089,672 | 16,894 | 893.20 | 1% | 15,192,010 | 17,024 | 892.39 | 1% | 5,519 | 5,189 | 7,830,270 | 7,361,739 | 15,192,010 | 15,112,911 | 16,898 | 894.36 | 1% | 5,519 | 5,213 | 7,772,316 | 7,340,595 | 15,112,911 | 5,519 | 5,213 | 7,772,316 | 7,340,595 | 15,112,911 | - | 15,112,911 | | | | |
| 10,100 | 11,100 | 13,377,512 | 13,459 | 993.95 | 1% | 13,685,822 | 13,817 | 990.51 | 1% | 5,519 | 6,367 | 6,355,195 | 7,330,627 | 13,685,822 | 15,105,277 | 15,316 | 986.24 | 1% | 5,519 | 6,315 | 7,044,668 | 8,060,610 | 15,105,277 | 5,519 | 6,315 | 7,044,668 | 8,060,610 | 15,105,277 | - | 15,105,277 | | | | |
| 11,100 | 12,100 | 13,978,168 | 12,937 | 1080.48 | 1% | 14,132,719 | 13,082 | 1080.32 | 1% | 5,519 | 7,444 | 6,017,129 | 8,115,590 | 14,132,719 | 13,518,131 | 12,347 | 1094.85 | 1% | 5,519 | 7,619 | 5,679,062 | 8,739,069 | 13,518,131 | 5,519 | 7,619 | 5,679,062 | 8,739,069 | 13,518,131 | - | 13,518,131 | | | | |
| 12,100 | 13,100 | 14,338,918 | 12,168 | 1178.41 | 1% | 13,822,770 | 11,721 | 1179.32 | 1% | 5,519 | 8,632 | 5,391,130 | 8,431,639 | 13,822,770 | 13,835,757 | 11,851 | 1167.48 | 1% | 5,519 | 8,490 | 5,450,924 | 8,384,833 | 13,835,757 | 5,519 | 8,490 | 5,450,924 | 8,384,833 | 13,835,757 | - | 13,835,757 | | | | |
| 13,100 | 14,100 | 12,891,850 | 10,116 | 1274.40 | 1% | 14,314,045 | 11,202 | 1277.81 | 1% | 5,519 | 9,814 | 5,152,414 | 9,161,632 | 14,314,045 | 10,664 | 1275.27 | 1% | 5,519 | 9,784 | 4,904,958 | 8,694,563 | 13,599,521 | 5,519 | 9,784 | 4,904,958 | 8,694,563 | 13,599,521 | - | 13,599,521 | | | | | |
| 14,100 | 15,100 | 12,953,508 | 9,666 | 1340.11 | 1% | 12,913,551 | 9,524 | 1355.90 | 1% | 5,519 | 10,751 | 4,380,609 | 8,532,941 | 12,913,551 | 14,676,564 | 10,727 | 1368.19 | 1% | 5,519 | 10,899 | 4,933,935 | 9,742,629 | 14,676,564 | 5,519 | 10,899 | 4,933,935 | 9,742,629 | 14,676,564 | - | 14,676,564 | | | | |
| 15,100 | 16,100 | 11,286,670 | 7,830 | 1441.46 | 1% | 12,943,537 | 9,036 | 1432.44 | 1% | 5,519 | 11,670 | 4,156,151 | 8,787,386 | 12,943,537 | 12,881,149 | 8,935 | 1441.65 | 1% | 5,519 | 11,780 | 4,109,696 | 8,771,453 | 12,881,149 | 5,519 | 11,780 | 4,109,696 | 8,771,453 | 12,881,149 | - | 12,881,149 | | | | |
| 16,100 | 17,100 | 12,285,131 | 8,081 | 1520.25 | 1% | 11,185,846 | 7,290 | 1534.41 | 0% | 5,519 | 12,893 | 3,353,070 | 7,832,776 | 11,185,846 | 8,344 | 1528.86 | 1% | 5,519 | 12,82 | | | | | | | | | | | | | | | |


2018 Service Area


Issuer: 82795

Market: Individual



Key (*modify as needed*)

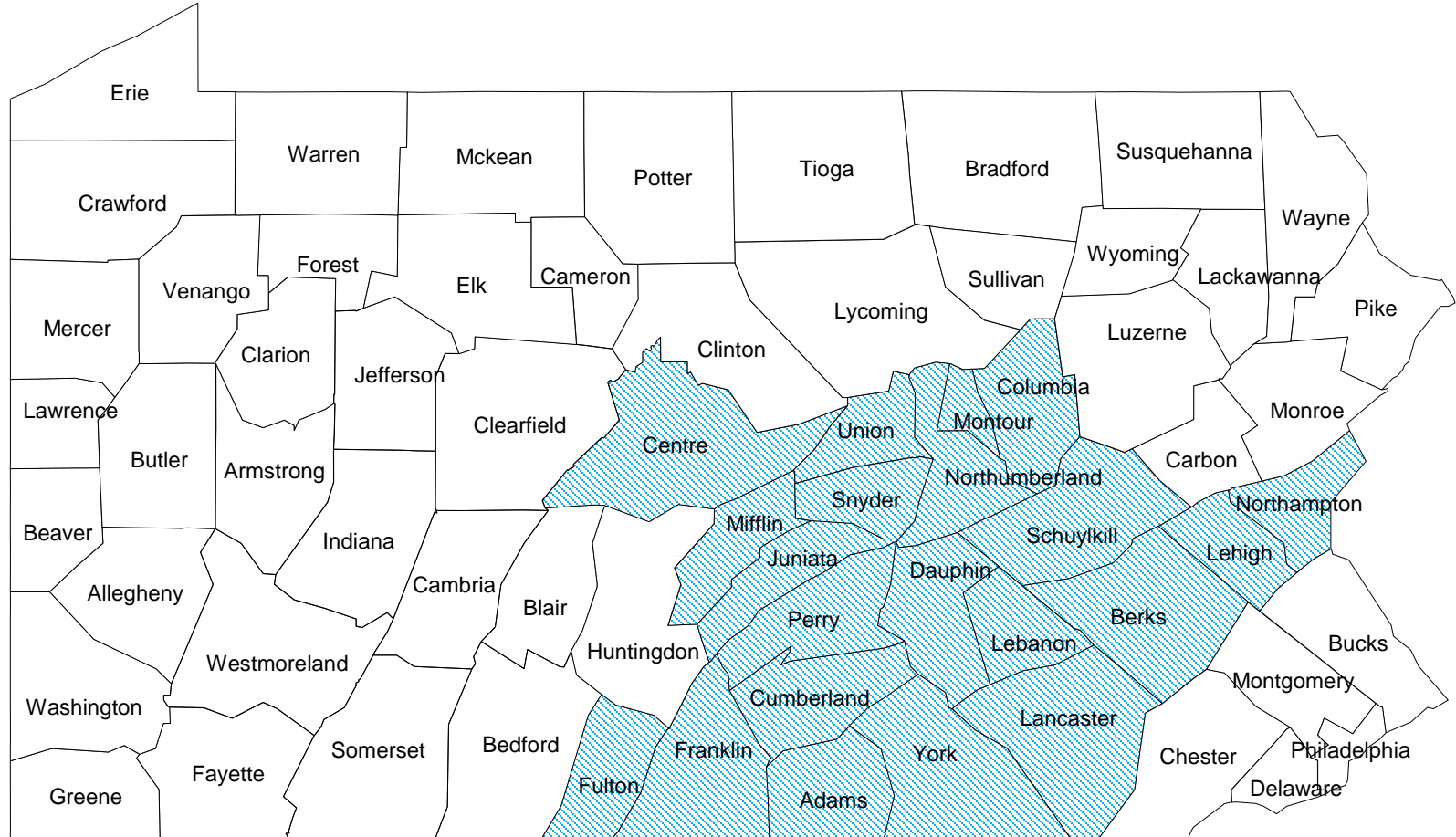
 : 2018 on-exchange service area

 : 2018 off-exchange only service area

2019 Service Area


Issuer: 82795

Market: Individual



Key *(modify as needed)*

 : 2019 on-exchange service area

 : 2019 off-exchange only service area