

SERFF Tracking #:	HGHM-131475735	State Tracking #:	INDIVIDUAL MEDICAL - HGHM-131475735, 13,...	Company Tracking #:	1A-DP-18-FPH
State:	Pennsylvania	Filing Company:	First Priority Health		
TOI/Sub-TOI:	H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense				
Product Name:	1A-DP-18-FPH				
Project Name/Number:	1A-DP-18-FPH/1A-DP-18-FPH				

Supporting Document Schedules

Satisfied - Item:	ACA Public Rate Filing PDF
Comments:	A redacted version of the rate filing is attached for public disclosure. Two files are required due to file size limitations.
Attachment(s):	1A-DP-18-FPH Public Rate Filing 080718 1 of 2.pdf 1A-DP-18-FPH Public Rate Filing 080718 2 of 2.pdf
Item Status:	
Status Date:	



**BlueCross
BlueShield**
First Priority Health

May 18, 2018

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

Re: First Priority Health 2019 ACA Rate Filing (Individual Market)
Filing # 1A-DP-18-FPH (SERFF # HGHM-131475735)

This constitutes Notice pursuant to Section 707 of the Pennsylvania Right-to-Know Law that the attached First Priority Health (FPH) 2019 Individual Market Rate Filing contains Trade Secret and Confidential Proprietary Information. Therefore, FPH must, prior to the release of any portion of this Filing, be notified of any request by a third party for access to this Filing, and the Trade Secret and/or Confidential Proprietary Information identified by FPH should be redacted before release.

Dear Ms. Gray:

This Filing includes the First Priority Health (“FPH”, “Company”) Individual Market rates and the supporting rate development for policies with effective dates on or after January 1, 2019.

In the event the Department decides to publish this Filing in the PA Bulletin, the company information requested in the Department’s 2019 ACA-Compliant Health Insurance Rate Filing Guidance, Section B, is provided below:

Requested Company Information

1. Company Name & NAIC #: **First Priority Health, NAIC # 96601**
2. Market: **Individual**
3. On or Off Exchange: **This filing reflects that FPH anticipates selling plans on and off of the exchange.**
4. Effective date of coverage: **January 1, 2019**
5. Average rate change requested: **5.7% increase**

6. Range of rate change requested: **-2.3% to 41.4% increase**
7. Total additional annual revenue generated from the proposed rate change: **\$6,552,473**
8. Product(s): **HMO**
9. Rating Areas and the change from 2018: **Rating Area 3**

There are no changes in our covered Rating Areas from the 2018 rate filing.

10. Metal Levels and Catastrophic Plans: This filing reflects that the Company anticipates selling the following Metal Levels in the indicated Market: **Gold, Silver, Bronze, and Catastrophic**
11. Current number of covered lives and of policyholders as of February 1, 2018: **13,966 covered lives; 9,967 policyholders**
12. Number of plans offered in 2019 and the change this represents from 2018: **11**

The Company offered 10 plans in 2018. For 2019, the Company is offering 4 new plans in the Market and removing 3 plans from the Market.

Please note that inclusion of premium rates in this filing for a given offering should not be construed to mean that the offering will ultimately be made available for sale in the Market. Final offering decisions will be made consistent with and within the timelines set forth in CMS rules and/or ACA regulations.

13. Corresponding contract form #, SERFF and Binder ID#s: **The corresponding SERFF binder number is HGHM-PA19-125079997 affecting the following Company products and forms:**

Product Name / Type	Contract Form & SERFF#
my Priority Blue Flex HMO	PB/HMO/FPH/DP; HGHM-131469320
my Priority Blue Flex HMO-HDHP	PB/HMO/HDHP/FPH/DP; HGHM-131469268
my Lehigh Valley Flex Blue HMO	LV/HMO/FPH/DP; HGHM-131469379
Major Events HMO	CAT/HMO/FPH/DP; HGHM-131469427

14. HIOS Issuer ID # and submission tracking number: **HIOS Issuer ID #83731, Company Filing #1A-DP-18-FPH (SERFF Filing # HGHM-131475735)**

Additional Filing Disclosures

The Company has submitted all Required Documents stipulated by the Department, including the federal documents related to this filing, in its SERFF submission. In addition to the Required

Documents, the Company has submitted a Supplemental Exhibits file containing additional detailed exhibits on items referenced in the PA Actuarial Memorandum. All tables, exhibits, and detail in support of this filing and the PA Actuarial Memorandum have been included in Excel format. To assist in the Department's review, the Excel files have retained their formulas to the extent possible.

CMS has instructed issuers that it no longer requires any interim changes to the URRT to be submitted to HIOS. CMS is requesting that only the initial URRT and the final URRT be submitted to HIOS.

Potential Changes to Federal Regulations

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. In accordance with the Department's guidance, we have assumed that the ACA health insurance coverage mandate is eliminated and the CSR payments remain ceased for 2019. We have also included an assumed load for expected adverse selection due to the Short Term Limited Durational Insurance market expansion based on HHS recently proposed rule modifying federal requirements for this market.

Additional assumptions include that advance payment of premium credits (APTCs) will continue until the end of 2019, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2019. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, FPH reserves the right to submit a revised filing.

Request for Confidentiality

Please note that the rates and the supporting rate development contained in this Filing are competitively sensitive, are not in the public domain, and constitute business confidential proprietary/trade secret information that would cause harm to the competitive position of FPH if disclosed to the public.

Public disclosure of any information contained in this Filing would allow FPH competitors to better understand or discover its confidential and proprietary rating, pricing and/or marketing practices, would undermine competition in the Individual market and could have negative consequences for the operation of FPH's business. Therefore, FPH asserts that this Filing, in its entirety, constitutes Trade Secret and Confidential Proprietary Information and should not be disclosed.

It is our understanding that the Department does not intend to publish the confidential & proprietary information contained in this Filing or to otherwise permit this Filing and its confidential information, other than the redacted information and final approved rates, to be disclosed or released.

Furthermore and pursuant to the Pennsylvania Right-to-Know Law ("RTKL"), FPH must be notified prior to release of information contained in this Filing and be given the opportunity to respond to requests for such information. Should the Department receive such request or require the release of information contained in this Filing for its own purposes, FPH asserts its right to release a redacted version of the Filing. In accordance with the RTKL, please contact the FPH RTKL representative identified below prior to release of any information contained in this Filing:

Lisa Martinelli, Esq.
RTKL Representative
VP Chief Privacy Officer
Highmark Health
120 Fifth Avenue, Suite 2114
Pittsburgh, PA 15222

Furthermore, it should be noted that FPH is equally concerned that even if this information is released in aggregate form, it still may be easy to identify the carrier that submitted it.

Should you have any questions regarding the attached Filing, please feel free to contact me at (717) 302-2143 or via e-mail at: jeffrey.scheib@highmark.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey Scheib', with a stylized, cursive script.

Jeffrey Scheib, ASA, MAAA
Vice President, Actuarial Services
Highmark Inc.

cc: Frank Haver
Tija Hilton-Phillips, Esq.
Kevin Luu
William Sarniak



**BlueCross
BlueShield**
First Priority Health

July 13, 2018

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

Re: First Priority Health 2019 ACA Rate Filing (Individual Market)
Filing # 1A-DP-18-FPH (SERFF # HGHM-131475735)

This constitutes Notice pursuant to Section 707 of the Pennsylvania Right-to-Know Law that the attached First Priority Health (FPH) 2019 Individual Market Rate Filing contains Trade Secret and Confidential Proprietary Information. Therefore, FPH must, prior to the release of any portion of this Filing, be notified of any request by a third party for access to this Filing, and the Trade Secret and/or Confidential Proprietary Information identified by FPH should be redacted before release.

Dear Ms. Gray:

This Filing includes the First Priority Health (“FPH”, “Company”) Individual Market rates and the supporting rate development for policies with effective dates on or after January 1, 2019.

In the event the Department decides to publish this Filing in the PA Bulletin, the company information requested in the Department’s 2019 ACA-Compliant Health Insurance Rate Filing Guidance, Section B, is provided below:

Requested Company Information

1. Company Name & NAIC #: **First Priority Health, NAIC # 96601**
2. Market: **Individual**
3. On or Off Exchange: **This filing reflects that FPH anticipates selling plans on and off of the exchange.**
4. Effective date of coverage: **January 1, 2019**
5. Average rate change requested: **2.5% increase**

6. Range of rate change requested: **-6.9% to 31.4% increase**
7. Total additional annual revenue generated from the proposed rate change: **\$2,870,751**
8. Product(s): **HMO**
9. Rating Areas and the change from 2018: **Rating Area 3**

There are no changes in our covered Rating Areas from the 2018 rate filing.

10. Metal Levels and Catastrophic Plans: This filing reflects that the Company anticipates selling the following Metal Levels in the indicated Market: **Gold, Silver, Bronze, and Catastrophic**
11. Current number of covered lives and of policyholders as of February 1, 2018: **13,966 covered lives; 9,967 policyholders**
12. Number of plans offered in 2019 and the change this represents from 2018: **11**

The Company offered 10 plans in 2018. For 2019, the Company is offering 4 new plans in the Market and removing 3 plans from the Market.

Please note that inclusion of premium rates in this filing for a given offering should not be construed to mean that the offering will ultimately be made available for sale in the Market. Final offering decisions will be made consistent with and within the timelines set forth in CMS rules and/or ACA regulations.

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my Lehigh Valley Flex Blue HMO	LV/HMO/FPH/DP; HGHM-131469379
Major Events HMO	CAT/HMO/FPH/DP; HGHM-131469427

14. HIOS Issuer ID # and submission tracking number: **HIOS Issuer ID #83731, Company Filing #1A-DP-18-FPH (SERFF Filing # HGHM-131475735)**

Additional Filing Disclosures

The Company has submitted all Required Documents stipulated by the Department, including the federal documents related to this filing, in its SERFF submission. In addition to the Required

Documents, the Company has submitted a Supplemental Exhibits file containing additional detailed exhibits on items referenced in the PA Actuarial Memorandum. All tables, exhibits, and detail in support of this filing and the PA Actuarial Memorandum have been included in Excel format. To assist in the Department's review, the Excel files have retained their formulas to the extent possible.

CMS has instructed issuers that it no longer requires any interim changes to the URRT to be submitted to HIOS. CMS is requesting that only the initial URRT and the final URRT be submitted to HIOS.

Potential Changes to Federal Regulations

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. In accordance with the Department's guidance, we have assumed that the ACA health insurance coverage mandate is eliminated and the CSR payments remain ceased for 2019. The company has chosen to remove the STLDI load from the rate development at this time, however, forthcoming guidance and the ongoing filing review process may make it necessary to revisit this assumption.

Additional assumptions include that advance payment of premium credits (APTCs) will continue until the end of 2019, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2019. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, FPH reserves the right to submit a revised filing.

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It is our understanding that the Department does not intend to publish the confidential & proprietary information contained in this Filing or to otherwise permit this Filing and its confidential information, other than the redacted information and final approved rates, to be disclosed or released.

Furthermore and pursuant to the Pennsylvania Right-to-Know Law ("RTKL"), FPH must be notified prior to release of information contained in this Filing and be given the opportunity to respond to requests for such information. Should the Department receive such request or require the release of information contained in this Filing for its own purposes, FPH asserts its right to release a redacted version of the Filing. In accordance with the RTKL, please contact the FPH RTKL representative identified below prior to release of any information contained in this Filing:

Lisa Martinelli, Esq.
RTKL Representative
VP Chief Privacy Officer
Highmark Health
120 Fifth Avenue, Suite 2114
Pittsburgh, PA 15222

Furthermore, it should be noted that FPH is equally concerned that even if this information is released in aggregate form, it still may be easy to identify the carrier that submitted it.

Should you have any questions regarding the attached Filing, please feel free to contact me at (717) 302-2143 or via e-mail at: jeffrey.scheib@highmark.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Scheib", with a stylized, cursive script.

Jeffrey Scheib, ASA, MAAA
Vice President, Actuarial Services
Highmark Inc.

cc: Frank Haver
Tija Hilton-Phillips, Esq.
Kevin Luu
William Sarniak

August 7, 2018

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

Re: First Priority Health 2019 ACA Rate Filing (Individual Market)
Filing # 1A-DP-18-FPH (SERFF # HGHM-131475735)

This constitutes Notice pursuant to Section 707 of the Pennsylvania Right-to-Know Law that the attached First Priority Health (FPH) 2019 Individual Market Rate Filing contains Trade Secret and Confidential Proprietary Information. Therefore, FPH must, prior to the release of any portion of this Filing, be notified of any request by a third party for access to this Filing, and the Trade Secret and/or Confidential Proprietary Information identified by FPH should be redacted before release.

Dear Ms. Gray:

This Filing includes the First Priority Health (“FPH”, “Company”) Individual Market rates and the supporting rate development for policies with effective dates on or after January 1, 2019.

In accordance with the direction from the Department dated July 27, 2018, FPH is submitting modified rate requests. Specifically, the changes made to the most recent version of this filing are as follows:

1. Pursuant to the Department’s review, the annual trend factor in the rate development was reduced from 9.5% to 8.5%. This trend factor reduction changed the Average Rate Change reflected in Table 10 from 2.5% to 1.1%.

The remainder of this cover letter and all of the supporting filing documents have been revised to reflect the change described above.

In the event the Department decides to publish this Filing in the PA Bulletin, the company information requested in the Department’s 2019 ACA-Compliant Health Insurance Rate Filing Guidance, Section B, is provided below:

Requested Company Information

1. Company Name & NAIC #: **First Priority Health, NAIC # 96601**
2. Market: **Individual**
3. On or Off Exchange: **This filing reflects that FPH anticipates selling plans on and off of the exchange.**
4. Effective date of coverage: **January 1, 2019**
5. Average rate change requested: **1.1% increase**
6. Range of rate change requested: **-8.1% to 29.7% increase**
7. Total additional annual revenue generated from the proposed rate change: **\$1,342,297**
8. Product(s): **HMO**
9. Rating Areas and the change from 2018: **Rating Area 3**

There are no changes in our covered Rating Areas from the 2018 rate filing.

10. Metal Levels and Catastrophic Plans: This filing reflects that the Company anticipates selling the following Metal Levels in the indicated Market: **Gold, Silver, Bronze, and Catastrophic**
11. Current number of covered lives and of policyholders as of February 1, 2018: **13,966 covered lives; 9,967 policyholders**
12. Number of plans offered in 2019 and the change this represents from 2018: **11**

The Company offered 10 plans in 2018. For 2019, the Company is offering 4 new plans in the Market and removing 3 plans from the Market.

Please note that inclusion of premium rates in this filing for a given offering should not be construed to mean that the offering will ultimately be made available for sale in the Market. Final offering decisions will be made consistent with and within the timelines set forth in CMS rules and/or ACA regulations.

13. Corresponding contract form #, SERFF and Binder ID#s: **The corresponding SERFF binder number is HGHM-PA19-125079997 affecting the following Company products and forms:**

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my Lehigh Valley Flex Blue HMO	LV/HMO/FPH/DP; HGHM-131469379
Major Events HMO	CAT/HMO/FPH/DP; HGHM-131469427

14. HIOS Issuer ID # and submission tracking number: **HIOS Issuer ID #83731, Company Filing #1A-DP-18-FPH (SERFF Filing # HGHM-131475735)**

Additional Filing Disclosures

The Company has submitted all Required Documents stipulated by the Department, including the federal documents related to this filing, in its SERFF submission. In addition to the Required Documents, the Company has submitted a Supplemental Exhibits file containing additional detailed exhibits on items referenced in the PA Actuarial Memorandum. All tables, exhibits, and detail in support of this filing and the PA Actuarial Memorandum have been included in Excel format. To assist in the Department's review, the Excel files have retained their formulas to the extent possible.

CMS has instructed issuers that it no longer requires any interim changes to the URRT to be submitted to HIOS. CMS is requesting that only the initial URRT and the final URRT be submitted to HIOS.

Potential Changes to Federal Regulations

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. In accordance with the Department's guidance, we have assumed that the ACA health insurance coverage mandate is eliminated and the CSR payments remain ceased for 2019. The company has chosen to remove the STLDI load from the rate development at this time, however, forthcoming guidance and the ongoing filing review process may make it necessary to revisit this assumption.

Additional assumptions include that advance payment of premium credits (APTCs) will continue until the end of 2019, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2019. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, FPH reserves the right to submit a revised filing.

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It is our understanding that the Department does not intend to publish the confidential & proprietary information contained in this Filing or to otherwise permit this Filing and its confidential information, other than the redacted information and final approved rates, to be disclosed or released.

Furthermore and pursuant to the Pennsylvania Right-to-Know Law ("RTKL"), FPH must be notified prior to release of information contained in this Filing and be given the opportunity to respond to requests for such information. Should the Department receive such request or require the release of information contained in this Filing for its own purposes, FPH asserts its right to release a redacted version of the Filing. In accordance with the RTKL, please contact the FPH RTKL representative identified below prior to release of any information contained in this Filing:

Lisa Martinelli, Esq.
RTKL Representative
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Highmark Health
120 Fifth Avenue, Suite 2114
Pittsburgh, PA 15222

Furthermore, it should be noted that FPH is equally concerned that even if this information is released in aggregate form, it still may be easy to identify the carrier that submitted it.

Should you have any questions regarding the attached Filing, please feel free to contact me at (717) 302-2143 or via e-mail at: jeffrey.scheib@highmark.com.

Ms. Tracie Gray, Director
FPH 2019 Individual Market Rates
August 7, 2018
Page 5 of 5

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Scheib". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Scheib" clearly distinguishable.

Jeffrey Scheib, ASA, MAAA
Vice President, Actuarial Services
Highmark Inc.

cc: Frank Haver
Tija Hilton-Phillips, Esq.
Kevin Luu
William Sarniak

Rate Change Summary

First Priority Health—Individual Plans

Rate request filing ID # 1A-DP-18-FPH (SERFF # HGHM-131475735) - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at <http://www.insurance.pa.gov/Consumers/ACARelatedFilings/>

Overview

Initial requested average rate change:	2.5% ¹
Revised requested average rate change:	1.1% ¹
Range of requested rate change:	-8.1% to 29.7%
Effective date:	January 1, 2019
People impacted:	13,966
Available in:	3

Key information

Jan. 2017-Dec. 2017 financial experience

Premiums	\$123,727,682
Claims	\$91,723,116
Administrative expenses	\$12,402,740
Taxes & fees	\$4,209,961
Company made (after taxes)	\$15,391,865

How it plans to spend your premium

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

Claims:	87%
Administrative:	10%
Taxes & fees:	3%
Profit:	0%

The company expects its annual medical costs to increase **8.7%**.

Explanation of requested rate change

These premium rates are being set at a level that is required to adequately cover rising costs, primarily due to increasing medical and pharmacy services in the Individual market. The unanticipated financial gains realized in 2017, which followed three years of significant financial losses in this region, are not indicative of future performance.

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.

Actuarial Memorandum

1. Basic Information and Data

A. Company Information

The appropriate company information has been provided in Table 0.

B. Rate History and Proposed Variations in Rate Changes

The three most recent rate changes in Pennsylvania for First Priority Health (FPH) are as follows:

Year	Avg. Increase	SERFF ID#
2018	13.9%	HGHM-131020597
2017	Initial Filing	HGHM-130536973
2016	N/A	N/A

The proposed 2019 increase varies by product. This is primarily due to updates in the pricing AV factors. The plan level increases can be found in Table 10.

C. Average Rate Change

The average rate changes as presented in the filing are:

- Table 10: 1.1%
- Table 11: 2.2%
- URRT Worksheet 1 Cell V45: 22.9%
- URRT Worksheet 1 Cell V46: 10.9%

Table 10 calculates the percentage change in the member weighted average rate for 2018 and the member weighted average rate for 2019. Table 11 calculates the percentage increase for each plan and then member weights the percentage increases. These two methods produce slightly different results. FPH feels that the best representation of the rate increase is the value from Table 10.

Please note that the two values above from the URRT Worksheet 1 are changes in the projected average premium, which also includes the substantial impacts of changes in the distribution of members by plan, as well as changes in the covered population's average age and mix of members by rating area. They do not represent changes in premium rates for a fixed population from 2018 to 2019.

Worksheet 2 of the URRT also shows plan level rate changes. These values are used in the development of the average rate change shown in the Federal Part II justification. A demonstration of this calculation is included in Attachment F.

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. In accordance with the Department's guidance, we have assumed that the ACA health insurance coverage

mandate is eliminated and the CSR payments remain ceased for 2019 (See Sections 2.A. and 3. below for a discussion on the impacts). The company has chosen to remove the STLDI load from the rate development at this time, however, forthcoming guidance and the ongoing filing review process may make it necessary to revisit this assumption.

Additional assumptions include that advance payment of premium credits (APTCs) will continue until the end of 2019, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2019. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, FPH reserves the right to submit a revised filing.

D. Membership Count

Please see Table 1 for the average age, age breakdown, and total membership for the periods shown.

E. Benefit/Cost Sharing Changes

The majority of FPH's 2019 plan offering consists of renewal plans with benefits that differ from the 2018 offering.

The screenshots from the HHS AV calculator, showing the plan benefits and the resulting actuarial values, can be found as a separate attachment within the *Supporting Documentation* section in SERFF. Also, the PA Plan Design Summary and Rate Tables along with the HIOS Plan IDs can be found within the *Rate/Rule Schedule* section in SERFF.

F. Experience Period Claims and Premium

Please see Table 2 for the experience period data for the most recent calendar year. The experience period paid claims data represents the 2017 calendar year results for all policies in the single risk pool, with run out through February 2018. This data is consistent with the data reported in Section I of Worksheet I of the URRT.

The components of this exhibit were developed as follows:

- The Earned Premium represents actual revenues earned in the experience period.
- Incurred Claims represent claims paid by FPH net of expected CSR recoveries. Note that the URRT includes capitated services and is net of Rx Rebates. Those values are not included here as they are listed as separate items.
- The Allowed Claims represent our best estimate of the total claims prior to member cost sharing incurred during the experience period. The Allowed Claims include:
 - Two month of run out from the end of the experience period,
 - Claims processed outside of the Company's claims system (e.g., claim settlement costs), and
 - Our best estimate of claims incurred but not paid as of the end of the run out period.

Note that allowed claims in the URRT include capitation and are net of drug rebates. They are not included here as they are called out separately in the exhibit.

- Allowed Charges for non EHB services are included in column G. The amount of non EHB included is shown in column H.
- Prescription Drug Rebates are used to reduce the level of Incurred Claims in the experience period.
- Total EHB capitation includes amounts for the pediatric vision benefit (\$0.34 PMPM) plus amounts for PCP, Lab, and Radiology capitation (\$6.00 PMPM).

The Estimated Risk Adjustment for the experience period represents our best estimate of the year end risk adjustment transfer payment that FPH will incur. This amount is developed based on an analysis of FPH data (risk scores as defined in the HHS Notice of Benefit and Payment Parameters, as well as other risk transfer formula components), and an estimate as to the Market-wide risk profile. This Market-wide risk profile is developed from available Market data, including prior years' risk adjustment transfer results, publicly available data (such as MLR reports), and outside expertise from actuarial consultants.

G. Credibility of Data

The experience period data for FPH is large enough to be fully credible. The results are based 100% on the experience period data.

H. Trend Identification

Table 3 identifies the annual medical and prescription drug allowed claims cost and utilization trends. The underlying total annual trend is 8.5%. Additionally, there is an induced utilization adjustment of 0.37% per year applied to reach the overall trend of 8.75% shown in Table 3 column G. The definitions of service categories, cost, and utilization in Table 3 are consistent with the URRT instructions. The numbers entered in the Cost and Utilization columns are consistent with those entered in Worksheet I, Section 2 of the URRT, except as noted below.

The cost trends presented in Table 3 reflect FPH's expectations regarding increases in in-network contractual reimbursement, as well as projected out-of-network costs. These estimates measure and normalize for benefit leverage, population aging, and historical changes for fee schedules, as well as company-wide utilization management programs, and external trend drivers.

The significant changes observed in the volume, demographics and morbidity of the ACA population from 2014 to 2017 yields component trends that are not directly applicable for trend analysis. The trend components in Table 3 therefore represent the same blended average for all types of service and are applied to the aggregate experience for pricing. Component data was not used in the development of the trend.

A separate regression study was developed by the FPH valuation team to analyze the ACA trend levels of continuously enrolled cohorts of ACA members in order to normalize for population change. That continuous enrollment period covers a significant portion of both 2016 and 2017. The analysis took into consideration seasonality and adjusted for step changes that were included in the network factors

in the two periods. Resulting r-squared levels were compared to determine confidence levels of the resulting regression trends to develop a reasonable range of trend assumptions.

The regression study resulted in a composite trend of 8.5%. This continuous enrollment approach addresses the unstable population concerns in the underlying ACA experience, but it does not reflect the impact of partial year population changes that are inherent to an individual market. The initial pricing trend was set at 9.5% in consideration of that factor. This trend level was deemed reasonable when compared to Highmark group business and industry available ACA data. These benchmarks include publicly available trend studies (e.g., Aon study focused on group business), along with trade association trend surveys received that include an individual market view.

Pursuant to the Department's review of the filing, the initial pricing trend of 9.5% was lowered to 8.5%.

I. Historical Experience

Table 4 presents the most recent 48 months (4 calendar years) of FPH data with run-out through February 2018. Calendar years 2014 to 2016 are blank since FPH did not offer products during that time period. This data was not used to develop the trend in Table 3. Please see Section H for further details.

2. Rate Development & Change

A. Development of Projected Index Rate, Market-Adjusted Index Rate, & Total Allowed Claims

The development of the Projected Index Rate, Projected Market-Adjusted Index Rate, and Projected Total Allowed Claims, shown in Table 5, closely follows that utilized in the development presented in Worksheet 1 of the URRT, a discussion of which can be found in the Part III Actuarial Memorandum submitted in the Rate Filing Justification. Some of the items separately identified in Table 5 include:

- The Change in Morbidity adjustment of 1.032 reflects the change in the population mix/claim levels from the experience period to the projection period. This factor also takes into consideration the effects of adverse selection inherent to guaranteed issue markets. The Individual ACA risk pool continues to have a significantly higher proportion of older members than the group business with a high prevalence of chronic conditions. This remains a national concern and questions the long-term viability of this guaranteed issue market which adds to the uncertainty of any future claim projections.

Impact of Health Insurance Coverage Mandate

In accordance with the Department's guidance, the morbidity factor was increased by 6.0% to reflect the market uncertainty from the elimination of the health insurance coverage mandate. This deterioration is reflected in the filing by multiplying the original morbidity factor of 1.032 by 1.06 to arrive at a final morbidity factor of 1.094.

- The Change in Demographics adjustment of 1.027 reflects the change in age and geography factors we expect from the experience period to the projection period.
- There is no Change in Network adjustment.
- There is no Change in Benefits adjustment.
- The Change in Other adjustment of 0.989 reflects changes in pharmacy rebates, expected changes in hospital/physician settlements. The 1% load for expected adverse selection due to the Short Term Limited Durational Insurance market expansion was removed.

Please see Attachments A and E for a more detailed calculation of these factors. These factors can also be found in the accompanying spreadsheet.

The (\$129.69) Risk Adjustment assumption in cell C31 represents our best estimate of the year end risk adjustment transfer payment for FPH as developed in Attachment B adjusted for the (\$0.15) PMPM risk adjustment user fee and the impact of the catastrophic eligibility factor. This amount is developed based on an analysis of FPH data (risk scores as defined in the HHS Notice of Benefit and Payment Parameters, as well as other risk transfer formula components), and an estimate as to the Market-wide risk profile. This Market-wide risk profile is developed from available Market data, including prior years' risk adjustment transfer results, publicly available data (such as MLR reports), and outside expertise from actuarial consultants.

The development of the projected *gross* risk adjustment assumption of (\$129.52) PMPM is shown in Attachment B as well as the attached spreadsheet. Since FPH is offering catastrophic metal level plans and these plans are pooled separately for the purpose of risk adjustment transfers, we developed both catastrophic and non-catastrophic risk transfer assumptions for 2019. These assumptions were then blended together using the projected enrollment by pool to arrive at a single assumption to use for pricing. Our expected *gross* payable of (\$129.52) reflects that we anticipate FPH's average risk score (net of allowable rating factors) to be lower than the statewide average.

The exchange user fee in cell C32 is developed by taking the required user fee percentage of 3.5% and multiplying by the percentage of total members in expected to be on exchange of 82%. This results in a percentage of 2.9%. The PMPM of \$19.90 is calculated as 2.9% of the total required premium in cell C63 adjusted for the effect of catastrophic eligibility.

B. Retention Items

Table 6 has been completed with the requested retention elements for the proposed rates for the rating period. The amounts presented separately sum to the total administrative expenses and taxes and fees presented in the rate development. Administrative costs reflect internal costs that the FPH is projected to incur in the projected experience period, and are developed from standard expense allocation methods. Agent/broker fees and commissions reflect our anticipated costs for these items in the experience period.

Note the following regarding plan level retention items:

- The Profit/Contingency for all plans is set to 0%.

- The administrative expenses do not vary by plan.
- 0% Pennsylvania Premium Tax was included.
- The \$0.16 PMPM PCORI fee was factored into the administrative expense percentage of premium.
- Expenses for Quality Improvement Initiatives are 0.53%.

FPH has voluntarily refrained from adding a risk and contingency factor in this filing. By this voluntary action, FPH is not waving any right to include a risk and contingency factor which FPH believes is consistent with historical and legal interpretations of FPH and the Pennsylvania Insurance Department.

The proposed rate development assumes an average broker commission of \$0.20 for 2019. A schedule of the current broker commission amounts is included in Attachment D.

C. Normalized Market-Adjusted Projected Allowed Total Claims

The normalization factors presented in Table 7 are each determined from the underlying membership demographics expected in the projected rating period. The 2018 values are pulled from the prior year's filing, while the 2019 values represent our projection for 2019 assumed in the 2019 rate development.

D. Components of Rate Change

Table 8 presents the components of change in the proposed 2019 Calibrated Plan Adjusted Index Rate (PMPM). Cell C72 is populated with the base period allowed charges found in the 2018 plan year rate filing (\$536.44). The difference between Row H (-4.2%) and Row A (1.1%) is caused primarily by the exclusion of the 2019 CSR load from the specific eligibility component of rate change. Including this factor would change row H to 1.3%.

Table 9 presents the data elements supporting the calculations in Table 8. Note the following differences between the Table 9 values and the URRT values:

- Taxes and Fees shown in Table 9 differ from the Taxes and Fees from the URRT as Table 9 separates out the Exchange User Fee into a separate line item. In the URRT the Exchange User Fee is included in the Taxes and Fees line item.

The 2018 values are populated using the 2018 filed factors adjusted for the membership mix as of February 1, 2018.

3. Plan Rate Development

Table 10 shows the plan rate development for 2019. This table shows the plans that FPH intends to offer in 2019, as well as all plans offered in 2018 portfolio. The calibrated plan adjusted index rates for 2018 are calculated according to the instructions. The 2019 rating factors are consistent with the factors found in Exhibit II of the Part III URRT memorandum with the pricing effect further broken out into pricing AV and benefit richness. Admin effect is broken into admin costs, taxes and fees, and profit or contingency.

The benefit richness factors in column L are populated with the factors found in Attachment C. The table in Attachment C can also be found in the attached spreadsheet. The derivation of the AV and Cost Sharing factors can also be found in Attachment C. The values in column 8 of the attachment represent the pure induced utilization for each plan. FPH's utilization factors are consistent with those used in the Federal Risk Adjustment program. Each plan's factor was then normalized by the average utilization factor. The average is a weighted average using projected membership as the weight. After normalization the average factor as shown in Attachment C is 1.000.

Note that the HHS Actuarial Value Calculator was unable to accommodate all of FPH's benefit designs. Plans needing certification are marked in column I of Table 10. Screen shots of all of the AV calculations and the appropriate certifications are included as a separate attachment within the *Supporting Documentation* section in SERFF.

For discontinuing plans where members are being mapped into a new plan, an effective rate increase is calculated by comparing the 2018 rate of the discontinuing plan to the 2019 rate of the plan to which the member is being mapped. As requested, some plans are being listed multiple times since these plans have different mappings based on the exchange status or county of the member.

Columns AG through AP are populated with the February 1, 2018 enrollment by 2019 plan and rating area.

Impact of Non-Payment of Cost Sharing Reduction Subsidies

In accordance with the Department's guidance, we have applied an additional adjustment for those Silver plans not offered exclusively off-exchange. This adjustment factor was 1.20 and represents the non-payment of Cost Sharing Reduction subsidies. Consistent with the Department's guidance, this adjustment was reflected in Table 10 in Column P.

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

Table 11 presents FPH's 21-year-old non-tobacco premium in the Individual Market. As mentioned in Section 1.C above, the change in 21-year-old non-tobacco premium PMPM calculated in this table is 2.2% which is not consistent with the SERFF Rate Review Detail Screen "percent rate change requested" for the reasons cited above.

5. Plan Factors

A. Age and Tobacco Factors

Please see Table 12 for FPH's age and tobacco factors.

B. Geographic Factors

Please see Table 13 for FPH's geographic factors. FPH's factors for the rating period are unchanged from the currently approved factors.

C. Network Factors

Please see Table 14 for FPH's network rating factors. The current factors represent the medical network adjustment factors from the prior approved rate filing. The projected factors are set 1.000 since the effective medical network adjustments are now reflected in the claims experience.

D. Service Area Composition

FPH's offerings are split into multiple service areas. The Plan Design Summary exhibit uploaded as a separate document contains the service areas related to this filing. As requested, service area maps are included.

6. Actuarial Certifications

I, [REDACTED], am a member of the American Academy of Actuaries and meet its qualification standards for actuaries issuing statements of actuarial opinions in the United States. This filing is prepared on behalf of FPH to accompany its rate filing (for calendar year 2019) for the Individual Market on and off the Pennsylvania Exchange.

I hereby certify that the projected index rate is, to the best of my knowledge and understanding:

- In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1) and 147.102),
- Developed in compliance with the applicable Actuarial Standards of Practice
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Neither excessive nor deficient.

I certify that the index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates. The allowable modifiers used to generate plan-level rates were:

- The actuarial value and cost-sharing design of the plan.
- The plan's provider network, delivery system characteristics, and utilization management practices.
- The benefits provided under the plan that are in addition to the essential health benefits. These estimated benefits were pooled with similar benefits within the single risk pool and the claims experience from those benefits was utilized to determine rate variations.
- Administrative costs, excluding Exchange user fees.

I certify that all factors, benefit and other changes from the prior approved filing have been disclosed in the 2018 PA Actuarial Memorandum Rate Exhibits.

I certify that the benefits included in FPH's plans are substantially equivalent to the Essential Health Benefits (EHBs) in the State of Pennsylvania's benchmark plans. I certify that any benefit substitutions are:

- Actuarially equivalent to the benefits being replaced,
- Are made within only the same essential health benefit category,
- Are based on a standardized plan population,
- Are determined regardless of cost-sharing,
- Are not prescription drug benefits, and
- Are based on an analysis performed in accordance with generally accepted actuarial principles and methodologies.

I certify that new plans are not considered modifications of existing plans (per the uniform modification standards in 45 CFR 147.106).

I certify that the AV Metal Values included in Table 10 were based entirely on the Federal AV Calculator or one of the approved alternative approaches.

I certify that the geographic rating factors reflect only differences in the costs of delivery (which can include unit cost and provider practice pattern differences) and do not include differences for population morbidity by geographic area.

I certify that the information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2019 Part II Rate Filing Justification.

[REDACTED]

[REDACTED]

[REDACTED]

Date: 08/07/2018

First Priority Health
Individual Market Product Portfolio

Supplemental Exhibits

Attachment A	'Change in Morbidity' & 'Change in Other' Calculations
Attachment B	Risk Adjustment Calculation
Attachment C	Induced Demand Calculations
Attachment D	Broker Commission Schedule
Attachment E	'Change in Demographics' Calculation
Attachment F	URRT Average Increase
Attachment G	Milliman Certification

First Priority Health

Individual Market

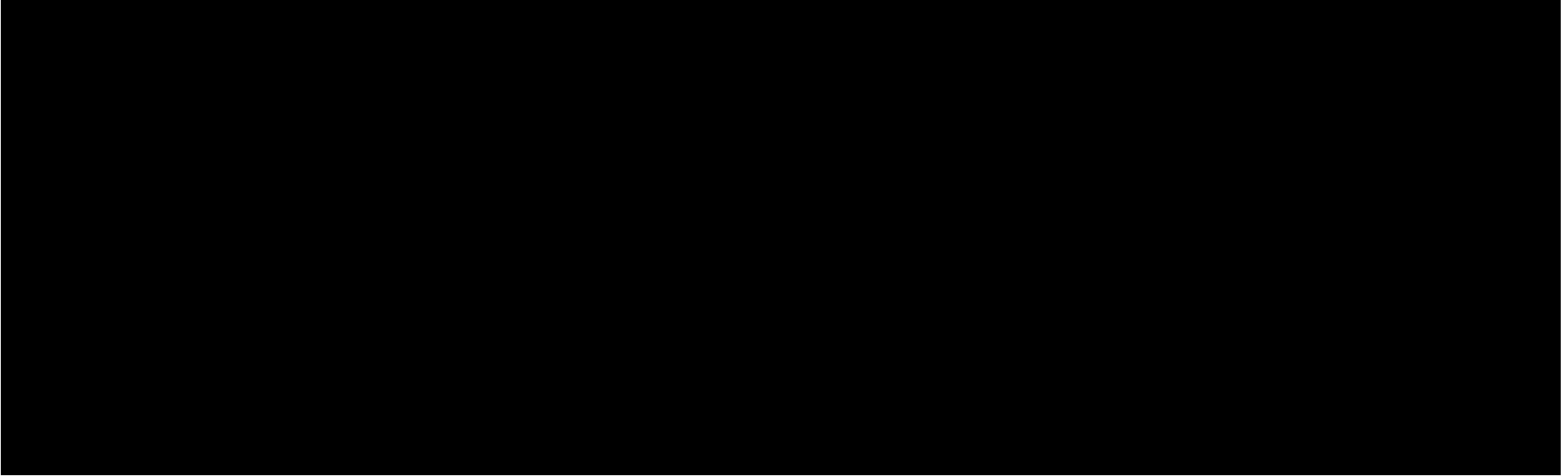
Attachment A - 'Change in Morbidity' & 'Change in Other' Calculations

Components of 'Change in Morbidity'	2017 Member Distribution	2017 Normalized Allowed PMPM	2019 Member Distribution	2017 Normalized Allowed PMPM	Morbidity Change Relative to Total
<u>Population Source</u>					
FPH ACA	100.0%	\$247.01	85.0%	\$240.21	0.972
Other Highmark			3.0%	\$413.02	1.672
Prior ACA			2.0%	\$294.98	1.194
New-to-Blue			10.0%	\$326.61	1.322
Morbidity Factor	100.0%	\$247.01	100.0%	\$255.13	1.033
Capitation and Dental Dampening Factor					1.000
Dampened Morbidity Factor					1.032
Individual Mandate Load					1.060
Morbidity Factor with Individual Mandate Load					1.094

Components of 'Change in Other'	Factor
CY2017 Demographic Factor	1.859
<u>CY2019 Demographic Factor</u>	<u>1.909</u>
Change in Demographics	1.027
CY2017 Network Factor	1.000
<u>CY2019 Network Factor</u>	<u>1.000</u>
Change in Network	1.000
Change in Benefits	1.000
Change in Other	0.989
URRT and Table 5 'Change in Other'	1.016

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Individual Market



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Individual Market

Attachment C - Induced Demand Calculations

Induced Utilization Exhibit							
Plan ID (1)	Metal Level (2)	Projected Membership (3)	Projected Allowed Claims (4)	Projected Paid Claims (5)	Paid to Allowed Factor (6)	AV & Cost Sharing Factor (7)	(7)/(6) (8)
83731PA0060001	Bronze	41,172	\$24,508,748.72	\$16,259,712.72	0.663	0.639	0.962
83731PA0060002	Silver	47,280	\$28,989,042.27	\$21,780,833.32	0.751	0.745	0.991
83731PA0060004	Gold	50,688	\$32,587,278.04	\$29,189,881.90	0.896	0.931	1.039
83731PA0060010	Bronze	1,200	\$714,332.52	\$442,860.34	0.620	0.597	0.962
83731PA0060011	Bronze	1,296	\$771,479.12	\$478,289.17	0.620	0.597	0.962
83731PA0060012	Silver	1,200	\$735,762.49	\$566,206.40	0.770	0.763	0.991
83731PA0060013	Silver	5,016	\$3,075,487.23	\$2,246,666.53	0.731	0.724	0.991
83731PA0070001	Silver	624	\$382,596.50	\$284,672.17	0.744	0.738	0.991
83731PA0070002	Gold	6,324	\$4,065,694.96	\$3,573,830.97	0.879	0.914	1.039
83731PA0080001	Catastrophic	336	\$184,012.06	\$112,180.71	0.610	0.587	0.962
83731PA0090001	Silver	15,492	\$9,498,693.80	\$6,333,143.31	0.667	0.661	0.991
Total		170,628	\$105,513,127.70	\$81,268,277.55	0.770	0.770	1.000

Components of AV & Cost Sharing Factor				
HIOS Plan ID	Metal Level	Paid-to- Allowed Ratio	Induced Utilization Factor	Avg. Benefit Richness
83731PA0060001	Bronze	0.663	1.000	1.039
83731PA0060002	Silver	0.751	1.030	1.039
83731PA0060004	Gold	0.896	1.080	1.039
83731PA0060010	Bronze	0.620	1.000	1.039
83731PA0060011	Bronze	0.620	1.000	1.039
83731PA0060012	Silver	0.770	1.030	1.039
83731PA0060013	Silver	0.731	1.030	1.039
83731PA0070001	Silver	0.744	1.030	1.039
83731PA0070002	Gold	0.879	1.080	1.039
83731PA0080001	Catastrophic	0.610	1.000	1.039
83731PA0090001	Silver	0.667	1.030	1.039

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Attachment D - Broker Commission Schedule



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Individual Market

Attachment E - 'Change in Demographics' Calculation

Table E.1 - Age & Tobacco Factors

Age Band	HHS Age Factor	Tobacco Factor
0	0.765	1.000
1	0.765	1.000
2	0.765	1.000
3	0.765	1.000
4	0.765	1.000
5	0.765	1.000
6	0.765	1.000
7	0.765	1.000
8	0.765	1.000
9	0.765	1.000
10	0.765	1.000
11	0.765	1.000
12	0.765	1.000
13	0.765	1.000
14	0.765	1.000
15	0.833	1.000
16	0.859	1.000
17	0.885	1.000
18	0.913	1.000
19	0.941	1.000
20	0.970	1.000
21	1.000	1.025
22	1.000	1.025
23	1.000	1.025
24	1.000	1.025
25	1.004	1.025
26	1.024	1.025
27	1.048	1.025
28	1.087	1.025
29	1.119	1.025
30	1.135	1.025
31	1.159	1.025
32	1.183	1.025
33	1.198	1.025
34	1.214	1.025
35	1.222	1.025
36	1.230	1.025
37	1.238	1.025
38	1.246	1.025
39	1.262	1.025
40	1.278	1.100
41	1.302	1.105
42	1.325	1.112
43	1.357	1.121
44	1.397	1.132
45	1.444	1.145
46	1.500	1.160
47	1.563	1.177
48	1.635	1.196
49	1.706	1.217
50	1.786	1.225
51	1.865	1.225
52	1.952	1.225
53	2.040	1.225
54	2.135	1.225
55	2.230	1.225
56	2.333	1.225
57	2.437	1.225
58	2.548	1.225
59	2.603	1.225
60	2.714	1.225
61	2.810	1.225
62	2.873	1.225
63	2.952	1.225
64	3.000	1.225

Table E.2 - Experience Period Membership

Membership Mix		
Non-Tobacco	Tobacco	Total
0.41%	0.00%	0.41%
0.38%	0.00%	0.38%
0.36%	0.00%	0.36%
0.37%	0.00%	0.37%
0.37%	0.00%	0.37%
0.37%	0.00%	0.37%
0.39%	0.00%	0.39%
0.37%	0.00%	0.37%
0.39%	0.00%	0.39%
0.46%	0.00%	0.46%
0.38%	0.00%	0.38%
0.48%	0.00%	0.48%
0.58%	0.00%	0.58%
0.56%	0.00%	0.56%
0.51%	0.00%	0.51%
0.65%	0.00%	0.65%
0.63%	0.00%	0.63%
0.67%	0.00%	0.67%
0.71%	0.00%	0.71%
0.98%	0.00%	0.98%
1.07%	0.02%	1.09%
0.97%	0.04%	1.02%
0.88%	0.03%	0.91%
0.80%	0.03%	0.83%
0.78%	0.05%	0.83%
0.77%	0.04%	0.81%
1.56%	0.14%	1.70%
1.26%	0.13%	1.40%
1.29%	0.13%	1.42%
1.20%	0.12%	1.32%
1.16%	0.12%	1.29%
1.08%	0.12%	1.20%
1.18%	0.10%	1.28%
0.95%	0.11%	1.06%
0.98%	0.14%	1.11%
1.04%	0.14%	1.19%
1.00%	0.08%	1.08%
1.01%	0.10%	1.11%
1.09%	0.15%	1.23%
1.11%	0.15%	1.26%
1.03%	0.15%	1.17%
1.08%	0.13%	1.21%
1.40%	0.10%	1.50%
1.27%	0.14%	1.42%
1.35%	0.13%	1.48%
1.53%	0.16%	1.69%
1.69%	0.12%	1.81%
1.70%	0.19%	1.89%
1.69%	0.18%	1.87%
1.83%	0.14%	1.97%
2.04%	0.24%	2.28%
1.98%	0.17%	2.15%
2.41%	0.22%	2.63%
2.31%	0.21%	2.52%
2.65%	0.22%	2.86%
2.56%	0.23%	2.79%
3.00%	0.26%	3.26%
3.02%	0.24%	3.26%
3.07%	0.32%	3.39%
3.41%	0.24%	3.65%
3.66%	0.31%	3.97%
3.81%	0.36%	4.18%
4.74%	0.44%	5.18%
4.89%	0.49%	5.38%
3.05%	0.30%	3.35%
92.38%	7.62%	100.00%

Table E.3 - Projection Period Membership

Membership Mix		
Non-Tobacco	Tobacco	Total
0.18%	0.00%	0.18%
0.23%	0.00%	0.23%
0.30%	0.00%	0.30%
0.29%	0.00%	0.29%
0.34%	0.00%	0.34%
0.37%	0.00%	0.37%
0.39%	0.00%	0.39%
0.28%	0.00%	0.28%
0.33%	0.00%	0.33%
0.34%	0.00%	0.34%
0.39%	0.00%	0.39%
0.42%	0.00%	0.42%
0.48%	0.00%	0.48%
0.67%	0.00%	0.67%
0.43%	0.00%	0.43%
0.52%	0.00%	0.52%
0.60%	0.00%	0.60%
0.44%	0.00%	0.44%
0.69%	0.00%	0.69%
0.80%	0.00%	0.80%
0.90%	0.01%	0.90%
0.91%	0.02%	0.93%
1.01%	0.02%	1.04%
0.70%	0.02%	0.72%
0.91%	0.04%	0.95%
0.71%	0.10%	0.81%
1.32%	0.22%	1.55%
1.40%	0.15%	1.55%
1.28%	0.18%	1.45%
1.21%	0.22%	1.43%
1.09%	0.17%	1.25%
1.15%	0.07%	1.22%
1.10%	0.15%	1.25%
0.92%	0.14%	1.06%
1.00%	0.14%	1.15%
0.94%	0.13%	1.07%
0.96%	0.13%	1.10%
0.87%	0.14%	1.00%
1.05%	0.15%	1.20%
1.10%	0.18%	1.27%
1.07%	0.17%	1.24%
1.04%	0.13%	1.17%
1.31%	0.18%	1.48%
1.34%	0.10%	1.44%
1.28%	0.13%	1.41%
1.25%	0.12%	1.38%
1.44%	0.15%	1.58%
1.76%	0.24%	2.00%
1.78%	0.17%	1.95%
1.68%	0.18%	1.86%
1.81%	0.14%	1.96%
2.00%	0.22%	2.23%
2.26%	0.18%	2.44%
2.59%	0.24%	2.83%
2.30%	0.16%	2.45%
2.74%	0.27%	3.02%
2.65%	0.18%	2.83%
3.25%	0.28%	3.52%
3.18%	0.25%	3.43%
3.34%	0.34%	3.67%
3.73%	0.22%	3.95%
4.09%	0.40%	4.49%
4.74%	0.38%	5.13%
5.35%	0.42%	5.77%
5.06%	0.32%	5.38%
92.07%	7.93%	100.00%

Table E.4 - Area Factors

Rating Area	Experience Period		Projection Period	
	Enrollment	Area Factor	Enrollment	Area Factor
3	100.0%	1.000	100.0%	1.000
Total	100.0%	1.000	100.0%	1.000

Table E.5 - 'Change in Demographics' Calculation

	Experience Period	Projection Period	Change in Demographics
Average Age Factor	1.853	1.903	
Average Tobacco Factor	1.012	1.012	
Average Area Factor	1.000	1.000	
Average Demographic Factor	1.876	1.925	
Child Capping Adjustment		0.999	
Adjusted Demographic Factor		1.927	
Capitation Dampening	0.991	0.991	
Final Demographic Factor	1.859	1.909	1.027

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Attachment F - URRT Average Increase

Mapped ID	Designation	Projected 2019 MM	2019 MM Renewing Plans	Current Avg Rate	Projected Avg Rate	Increase
83731PA0060001	Renewing	41,172	41,172	\$ 566.13	\$ 579.16	2.30%
83731PA0060002	Renewing	47,280	47,280	\$ 684.15	\$ 810.72	18.50%
83731PA0060003	Terminated	0	0		\$ -	0.00%
83731PA0060004	Renewing	50,688	50,688	\$ 828.36	\$ 844.52	1.95%
83731PA0060005	Terminated	0	0		\$ -	0.00%
83731PA0060010	New	1,200	0		\$ -	0.00%
83731PA0060011	New	1,296	0	\$ 566.13	\$ -	0.00%
83731PA0060012	New	1,200	0		\$ -	0.00%
83731PA0060013	New	5,016	0	\$ 684.17	\$ -	0.00%
83731PA0070001	Renewing	624	624	\$ 685.10	\$ 802.80	17.18%
83731PA0070002	Renewing	6,324	6,324	\$ 812.41	\$ 828.74	2.01%
83731PA0080001	Renewing	336	336	\$ 473.15	\$ 489.62	3.48%
83731PA0090001	Renewing	15,492	15,492	\$ 675.61	\$ 719.39	6.48%
Total		170,628	161,916	\$ 703.05	\$ 753.69	7.20%



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ACTUARIAL MEMORANDUM

First Priority Health

Revised Individual Rate Filing - January 1, 2019

I, [REDACTED], am a member of the American Academy of Actuaries and meet its qualification standards for preparing individual rate filings. As a consulting actuary, I was requested by First Priority Health ("FPH") to review the development of the market-wide base rate for the individual market on and off the Pennsylvania Exchange. The confidential material presented in this revised filing was prepared for the specific purpose of submitting the rating formula for the Pennsylvania Insurance Department and may not be appropriate for other purposes. This filing represents premium rates for individuals sold or renewed effective January 1, 2019. The rates are guaranteed until December 31, 2019.

To the best of my knowledge and judgment, the following are true with respect to this filing:

1. Premium rates are established in accordance with generally accepted actuarial principles and the applicable Actuarial Standards of Practice. They are not excessive, inadequate, or unfairly discriminatory. Rates are reasonable in relationship to the benefits provided. However, it is certain that actual experience will not conform exactly to the assumptions used in this analysis. To the extent that actual experience is different from the assumptions used in developing the rates, the actual results will also deviate from the projected amounts.
2. In compliance with all applicable Pennsylvania and Federal Statutes and Regulations (45 CFR 156.80 and 147.102).
3. The rating factors and rating methodology are reasonable and consistent with FPH's business plan at the time of the filing.

[REDACTED]

[REDACTED]
Fellow, Society of Actuaries
Member, American Academy of Actuaries
August 7, 2018

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	FFH		
Product(s):	HMO		
Market Segment:	Individual	to	12/31/2019
Rate Effective Date:	01/01/2019	to	12/31/2017
Base Period Start Date	01/01/2017		
Date of Most Recent Membership	02/01/2018		

Table 1. Number of Members

	Member-months	Members	Member-months
	Experience Period	Current Period (as of 02-01-2018)	Projected Rating Period
Average Age	44.7	45.4	45.7
Total	251,301	13,966	170,628
<18	20,937	993	11,962
18-24	15,997	816	10,299
25-29	16,713	905	11,582
30-34	14,927	827	10,104
35-39	14,756	799	9,632
40-44	17,055	927	11,515
45-49	23,173	1,218	14,956
50-54	31,268	1,685	20,305
55-59	41,067	2,327	28,102
60-63	46,978	2,720	32,990
64+	8,430	749	9,180

*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-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment
\$ 141,810,573.51	\$ 88,676,550.21	\$ 93,964,720.71	251,301	\$ 26,497,215.87	\$ 120,461,936.57	\$ -	\$ (3,834,853.26)	\$ 1,593,248.34	\$ -	\$ (18,082,891.35)
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)										\$ 470.43
Loss Ratio										74.13%

*Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite URRT Trend **	Weight*
Inpatient Hospital	5.00%	3.33%	0.37%	8.90%	21.73%
Outpatient Hospital	5.00%	3.33%	0.37%	8.90%	35.18%
Professional	5.00%	3.33%	0.37%	8.90%	21.73%
Other Medical	5.00%	3.33%	0.37%	8.90%	1.95%
Capitation				-3.56%	1.30%
Prescription Drugs	5.00%	3.33%	0.37%	8.90%	18.10%
Total Annual Trend				8.75%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.183	

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

** Should = URRT Trend

Table 4. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-14				#DIV/0!		#DIV/0!				#DIV/0!
Feb-14				#DIV/0!		#DIV/0!				#DIV/0!
Mar-14				#DIV/0!		#DIV/0!				#DIV/0!
Apr-14				#DIV/0!		#DIV/0!				#DIV/0!
May-14				#DIV/0!		#DIV/0!				#DIV/0!
Jun-14				#DIV/0!		#DIV/0!				#DIV/0!
Jul-14				#DIV/0!		#DIV/0!				#DIV/0!
Aug-14				#DIV/0!		#DIV/0!				#DIV/0!
Sep-14				#DIV/0!		#DIV/0!				#DIV/0!
Oct-14				#DIV/0!		#DIV/0!				#DIV/0!
Nov-14				#DIV/0!		#DIV/0!				#DIV/0!
Dec-14				#DIV/0!		#DIV/0!				#DIV/0!
Jan-15				#DIV/0!		#DIV/0!				#DIV/0!
Feb-15				#DIV/0!		#DIV/0!				#DIV/0!
Mar-15				#DIV/0!		#DIV/0!				#DIV/0!
Apr-15				#DIV/0!		#DIV/0!				#DIV/0!
May-15				#DIV/0!		#DIV/0!				#DIV/0!
Jun-15				#DIV/0!		#DIV/0!				#DIV/0!
Jul-15				#DIV/0!		#DIV/0!				#DIV/0!
Aug-15				#DIV/0!		#DIV/0!				#DIV/0!
Sep-15				#DIV/0!		#DIV/0!				#DIV/0!
Oct-15				#DIV/0!		#DIV/0!				#DIV/0!
Nov-15				#DIV/0!		#DIV/0!				#DIV/0!
Dec-15				#DIV/0!		#DIV/0!				#DIV/0!

Jan-16				#DIV/0!		#DIV/0!				#DIV/0!
Feb-16				#DIV/0!		#DIV/0!				#DIV/0!
Mar-16				#DIV/0!		#DIV/0!				#DIV/0!
Apr-16				#DIV/0!		#DIV/0!				#DIV/0!
May-16				#DIV/0!		#DIV/0!				#DIV/0!
Jun-16				#DIV/0!		#DIV/0!				#DIV/0!
Jul-16				#DIV/0!		#DIV/0!				#DIV/0!
Aug-16				#DIV/0!		#DIV/0!				#DIV/0!
Sep-16				#DIV/0!		#DIV/0!				#DIV/0!
Oct-16				#DIV/0!		#DIV/0!				#DIV/0!
Nov-16				#DIV/0!		#DIV/0!				#DIV/0!
Dec-16				#DIV/0!		#DIV/0!				#DIV/0!
Jan-17		\$ 5,683,886.64	0.9924	\$ 5,727,599.58	20,488	\$ 279.56		\$ (252,767.27)	\$ 8,607,778.19	\$ 420.14
Feb-17		\$ 6,429,991.66	0.9918	\$ 6,483,045.62	21,813	\$ 297.21		\$ (247,306.38)	\$ 9,152,095.86	\$ 419.57
Mar-17		\$ 7,625,024.56	0.9915	\$ 7,690,702.39	22,406	\$ 343.24		\$ (339,157.42)	\$ 10,503,740.24	\$ 468.79
Apr-17		\$ 7,843,424.76	0.9913	\$ 7,911,927.65	22,146	\$ 357.26		\$ (310,947.73)	\$ 10,241,392.11	\$ 462.45
May-17		\$ 9,020,729.71	0.9909	\$ 9,104,183.24	21,711	\$ 419.34		\$ (357,894.73)	\$ 11,573,160.44	\$ 533.06
Jun-17		\$ 8,468,785.99	0.9889	\$ 8,563,911.53	21,373	\$ 400.69		\$ (333,583.63)	\$ 10,767,310.24	\$ 503.78
Jul-17		\$ 6,816,625.17	0.9773	\$ 6,974,852.96	21,021	\$ 331.80		\$ (324,525.99)	\$ 8,883,535.59	\$ 422.60
Aug-17		\$ 7,728,781.05	0.9769	\$ 7,911,913.21	20,748	\$ 381.33		\$ (340,123.42)	\$ 9,857,720.66	\$ 475.12
Sep-17		\$ 8,006,336.78	0.9709	\$ 8,246,077.86	20,424	\$ 403.74		\$ (323,224.43)	\$ 10,161,124.84	\$ 497.51
Oct-17		\$ 7,866,819.82	0.9522	\$ 7,841,753.71	20,157	\$ 389.03		\$ (344,441.52)	\$ 9,747,543.26	\$ 483.58
Nov-17		\$ 7,293,035.19	0.9346	\$ 7,803,042.60	19,747	\$ 395.15		\$ (326,674.11)	\$ 9,495,785.47	\$ 480.87
Dec-17	\$ 141,810,573.51	\$ 6,293,108.85	0.8430	\$ 7,465,502.64	19,267	\$ 387.48	\$ 26,371,103.08	\$ (354,206.63)	\$ 9,104,429.18	\$ 472.54

* Express Completion Factor as a percentage

**Express Prescription Drug Rebates as a negative number

Carrier Name: FPH
Product(s): HMO
Market Segment: Individual
Rate Effective Date: 01/01/2019

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
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)										\$ -
Loss Ratio										0.00%

*Express Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Induced Utilization*	Composite URRT Trend**	Weight*
Inpatient Hospital				0.00%	
Outpatient Hospital				0.00%	
Professional				0.00%	
Other Medical				0.00%	
Capitation					
Prescription Drugs				0.00%	
Total Annual Trend				0.00%	0.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.000	

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

**Should = URRT 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
Jan-14				#DIV/0!		#DIV/0!				#DIV/0!
Feb-14				#DIV/0!		#DIV/0!				#DIV/0!
Mar-14				#DIV/0!		#DIV/0!				#DIV/0!
Apr-14				#DIV/0!		#DIV/0!				#DIV/0!
May-14				#DIV/0!		#DIV/0!				#DIV/0!
Jun-14				#DIV/0!		#DIV/0!				#DIV/0!
Jul-14				#DIV/0!		#DIV/0!				#DIV/0!
Aug-14				#DIV/0!		#DIV/0!				#DIV/0!
Sep-14				#DIV/0!		#DIV/0!				#DIV/0!
Oct-14				#DIV/0!		#DIV/0!				#DIV/0!
Nov-14				#DIV/0!		#DIV/0!				#DIV/0!
Dec-14				#DIV/0!		#DIV/0!				#DIV/0!
Jan-15				#DIV/0!		#DIV/0!				#DIV/0!
Feb-15				#DIV/0!		#DIV/0!				#DIV/0!
Mar-15				#DIV/0!		#DIV/0!				#DIV/0!
Apr-15				#DIV/0!		#DIV/0!				#DIV/0!
May-15				#DIV/0!		#DIV/0!				#DIV/0!
Jun-15				#DIV/0!		#DIV/0!				#DIV/0!
Jul-15				#DIV/0!		#DIV/0!				#DIV/0!
Aug-15				#DIV/0!		#DIV/0!				#DIV/0!
Sep-15				#DIV/0!		#DIV/0!				#DIV/0!
Oct-15				#DIV/0!		#DIV/0!				#DIV/0!
Nov-15				#DIV/0!		#DIV/0!				#DIV/0!
Dec-15				#DIV/0!		#DIV/0!				#DIV/0!
Jan-16				#DIV/0!		#DIV/0!				#DIV/0!
Feb-16				#DIV/0!		#DIV/0!				#DIV/0!
Mar-16				#DIV/0!		#DIV/0!				#DIV/0!
Apr-16				#DIV/0!		#DIV/0!				#DIV/0!
May-16				#DIV/0!		#DIV/0!				#DIV/0!
Jun-16				#DIV/0!		#DIV/0!				#DIV/0!
Jul-16				#DIV/0!		#DIV/0!				#DIV/0!
Aug-16				#DIV/0!		#DIV/0!				#DIV/0!
Sep-16				#DIV/0!		#DIV/0!				#DIV/0!
Oct-16				#DIV/0!		#DIV/0!				#DIV/0!
Nov-16				#DIV/0!		#DIV/0!				#DIV/0!
Dec-16				#DIV/0!		#DIV/0!				#DIV/0!
Jan-17				#DIV/0!		#DIV/0!				#DIV/0!
Feb-17				#DIV/0!		#DIV/0!				#DIV/0!
Mar-17				#DIV/0!		#DIV/0!				#DIV/0!
Apr-17				#DIV/0!		#DIV/0!				#DIV/0!
May-17				#DIV/0!		#DIV/0!				#DIV/0!
Jun-17				#DIV/0!		#DIV/0!				#DIV/0!
Jul-17				#DIV/0!		#DIV/0!				#DIV/0!
Aug-17				#DIV/0!		#DIV/0!				#DIV/0!
Sep-17				#DIV/0!		#DIV/0!				#DIV/0!
Oct-17				#DIV/0!		#DIV/0!				#DIV/0!
Nov-17				#DIV/0!		#DIV/0!				#DIV/0!
Dec-17				#DIV/0!		#DIV/0!				#DIV/0!

*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:
Product(s):

Market Segment:

Rate Effective Date:

FPH
HMO
Individual
01/01/2019

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	\$ 470.43	\$ -	<- Actual Experience PMPM should be consistent with the Index Rate for Experience Period
Two year trend projection Factor	1.183	1.000	
Unadjusted Projected Allowed EHB Claims PMPM	\$ 556.35	\$ -	
<u>Single Risk Pool Adjustment Factors</u>			
Change in Morbidity	1.094	0.000	<- See URRT Instructions
Change in Other	1.016	1.000	
Change in Demographics	1.027	1.000	<- See URRT Instructions
Change in Network	1.000	1.000	
Change in Benefits	1.000	1.000	<- See URRT Instructions
Change in Other	0.989	1.000	
Total Adjusted Projected Allowed EHB Claims PMPM	\$ 618.47	\$ -	
Credibility Factors	100%	0%	<- See Instructions
Blended Projected EHB Claims PMPM		\$ 618.47	
Development of the Market-Adjusted Index Rate and Total Allowed Claims			<- Projected Index Rate
Adjusted Projected Allowed EHB Claims PMPM	\$ 618.47		<- 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]	\$ -		
Projected Paid to Allowed Ratio	0.770		<- Paid to Allowed Average Factor in Projection Period on URRT
Projected Paid EHB Claims PMPM	\$ 476.36		
<u>Market-wide Adjustments</u>			
Projected Risk Adjustment PMPM	\$ (129.69)		<- Market-Adjusted Index Rate
Projected Paid Exchange User Fees PMPM	\$ 19.90		
Market-Adjusted Projected Paid EHB Claims PMPM	\$ 625.95		
Market-Adjusted Projected Allowed EHB Claims PMPM	\$ 812.69		
Projected Allowed Non-EHB Claims PMPM	\$ -		
Market-Adjusted Projected Paid Total Claims PMPM	\$ 625.95		
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 812.69		

Table 6. Retention

Retention Items - Express in percentages	Percentages	PMPM Amounts	
Administrative Expenses	9.71%	\$67.30	<- Single Pool Gross Premium Avg. Rate, PMPM on URRT
General and Claims	9.15%	\$63.43	
Agent/Broker Fees and Commissions	0.03%	\$0.20	
Quality Improvement Initiatives	0.53%	\$3.68	
Taxes and Fees	0.02%	\$0.16	
PCORI Fees	0.02%	\$0.16	
PA Premium Tax (if applicable)	0.00%	\$0.00	
Federal Income Tax	0.00%	\$0.00	
Health Insurance Providers Fee (Prorated for Small Groups only)	0.00%	\$0.00	
Profit/Contingency (after tax)	0.00%	\$0.00	
Total Retention	9.73%	\$67.46	
Projected Required Revenue PMPM	\$ 693.41		

Table 8. Components of Rate Change

Rate Components	2018	2019	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$ 377.80	\$ 382.13	\$4.34	1.1%
B. Base period allowed claims before normalization	\$ 536.44	\$ 470.43	-\$66.01	-17.5%
C. Normalization factor component of change	\$ (242.90)	\$ (235.44)	\$7.46	2.0%
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 293.54	\$ 235.00	\$ (58.54)	-15.5%
D2. URRT Trend	\$ 80.66	\$ 42.92	\$ (37.74)	-10.0%
D3. URRT Morbidity	\$ 22.45	\$ 26.22	\$ 3.77	1.0%
D4. URRT Other	\$ (3.30)	\$ 4.81	\$ 8.11	2.1%
D5. Normalized URRT RA/Rl on an allowed basis	\$ 27.40	\$ 84.11	\$ 56.71	15.0%
D6. Normalized Exchange User Fee on an allowed basis	\$ 13.64	\$ 12.91	\$ (0.73)	-0.2%
D7. Subtotal - Sum(D1:D6)	\$ 434.38	\$ 405.96	\$ (28.42)	-7.5%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ (23.46)	\$ -	\$ 23.46	6.2%
E2. Pricing AV	\$ (108.78)	\$ (94.05)	\$ 14.72	3.9%
E3. Benefit Richness	\$ 11.19	\$ 12.35	\$ 1.16	0.3%
E4. Catastrophic Eligibility	\$ 23.12	\$ (0.06)	\$ (23.18)	-6.1%
E5. Subtotal - Sum(E1:E4)	\$ (97.92)	\$ (81.76)	\$ 16.16	4.3%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 27.84	\$ 37.09	\$ 9.25	2.4%
F2. Taxes and Fees	\$ 12.96	\$ 0.09	\$ (12.88)	-3.4%
F3. Profit and/or Contingency	\$ -	\$ -	\$ -	0.0%
F4. Subtotal - Sum(F1:F3)	\$ 40.81	\$ 37.18	\$ (3.63)	-1.0%
G. Change in Miscellaneous Items			\$ -	0.0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 377.28	\$ 361.38	\$ (15.89)	-4.2%

od on URR

For informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 470.43	<- Index Rate of Experience Period on URRT
Blended Earned Premium	\$ 141,810,573.51	
Blended Loss Ratio	74.13%	

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

Effective Date	01/01/2019	04/01/2019	07/01/2019	10/01/2019	Total Single Risk Pool
# of Member Months Renewing in Quarter					-
Adjusted Projected Allowed EHB Claims PMPM Q1	\$ 618.47	\$ 618.47	\$ 618.47	\$ 618.47	\$ 618.47
Months of Trend	-	3	6	9	
Annual Trend	8.75%	8.75%	8.75%	8.75%	
Single Risk Pool Projected Allowed Claims	\$ 618.47	\$ 631.58	\$ 644.96	\$ 658.63	\$ -
Quarterly Trend Factor	100.0%	102.1%	104.3%	106.5%	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	1.850	1.904
Average Geographic Factor	1.000	1.000
Average Tobacco Factor	1.013	1.012
Average Benefit Richness (induced demand)	1.031	1.039
Average Network Factor	0.946	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 793.83	\$ 812.69
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 434.38	\$ 405.96

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

	2018	2019	
Paid-to-Allowed	0.731	0.770	
URRT Trend (Total Applied Trend Factor)	1.275	1.183	<- URRT W1, S2
URRT Morbidity	1.060	1.094	<- URRT W1, S2
URRT "Other"	0.992	1.016	<- URRT W1, S2
Risk Adjustment	\$ 36.62	\$ 129.69	<- URRT W1, S3
Exchange User Fee	\$ 18.22	\$ 19.90	<- URRT W1, S3
Capitation	\$ -		<- URRT W1, S2
Network	0.946	1.000	
Pricing AV	0.735	0.768	
Benefit Richness	1.037	1.040	
Catastrophic Eligibility	1.074	1.000	
Administrative Expenses	7.37%	9.71%	
Taxes and Fees	3.43%	0.02%	
Profit and/or Contingency	0.00%	0.00%	

PA Rate Template Part III
Table 10. Plan Rates

Carrier Name: FPH
Product(s): HMO
Market Segment: Individual
Rate Effective Date: 01/01/2019
Base Period Start Date: 01/01/2017
Date of Most Recent Membership: 02/01/2018
Market Adjusted Index Rate: \$ 812.69

45 CFR Part 156.8 (d) (2) Allowable Factors																
Plan Number	HIOS Plan ID (Standard Component)	Plan Type (HMO, POS, PPO, EPO, Indemnity, Other)	1/1/2018 Plan Marketing Name	Existing, Modified, New, Discontinued & Mapped, Discontinued & Not Mapped (E,M,N,DM, DNM) for 2019	1/1/2019 Plan HIOS Plan ID (If 1/1/2018 Plan Discontinued & Mapped)	Metallic Tier	Metallic Tier Actuarial Value	Standard AV, Approach (1), Approach (2)	Exchange On/Off or Off	Pricing AV (company-determined AV)	Benefit Richness (induced demand)	Benefits in addition to EHB	Provider Network	Catastrophic Eligibility	Non-Funding of CSR Adjustment	Pure Premium
Totals							0.716			0.768	1.001	1.000	1.000	1.000	1.064	\$ 664.67
Transitional Plans	TRANSITIONAL	N/A	TRANSITIONAL	DNM	TRANSITIONAL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan 1	83731PA0060001	HMO	my Priority Blue Flex HMO 71508	M		Bronze	0.64	Approach (1)	On/Off	0.663	0.962	1.000	1.000	1.000	1.000	518.9389542
Plan 2	83731PA0060002	HMO	my Priority Blue Flex HMO 21005	DM	83731PA0060013	Silver	0.698	Approach (1)	Off	0.731	0.991	1.000	1.000	1.000	1.000	\$588.55
Plan 3	83731PA0060004	HMO	my Priority Blue Flex HMO 1000G	M		Gold	0.792	Approach (1)	On/Off	0.896	1.039	1.000	1.000	1.000	1.000	\$756.72
Plan 4	83731PA0060006	HMO	my Priority Blue Flex HMO 71508	DM	83731PA0060011	Bronze	0.585	Approach (1)	Off	0.620	0.962	1.000	1.000	1.000	1.000	\$484.94
Plan 5	83731PA0060009	HMO	my Priority Blue Flex HMO 69005	DM	83731PA0060013	Silver	0.698	Approach (1)	Off	0.731	0.991	1.000	1.000	1.000	1.000	\$588.55
Plan 6	83731PA0060009	HMO	my Priority Blue Flex HMO 69005	DM	83731PA0060002	Silver	0.72	Approach (1)	On/Off	0.751	0.991	1.000	1.000	1.000	1.200	\$726.41
Plan 7	83731PA0060010	HMO		N		Bronze	0.585	Approach (1)	On/Off	0.620	0.962	1.000	1.000	1.000	1.000	\$484.94
Plan 8	83731PA0060012	HMO		N		Silver	0.71	Approach (1)	On/Off	0.770	0.991	1.000	1.000	1.000	1.200	\$744.01
Plan 9	83731PA0070001	HMO	my Lehigh Valley Flex Blue HMO 18505	DM	83731PA0060013	Silver	0.698	Approach (1)	Off	0.731	0.991	1.000	1.000	1.000	1.000	\$588.55
Plan 10	83731PA0070001	HMO	my Lehigh Valley Flex Blue HMO 18505	M		Silver	0.718	Approach (1)	On/Off	0.744	0.991	1.000	1.000	1.000	1.200	\$719.36
Plan 11	83731PA0070002	HMO	my Lehigh Valley Flex Blue HMO 1000G	DM	83731PA0060004	Gold	0.792	Approach (1)	On/Off	0.896	1.039	1.000	1.000	1.000	1.000	\$756.72
Plan 12	83731PA0070002	HMO	my Lehigh Valley Flex Blue HMO 1000G	M		Gold	0.792	Approach (1)	On/Off	0.879	1.039	1.000	1.000	1.000	1.000	\$742.59
Plan 13	83731PA0080001	HMO	my Priority Blue Major Events HMO 7350	M		Catastrophic	0.575	Standard AV	On/Off	0.610	0.962	1.000	1.000	0.920	1.000	\$438.72
Plan 14	83731PA0090001	HMO	my Priority Blue Flex HMO 2750SQE	M		Silver	0.66	Standard AV	On/Off	0.667	0.991	1.000	1.000	1.000	1.200	\$644.61
Plan 15	83731PA0090002	HMO	my Priority Blue Flex HMO 6200BQE	DM	83731PA0090001	Silver	0.66	Standard AV	On/Off	0.667	0.991	1.000	1.000	1.000	1.200	\$644.61
Plan 16	83731PA0060011	HMO		N		Bronze	0.585	Approach (1)	Off	0.620	0.962	1.000	1.000	1.000	1.000	\$484.94
Plan 17	83731PA0060013	HMO		N		Silver	0.698	Approach (1)	Off	0.731	0.991	1.000	1.000	1.000	1.000	\$588.55

Calibration	
Age Calibration Factor	1.904
Geographic Calibration Factor	1.000
Tobacco Calibration Factor	1.012
Aggregate Calibration Factor	1.927

Total Covered Lives @ 02-01-2018	13,966
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Admin Costs	Taxes & Fees (not including Exchange fees)	Profit or Contingency
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9.7%	0.0%	0.0%
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[illegible]

Total Covered Lives Mapped into 2019 Plans @ 02-01- 2018	Total Policyholders @ 02-01-2018
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13,966	9,967
--------	-------

-	-
3,803	2,814
478	313
4,300	2,946
113	90
-	-
3,013	2,274
-	-
-	-
9	9
61	39
204	140
547	342
30	30
217	140
1,191	830
-	-
-	-

2018 Calibrated Plan Adjusted Index Rate PMPM	2019 Calibrated Plan Adjusted Index Rate PMPM
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\$	377.80	\$	382.13
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N/A	N/A
\$ 291.65	\$ 298.35
\$ 352.44	\$ 338.38
\$ 426.74	\$ 435.06
\$ 291.65	\$ 278.81
\$ -	\$ 338.38
\$ 454.25	\$ 417.63
\$ -	\$ 278.81
\$ -	\$ 427.75
\$ 352.93	\$ 338.38
\$ 352.93	\$ 413.58
\$ 418.52	\$ 435.06
\$ 418.52	\$ 426.93
\$ 243.75	\$ 252.23
\$ 348.05	\$ 370.60
\$ 285.75	\$ 370.60
\$ -	\$ 278.81
\$ -	\$ 338.38

**Proposed Rate
Change
Compared to
Prior 12
months**

1.1%

N/A
2.3%
-4.0%
1.9%
-4.4%
0.0%
-8.1%
0.0%
0.0%
-4.1%
17.2%
4.0%
2.0%
3.5%
6.5%
29.7%
0.0%
0.0%

% of Total Covered Lives

N/A
0.272304167
3.4%
30.8%
0.8%
0.0%
21.6%
0.0%
0.0%
0.1%
0.4%
1.5%
3.9%
0.2%
1.6%
8.5%
0.0%
0.0%

[illegible]

-	-	13,966	-	-	-	-	-	-	13,966
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[illegible]

2019 21-year-old, Non-Tobacco Premium PMPM									
1	2	3	4	5	6	7	8	9	Average (weighted by enrollment by rating area)
\$ -	\$ -	\$ 382.13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382.13

[illegible]

PA Rate Quarterly Template Part V Consumer Factors

Carrier Name:	FPH
Product(s):	HMO
Market Segment:	Individual
Rate Effective Date:	01/01/2019

Table 12. Age and Tobacco Factors

Projection Period Age and Tobacco Factors						
Age Band	Age Factor	Tobacco Factor		Age Band	Age Factor	Tobacco Factor
0-14	0.765			40	1.278	1.100
15	0.833			41	1.302	1.105
16	0.859			42	1.325	1.112
17	0.885			43	1.357	1.121
18	0.913	1.000		44	1.397	1.132
19	0.941	1.000		45	1.444	1.145
20	0.970	1.000		46	1.500	1.160
21	1.000	1.025		47	1.563	1.177
22	1.000	1.025		48	1.635	1.196
23	1.000	1.025		49	1.706	1.217
24	1.000	1.025		50	1.786	1.225
25	1.004	1.025		51	1.865	1.225
26	1.024	1.025		52	1.952	1.225
27	1.048	1.025		53	2.040	1.225
28	1.087	1.025		54	2.135	1.225
29	1.119	1.025		55	2.230	1.225
30	1.135	1.025		56	2.333	1.225
31	1.159	1.025		57	2.437	1.225
32	1.183	1.025		58	2.548	1.225
33	1.198	1.025		59	2.603	1.225
34	1.214	1.025		60	2.714	1.225
35	1.222	1.025		61	2.810	1.225
36	1.230	1.025		62	2.873	1.225
37	1.238	1.025		63	2.952	1.225
38	1.246	1.025		64+	3.000	1.225
39	1.262	1.025				

*PA follows the federal default age curve.

Table 13. Geographic Factors

Geographic Area Factors			
Area	Counties	Current Factor	Proposed Factor
Rating Area 1			
Rating Area 2			
Rating Area 3	Bradford, Carbon, Clinton, Lackawanna, Luzerne, Monroe, Pike, Sullivan, Susquehanna, Tioga, Wayne, Wyoming, Lycoming	1.000	1.000
Rating Area 4			
Rating Area 5			
Rating Area 6			
Rating Area 7			
Rating Area 8			
Rating Area 9			

Table 14. Network Factors

[illegible]

Company Name:	First Priority Health
Market:	Individual
Product:	HMO
Effective Date of Rates:	January 1, 2019

Ending date of Rates: December 31, 2019

HIOS Plan ID (On Exchange)=>	83731PA0060001	83731PA0060002	83731PA0060004	83731PA0060010	N/A	83731PA0060012	N/A	83731PA0070001	83731PA0070002	
HIOS Plan ID (Off Exchange)=>	83731PA0060001	83731PA0060002	83731PA0060004	83731PA0060010	83731PA0060011	83731PA0060012	83731PA0060013	83731PA0070001	83731PA0070002	
Plan Marketing Name =>	my Priority Blue Flex HMO Bronze 4000	my Priority Blue Flex HMO Silver 2100 - 2 Free PCP Visits	my Priority Blue Flex HMO Gold 1000 - 2 Free PCP Visits	my Priority Blue Flex HMO Bronze 7900	my Priority Blue Flex HMO Bronze 7900	my Priority Blue Flex HMO Silver 0	my Priority Blue Flex HMO Silver 3500 - 2 Free PCP Visits	HMO Silver 1900 - 2 Free PCP Visits	HMO Gold 800 - 2 Free PCP Visits	
Form # =>	PB/HMO/FPH/DP	PB/HMO/FPH/DP	PB/HMO/FPH/DP	PB/HMO/FPH/DP	PB/HMO/FPH/DP	PB/HMO/FPH/DP	PB/HMO/FPH/DP	PB/HMO/FPH/DP	LV/HMO/FPH/DP	
Rating Area =>	Area 3	Area 3	Area 3	Area 3	Area 3	Area 3	Area 3	Area 3	Area 3	
Network =>	P	P	P	P	R	P	P	Q	Q	
Metal =>	Bronze	Silver	Gold	Bronze	Bronze	Silver	Silver	Silver	Gold	
Deductible =>	\$4,000	\$2,100	\$1,000	\$7,900	\$7,900	\$0	\$3,500	\$1,900	\$800	
Coinurance =>	70%	70%	90%	100%	100%	60%	70%	70%	90%	
Copays =>	\$60 PCP	\$0 (Visits 1-2); then \$40 PCP	\$0 (Visits 1-2); then \$20 PCP	N/A	N/A	\$40 PCP	\$0 (Visits 1-2); then \$50 PCP	\$0 (Visits 1-2); then \$30 PCP	\$0 (Visits 1-2); then \$20 PCP	
OOP Maximum =>	\$7,900	\$7,800	\$7,000	\$7,900	\$7,900	\$7,800	\$7,700	\$7,900	\$7,000	
Pediatric Dental (Yes/No) =>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$228.24	\$228.24	\$319.49	\$319.49	\$332.82	\$332.82	\$213.29	\$213.29	\$213.29	\$213.29
15	\$248.53	\$248.53	\$347.89	\$347.89	\$362.40	\$362.40	\$232.25	\$232.25	\$232.25	\$232.25
16	\$256.28	\$256.28	\$358.74	\$358.74	\$373.72	\$373.72	\$239.50	\$239.50	\$239.50	\$239.50
17	\$264.04	\$264.04	\$369.60	\$369.60	\$385.03	\$385.03	\$246.75	\$246.75	\$246.75	\$246.75
18	\$272.39	\$272.39	\$381.30	\$381.30	\$397.21	\$397.21	\$254.55	\$254.55	\$254.55	\$254.55
19	\$280.75	\$280.75	\$392.99	\$392.99	\$409.39	\$409.39	\$262.36	\$262.36	\$262.36	\$262.36
20	\$289.40	\$289.40	\$405.10	\$405.10	\$422.01	\$422.01	\$270.45	\$270.45	\$270.45	\$270.45
21	\$298.35	\$305.81	\$417.63	\$428.07	\$435.06	\$445.94	\$278.81	\$285.78	\$278.81	\$285.78
22	\$298.35	\$305.81	\$417.63	\$428.07	\$435.06	\$445.94	\$278.81	\$285.78	\$278.81	\$285.78
23	\$298.35	\$305.81	\$417.63	\$428.07	\$435.06	\$445.94	\$278.81	\$285.78	\$278.81	\$285.78
24	\$298.35	\$305.81	\$417.63	\$428.07	\$435.06	\$445.94	\$278.81	\$285.78	\$278.81	\$285.78
25	\$299.54	\$307.03	\$419.30	\$429.78	\$436.80	\$447.72	\$279.93	\$286.93	\$279.93	\$286.93
26	\$305.51	\$313.15	\$427.65	\$438.34	\$445.50	\$456.64	\$285.50	\$292.64	\$285.50	\$292.64
27	\$312.67	\$320.49	\$437.68	\$448.62	\$455.94	\$467.34	\$292.19	\$299.49	\$292.19	\$299.49
28	\$324.31	\$332.42	\$453.96	\$465.31	\$472.91	\$484.73	\$303.07	\$310.65	\$303.07	\$310.65
29	\$333.85	\$342.20	\$467.33	\$479.01	\$486.83	\$499.00	\$311.99	\$319.79	\$311.99	\$319.79
30	\$338.63	\$347.10	\$474.01	\$485.86	\$493.79	\$506.13	\$316.45	\$324.36	\$316.45	\$324.36
31	\$345.79	\$354.43	\$484.03	\$496.13	\$504.23	\$516.84	\$323.14	\$331.22	\$323.14	\$331.22
32	\$352.95	\$361.77	\$494.06	\$506.41	\$514.68	\$527.55	\$329.83	\$338.08	\$329.83	\$338.08
33	\$357.42	\$366.36	\$500.32	\$512.83	\$521.20	\$534.23	\$334.01	\$342.36	\$334.01	\$342.36
34	\$362.20	\$371.26	\$507.00	\$519.68	\$528.16	\$541.36	\$338.48	\$346.94	\$338.48	\$346.94
35	\$364.58	\$373.69	\$510.34	\$523.10	\$531.64	\$544.93	\$340.71	\$349.23	\$340.71	\$349.23
36	\$366.97	\$376.14	\$513.68	\$526.52	\$535.12	\$548.50	\$342.94	\$351.51	\$342.94	\$351.51
37	\$369.36	\$378.59	\$517.03	\$529.96	\$538.60	\$552.07	\$345.17	\$353.80	\$345.17	\$353.80
38	\$371.74	\$381.03	\$520.37	\$533.38	\$542.08	\$555.63	\$347.40	\$356.09	\$347.40	\$356.09
39	\$376.52	\$385.93	\$527.05	\$540.23	\$549.05	\$562.78	\$351.86	\$360.66	\$351.86	\$360.66
40	\$381.29	\$419.42	\$533.73	\$587.10	\$556.01	\$611.61	\$356.32	\$391.95	\$356.32	\$391.95
41	\$388.45	\$429.24	\$543.75	\$600.84	\$566.45	\$625.93	\$363.01	\$401.13	\$363.01	\$401.13
42	\$395.31	\$439.58	\$553.36	\$615.34	\$576.45	\$641.01	\$369.42	\$410.80	\$369.42	\$410.80
43	\$404.86	\$453.85	\$566.72	\$635.29	\$590.38	\$661.82	\$378.35	\$424.13	\$378.35	\$424.13
44	\$416.79	\$471.81	\$583.43	\$660.44	\$607.78	\$688.01	\$389.50	\$440.91	\$389.50	\$440.91
45	\$430.82	\$493.29	\$603.06	\$690.50	\$628.23	\$719.32	\$402.60	\$460.98	\$402.60	\$460.98
46	\$447.53	\$519.13	\$626.45	\$726.68	\$652.59	\$757.00	\$418.22	\$485.14	\$418.22	\$485.14
47	\$466.32	\$548.86	\$652.76	\$768.30	\$680.00	\$800.36	\$435.78	\$512.91	\$435.78	\$512.91
48	\$487.80	\$583.41	\$682.83	\$816.66	\$711.32	\$850.74	\$455.85	\$545.20	\$455.85	\$545.20
49	\$508.99	\$619.44	\$712.48	\$867.09	\$742.21	\$903.27	\$475.65	\$578.87	\$475.65	\$578.87
50	\$532.85	\$652.74	\$745.89	\$913.72	\$777.02	\$951.85	\$497.95	\$609.99	\$497.95	\$609.99
51	\$556.42	\$681.61	\$778.88	\$954.13	\$811.39	\$993.95	\$519.98	\$636.98	\$519.98	\$636.98
52	\$582.38	\$713.42	\$815.21	\$998.63	\$849.24	\$1,040.32	\$544.24	\$666.69	\$544.24	\$666.69
53	\$608.63	\$745.57	\$851.97	\$1,043.66	\$887.52	\$1,087.21	\$568.77	\$696.74	\$568.77	\$696.74
54	\$636.98	\$780.30	\$891.64	\$1,092.26	\$928.85	\$1,137.84	\$595.26	\$729.19	\$595.26	\$729.19
55	\$665.32	\$815.02	\$931.31	\$1,140.85	\$970.18	\$1,188.47	\$621.75	\$761.64	\$621.75	\$761.64
56	\$696.05	\$852.66	\$974.33	\$1,193.55	\$1,014.99	\$1,243.36	\$650.46	\$796.81	\$650.46	\$796.81
57	\$727.08	\$890.67	\$1,017.76	\$1,246.76	\$1,060.24	\$1,298.79	\$679.46	\$832.34	\$679.46	\$832.34
58	\$760.20	\$931.25	\$1,064.12	\$1,303.55	\$1,108.53	\$1,357.95	\$710.41	\$870.25	\$710.41	\$870.25
59	\$776.61	\$951.35	\$1,087.09	\$1,331.69	\$1,132.46	\$1,387.26	\$725.74	\$889.03	\$725.74	\$889.03
60	\$809.72	\$991.91	\$1,133.45	\$1,388.48	\$1,180.75	\$1,446.42	\$756.69	\$926.95	\$756.69	\$926.95
61	\$838.36	\$1,026.99	\$1,173.54	\$1,437.59	\$1,222.52	\$1,497.59	\$783.46	\$959.74	\$783.46	\$959.74
62	\$857.16	\$1,050.02	\$1,199.85	\$1,469.82	\$1,249.93	\$1,531.16	\$801.02	\$981.25	\$801.02	\$981.25
63	\$880.73	\$1,078.89	\$1,232.84	\$1,501.23	\$1,284.30	\$1,573.27	\$823.05	\$1,008.24	\$823.05	\$1,008.24
64+	\$895.05	\$1,096.44	\$1,252.89	\$1,534.79	\$1,305.18	\$1,598.85	\$836.43	\$1,024.63	\$836.43	\$1,024.63

Company Name:
Market:
Product:
Effective Date of Rates:

HIOS Plan ID (On Exchange)=>		83731PA0080001	83731PA0090001		
HIOS Plan ID (Off Exchange)=>		83731PA0080001	83731PA0090001		
Plan Marketing Name =>		my Priority Blue Major Events HMO 7900	my Priority Blue Flex HMO Silver 4450 HSA		
Form # =>		CAT/HMO/FPH/DP	PB/HMO/HDHP/FPH/DP		
Rating Area =>		Area 3	Area 3		
Network =>		P	P		
Metal =>		Catastrophic	Silver		
Deductible =>		\$7,900	\$4,450		
Coinsurance =>		100%	90%		
Copays =>		\$0 (Visits 1-3); then subject to c	N/A		
OOP Maximum =>		\$7,900	\$6,650		
Pediatric Dental (Yes/No) =>		Yes	Yes		
Age Band		Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14		\$192.96	\$192.96	\$283.51	\$283.51
15		\$210.11	\$210.11	\$308.71	\$308.71
16		\$216.67	\$216.67	\$318.35	\$318.35
17		\$223.22	\$223.22	\$327.98	\$327.98
18		\$230.29	\$230.29	\$338.36	\$338.36
19		\$237.35	\$237.35	\$348.73	\$348.73
20		\$244.66	\$244.66	\$359.48	\$359.48
21		\$252.23	\$258.54	\$370.60	\$379.87
22		\$252.23	\$258.54	\$370.60	\$379.87
23		\$252.23	\$258.54	\$370.60	\$379.87
24		\$252.23	\$258.54	\$370.60	\$379.87
25		\$253.24	\$259.57	\$372.08	\$381.38
26		\$258.28	\$264.74	\$379.49	\$388.98
27		\$264.34	\$270.95	\$388.39	\$398.10
28		\$274.17	\$281.02	\$402.84	\$412.91
29		\$282.25	\$289.31	\$414.70	\$425.07
30		\$286.28	\$293.44	\$420.63	\$431.15
31		\$292.33	\$299.64	\$429.53	\$440.27
32		\$298.39	\$305.85	\$438.42	\$449.38
33		\$302.17	\$309.72	\$443.98	\$455.08
34		\$306.21	\$313.87	\$449.91	\$461.16
35		\$308.23	\$315.94	\$452.87	\$464.19
36		\$310.24	\$318.00	\$455.84	\$467.24
37		\$312.26	\$320.07	\$458.80	\$470.27
38		\$314.28	\$322.14	\$461.77	\$473.31
39		\$318.31	\$326.27	\$467.70	\$479.39
40		\$322.35	\$354.59	\$473.63	\$520.99
41		\$328.40	\$362.88	\$482.52	\$533.18
42		\$334.20	\$371.63	\$491.05	\$546.05
43		\$342.28	\$383.70	\$502.90	\$563.75
44		\$352.37	\$398.88	\$517.73	\$586.07
45		\$364.22	\$417.03	\$535.15	\$612.75
46		\$378.35	\$438.89	\$555.90	\$644.84
47		\$394.24	\$464.02	\$579.25	\$681.78
48		\$412.40	\$493.23	\$605.93	\$724.69
49		\$430.30	\$523.68	\$632.24	\$769.44
50		\$450.48	\$551.84	\$661.89	\$810.82
51		\$470.41	\$576.25	\$691.17	\$846.68
52		\$492.35	\$603.13	\$723.41	\$886.18
53		\$514.55	\$630.32	\$756.02	\$926.12
54		\$538.51	\$659.67	\$791.23	\$969.26
55		\$562.47	\$689.03	\$826.44	\$1,012.39
56		\$588.45	\$720.85	\$864.61	\$1,059.15
57		\$614.68	\$752.98	\$903.15	\$1,106.36
58		\$642.68	\$787.28	\$944.29	\$1,156.76
59		\$656.55	\$804.27	\$964.67	\$1,181.72
60		\$684.55	\$838.57	\$1,005.81	\$1,232.12
61		\$708.77	\$868.24	\$1,041.39	\$1,275.70
62		\$724.66	\$887.71	\$1,064.73	\$1,304.29
63		\$744.58	\$912.11	\$1,094.01	\$1,340.16
64+		\$756.69	\$926.95	\$1,111.80	\$1,361.96

**First Priority Health
Individual
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
83731PA0060001	my Priority Blue Flex HMO Bronze 4000	HMO	Bronze	On/Off	P	3	Bradford, Carbon, Clinton, Lackawanna, Luzerne, Monroe, Pike,
83731PA0060002	my Priority Blue Flex HMO Silver 2100 - 2 Free PCP Visits	HMO	Silver	On/Off	P	3	Bradford, Carbon, Clinton, Lackawanna, Luzerne, Monroe, Pike,
83731PA0060004	my Priority Blue Flex HMO Gold 1000 - 2 Free PCP Visits	HMO	Gold	On/Off	P	3	Sullivan, Susquehanna, Tioga, Wayne, Wyoming
83731PA0060010	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	On/Off	P	3	Bradford, Carbon, Clinton, Lackawanna, Luzerne, Monroe, Pike,
83731PA0060011	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	Off	R	3	Sullivan, Susquehanna, Tioga, Wayne, Wyoming
83731PA0060012	my Priority Blue Flex HMO Silver 0	HMO	Silver	On/Off	P	3	Lycoming
83731PA0060013	my Priority Blue Flex HMO Silver 3500 - 2 Free PCP Visits	HMO	Silver	Off	P	3	Bradford, Carbon, Clinton, Lackawanna, Luzerne, Monroe, Pike,
83731PA0070001	my Lehigh Valley Flex Blue HMO Silver 1900 - 2 Free PCP Visits	HMO	Silver	On/Off	Q	3	Sullivan, Susquehanna, Tioga, Wayne, Wyoming
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 800 - 2 Free PCP Visits	HMO	Gold	On/Off	Q	3	Monroe
83731PA0080001	my Priority Blue Major Events HMO 7900	HMO	Catastrophic	On/Off	P	3	Bradford, Carbon, Clinton, Lackawanna, Luzerne, Monroe, Pike,
83731PA0090001	my Priority Blue Flex HMO Silver 4450 HSA	HMO	Silver	On/Off	P	3	Sullivan, Susquehanna, Tioga, Wayne, Wyoming

Company Name First Priority Health

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
83731PA0060001	my Priority Blue Flex HMO Bronze 4000	HMO	Bronze	On/Off
83731PA0060002	my Priority Blue Flex HMO Silver 2100 - 2 Free PCP Visits	HMO	Silver	On/Off
83731PA0060004	my Priority Blue Flex HMO Gold 1000 - 2 Free PCP Visits	HMO	Gold	On/Off
83731PA0060010	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	On/Off
83731PA0060011	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	Off
83731PA0060012	my Priority Blue Flex HMO Silver 0	HMO	Silver	On/Off
83731PA0060013	my Priority Blue Flex HMO Silver 3500 - 2 Free PCP Visits	HMO	Silver	Off
83731PA0070001	my Lehigh Valley Flex Blue HMO Silver 1900 - 2 Free PCP Visits	HMO	Silver	On/Off
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 800 - 2 Free PCP Visits	HMO	Gold	On/Off
83731PA0080001	my Priority Blue Major Events HMO 7900	HMO	Catastrophic	On/Off
83731PA0090001	my Priority Blue Flex HMO Silver 4450 HSA	HMO	Silver	On/Off

RATING AREA 1

0	0	0	0	0	0	0	0
Crawford	Clarion	Erie	Forest	McKean	Mercer	Venango	Warren

RATING AREA 2

0	0	0
Elk	Cameron	Potter

Company Name First Priority Health
Market Individual
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

					RATING AREA 3												
02-01-2018 Number of Covered Lives by Rating County					1,550	1,318	156	2,254	3,064	113	2,366	1,020	131	625	392	581	396
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Bradford	Carbon	Clinton	Lackawanna	Luzerne	Lycoming	Monroe	Pike	Sullivan	Susquehanna	Tioga	Wayne	Wyoming
83731PA0060001	my Priority Blue Flex HMO Bronze 4000	HMO	Bronze	On/Off	\$298.35	\$298.35	\$298.35	\$298.35	\$298.35		\$298.35	\$298.35	\$298.35	\$298.35	\$298.35	\$298.35	\$298.35
83731PA0060002	my Priority Blue Flex HMO Silver 2100 - 2 Free PCP Visits	HMO	Silver	On/Off	\$417.63	\$417.63	\$417.63	\$417.63	\$417.63		\$417.63	\$417.63	\$417.63	\$417.63	\$417.63	\$417.63	\$417.63
83731PA0060004	my Priority Blue Flex HMO Gold 1000 - 2 Free PCP Visits	HMO	Gold	On/Off	\$435.06	\$435.06	\$435.06	\$435.06	\$435.06		\$435.06	\$435.06	\$435.06	\$435.06	\$435.06	\$435.06	\$435.06
83731PA0060010	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	On/Off	\$278.81	\$278.81	\$278.81	\$278.81	\$278.81		\$278.81	\$278.81	\$278.81	\$278.81	\$278.81	\$278.81	\$278.81
83731PA0060011	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	Off						\$278.81							
83731PA0060012	my Priority Blue Flex HMO Silver 0	HMO	Silver	On/Off	\$427.75	\$427.75	\$427.75	\$427.75	\$427.75		\$427.75	\$427.75	\$427.75	\$427.75	\$427.75	\$427.75	\$427.75
83731PA0060013	my Priority Blue Flex HMO Silver 3500 - 2 Free PCP Visits	HMO	Silver	Off	\$338.38	\$338.38	\$338.38	\$338.38	\$338.38		\$338.38	\$338.38	\$338.38	\$338.38	\$338.38	\$338.38	\$338.38
83731PA0070001	my Lehigh Valley Flex Blue HMO Silver 1900 - 2 Free PCP Visits	HMO	Silver	On/Off							\$413.58						
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 800 - 2 Free PCP Visits	HMO	Gold	On/Off							\$426.93						
83731PA0080001	my Priority Blue Major Events HMO 7900	HMO	Catastrophic	On/Off	\$252.23	\$252.23	\$252.23	\$252.23	\$252.23		\$252.23	\$252.23	\$252.23	\$252.23	\$252.23	\$252.23	\$252.23
83731PA0090001	my Priority Blue Flex HMO Silver 4450 HSA	HMO	Silver	On/Off	\$370.60	\$370.60	\$370.60	\$370.60	\$370.60		\$370.60	\$370.60	\$370.60	\$370.60	\$370.60	\$370.60	\$370.60

Company Name First Priority Health
Market Individual
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

					RATING AREA 4										RATING AREA 5						
02-01-2018 Number of Covered Lives by Rating County					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Allegheny	Armstrong	Beaver	Butler	Fayette	Greene	Indiana	Lawrence	Washington	Westmoreland	Bedford	Blair	Clearfield	Cambria	Huntingdon	Jefferson	Somerset
83731PA0060001	my Priority Blue Flex HMO Bronze 4000	HMO	Bronze	On/Off																	
83731PA0060002	my Priority Blue Flex HMO Silver 2100 - 2 Free PCP Visits	HMO	Silver	On/Off																	
83731PA0060004	my Priority Blue Flex HMO Gold 1000 - 2 Free PCP Visits	HMO	Gold	On/Off																	
83731PA0060010	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	On/Off																	
83731PA0060011	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	Off																	
83731PA0060012	my Priority Blue Flex HMO Silver 0	HMO	Silver	On/Off																	
83731PA0060013	my Priority Blue Flex HMO Silver 3500 - 2 Free PCP Visits	HMO	Silver	Off																	
83731PA0070001	my Lehigh Valley Flex Blue HMO Silver 1900 - 2 Free PCP Visits	HMO	Silver	On/Off																	
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 800 - 2 Free PCP Visits	HMO	Gold	On/Off																	
83731PA0080001	my Priority Blue Major Events HMO 7900	HMO	Catastrophic	On/Off																	
83731PA0090001	my Priority Blue Flex HMO Silver 4450 HSA	HMO	Silver	On/Off																	

Company Name First Priority Health
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
83731PA0060001	my Priority Blue Flex HMO Bronze 4000	HMO	Bronze	On/Off
83731PA0060002	my Priority Blue Flex HMO Silver 2100 - 2 Free PCP Visits	HMO	Silver	On/Off
83731PA0060004	my Priority Blue Flex HMO Gold 1000 - 2 Free PCP Visits	HMO	Gold	On/Off
83731PA0060010	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	On/Off
83731PA0060011	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	Off
83731PA0060012	my Priority Blue Flex HMO Silver 0	HMO	Silver	On/Off
83731PA0060013	my Priority Blue Flex HMO Silver 3500 - 2 Free PCP Visits	HMO	Silver	Off
83731PA0070001	my Lehigh Valley Flex Blue HMO Silver 1900 - 2 Free PCP Visits	HMO	Silver	On/Off
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 800 - 2 Free PCP Visits	HMO	Gold	On/Off
83731PA0080001	my Priority Blue Major Events HMO 7900	HMO	Catastrophic	On/Off
83731PA0090001	my Priority Blue Flex HMO Silver 4450 HSA	HMO	Silver	On/Off

RATING AREA 6										RATING AREA 7			
0	0	0	0	0	0	0	0	0	0	0	0	0	0
Centre	Columbia	Lehigh	Mifflin	Montour	Northampton	Northumberland	Schuylkill	Snyder	Union	Adams	Berks	Lancaster	York

Company Name First Priority Health
Market Individual
RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2018 Number of Covered Lives by Rating County					RATING AREA 8					RATING AREA 9						
					0	0	0	0	0	0	0	0	0	0	0	0
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Bucks	Chester	Delaware	Montgomery	Philadelphia	Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry
83731PA0060001	my Priority Blue Flex HMO Bronze 4000	HMO	Bronze	On/Off												
83731PA0060002	my Priority Blue Flex HMO Silver 2100 - 2 Free PCP Visits	HMO	Silver	On/Off												
83731PA0060004	my Priority Blue Flex HMO Gold 1000 - 2 Free PCP Visits	HMO	Gold	On/Off												
83731PA0060010	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	On/Off												
83731PA0060011	my Priority Blue Flex HMO Bronze 7900	HMO	Bronze	Off												
83731PA0060012	my Priority Blue Flex HMO Silver 0	HMO	Silver	On/Off												
83731PA0060013	my Priority Blue Flex HMO Silver 3500 - 2 Free PCP Visits	HMO	Silver	Off												
83731PA0070001	my Lehigh Valley Flex Blue HMO Silver 1900 - 2 Free PCP Visits	HMO	Silver	On/Off												
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 800 - 2 Free PCP Visits	HMO	Gold	On/Off												
83731PA0080001	my Priority Blue Major Events HMO 7900	HMO	Catastrophic	On/Off												
83731PA0090001	my Priority Blue Flex HMO Silver 4450 HSA	HMO	Silver	On/Off												

AV Screenshots-FPH

Screenshots of HHS AV calculator and Actuarial Certification for Approach 1

First Priority Health
Individual Market Product Portfolio
Effective January 1, 2019

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]					[REDACTED]			
[REDACTED]		[REDACTED]			[REDACTED]		[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]	[REDACTED]		

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]		[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**First Priority Health
Individual Market Product Portfolio
Effective January 1, 2019**

[REDACTED]

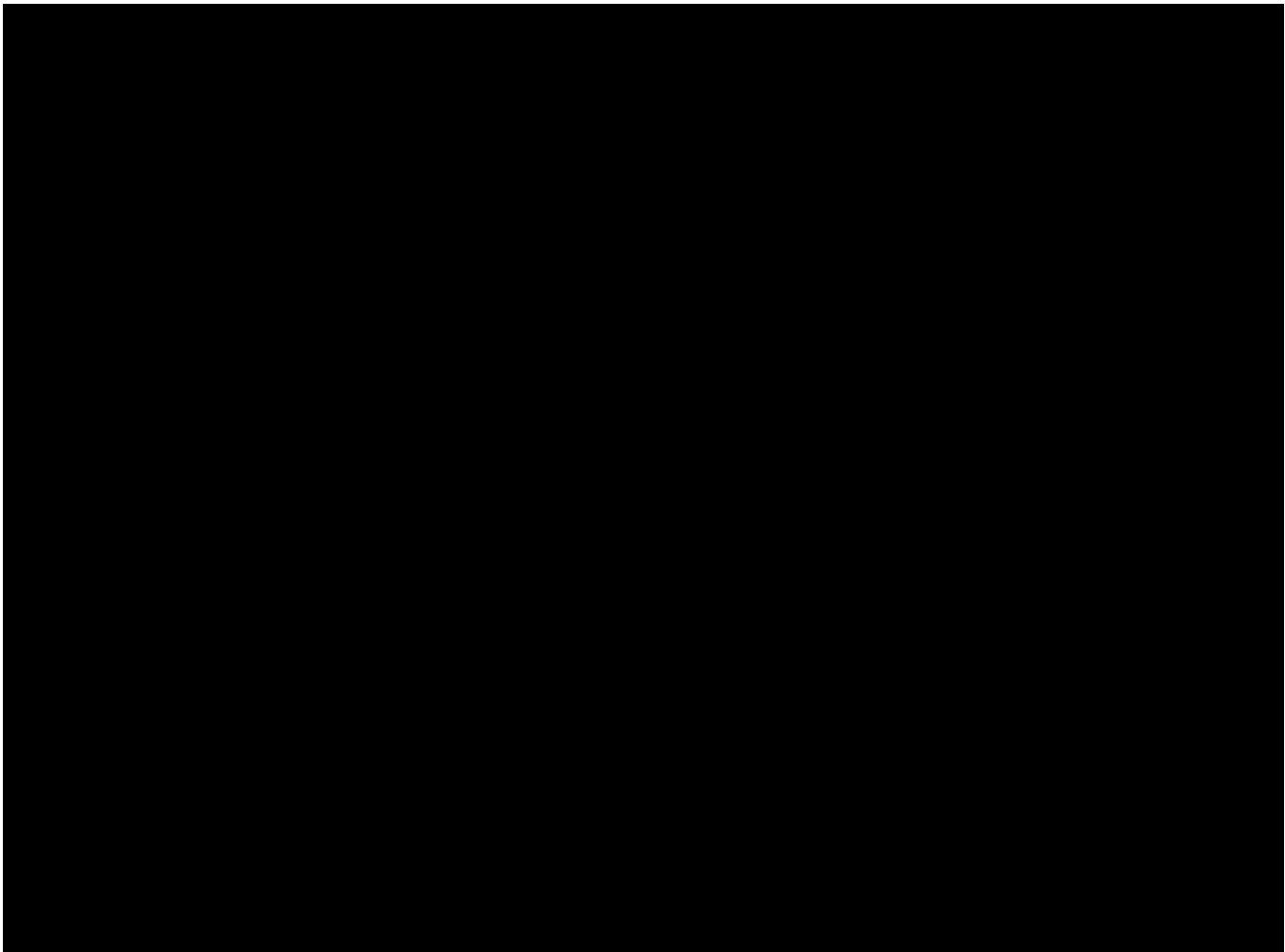
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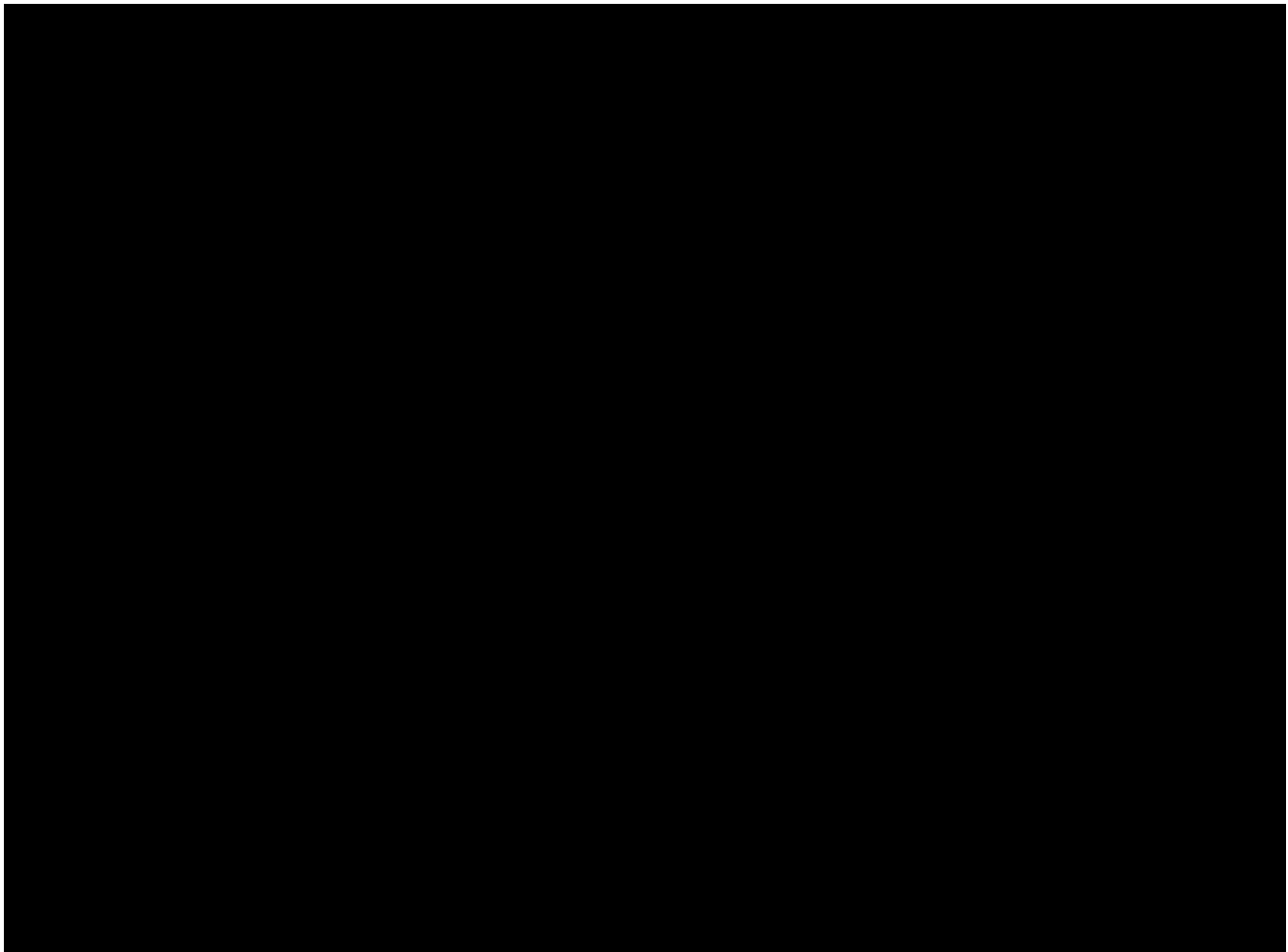
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[REDACTED]

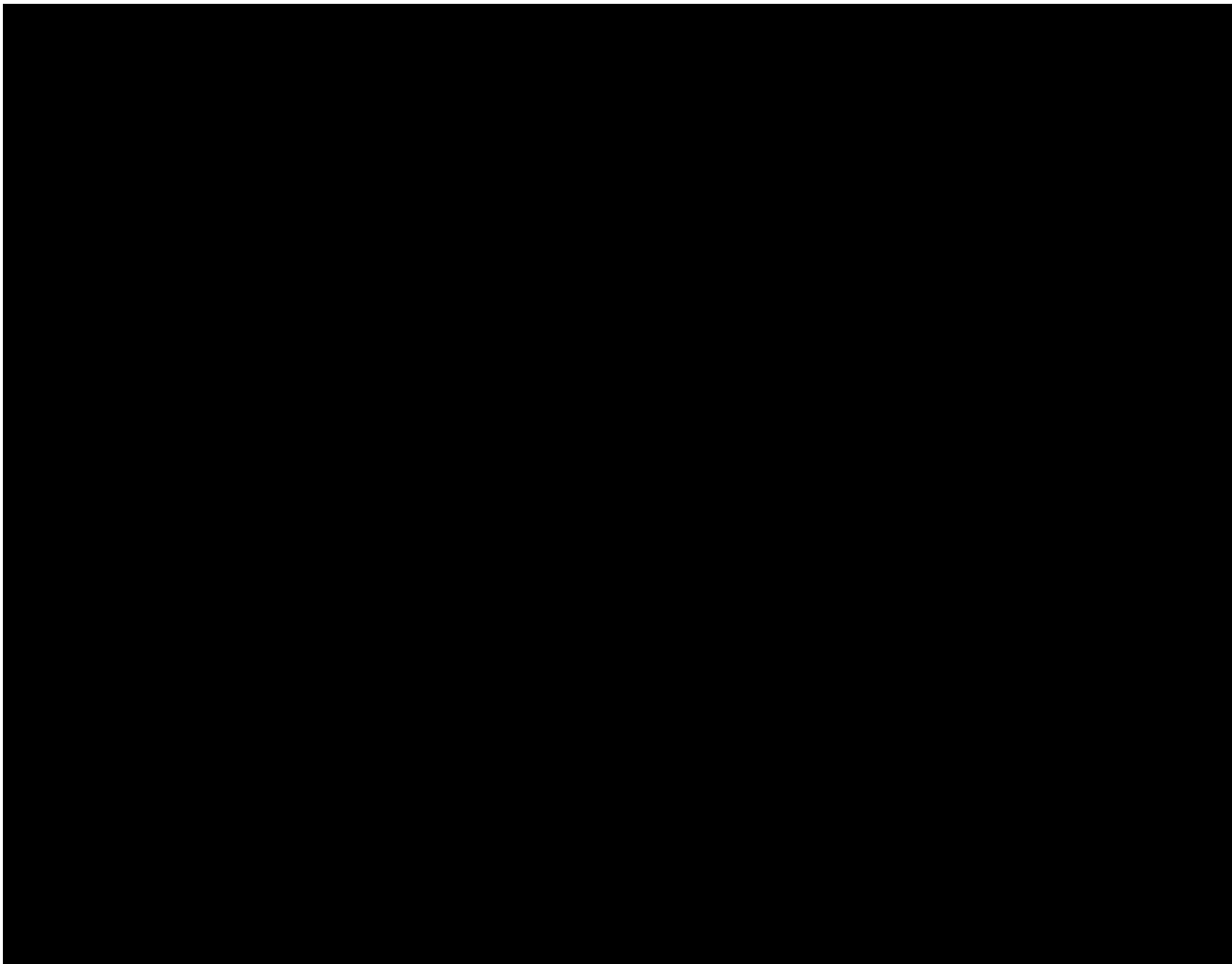
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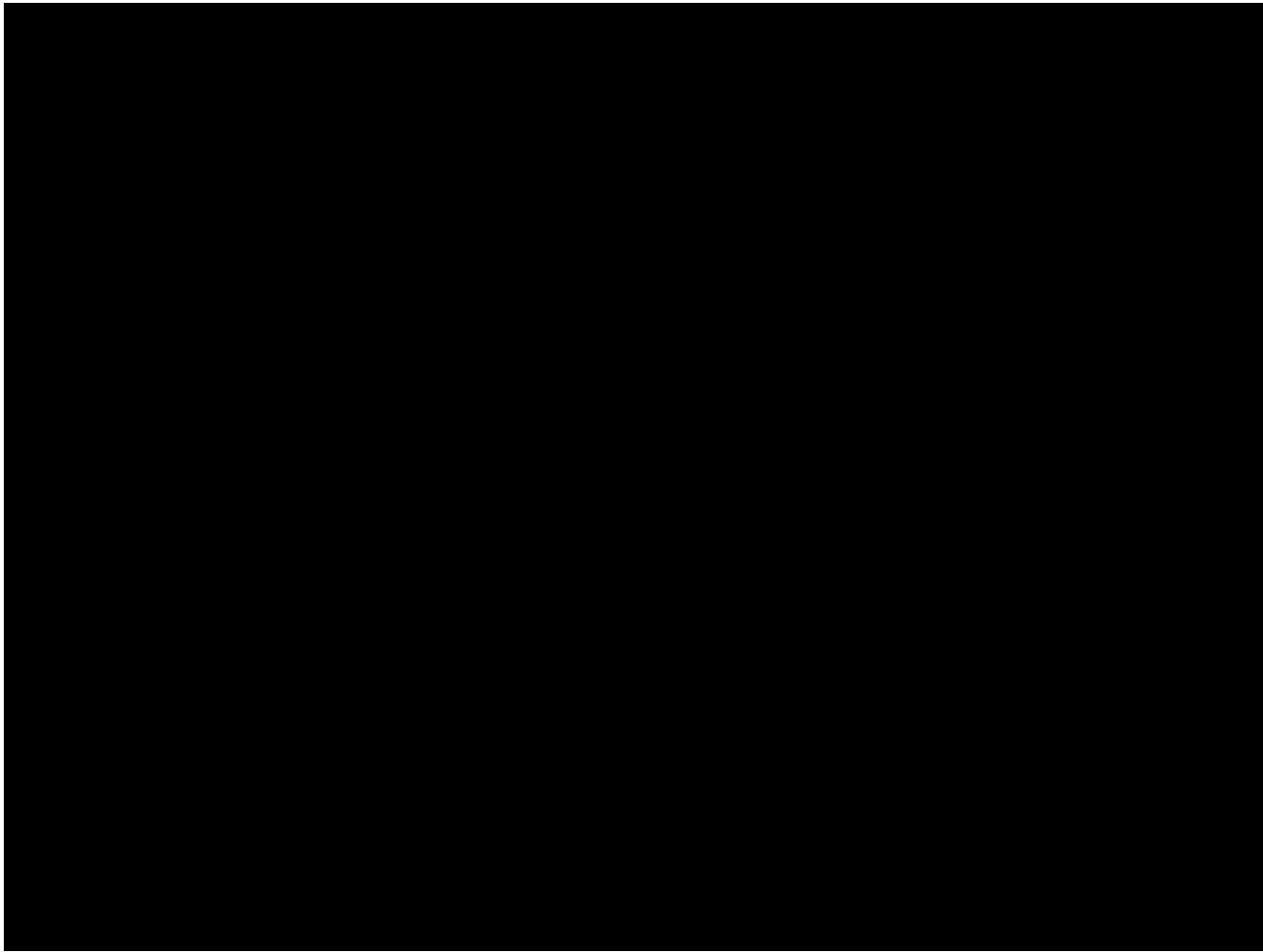


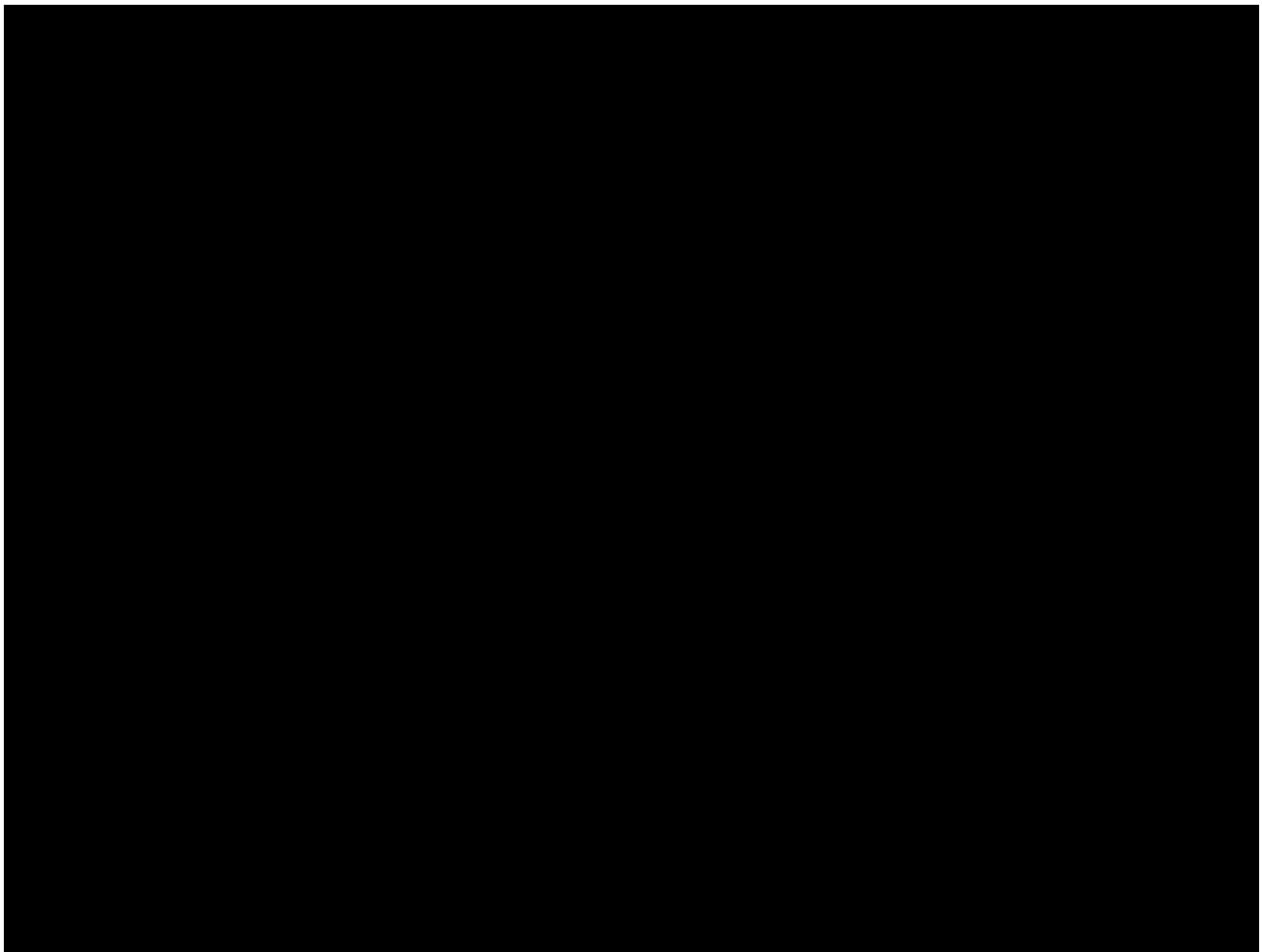


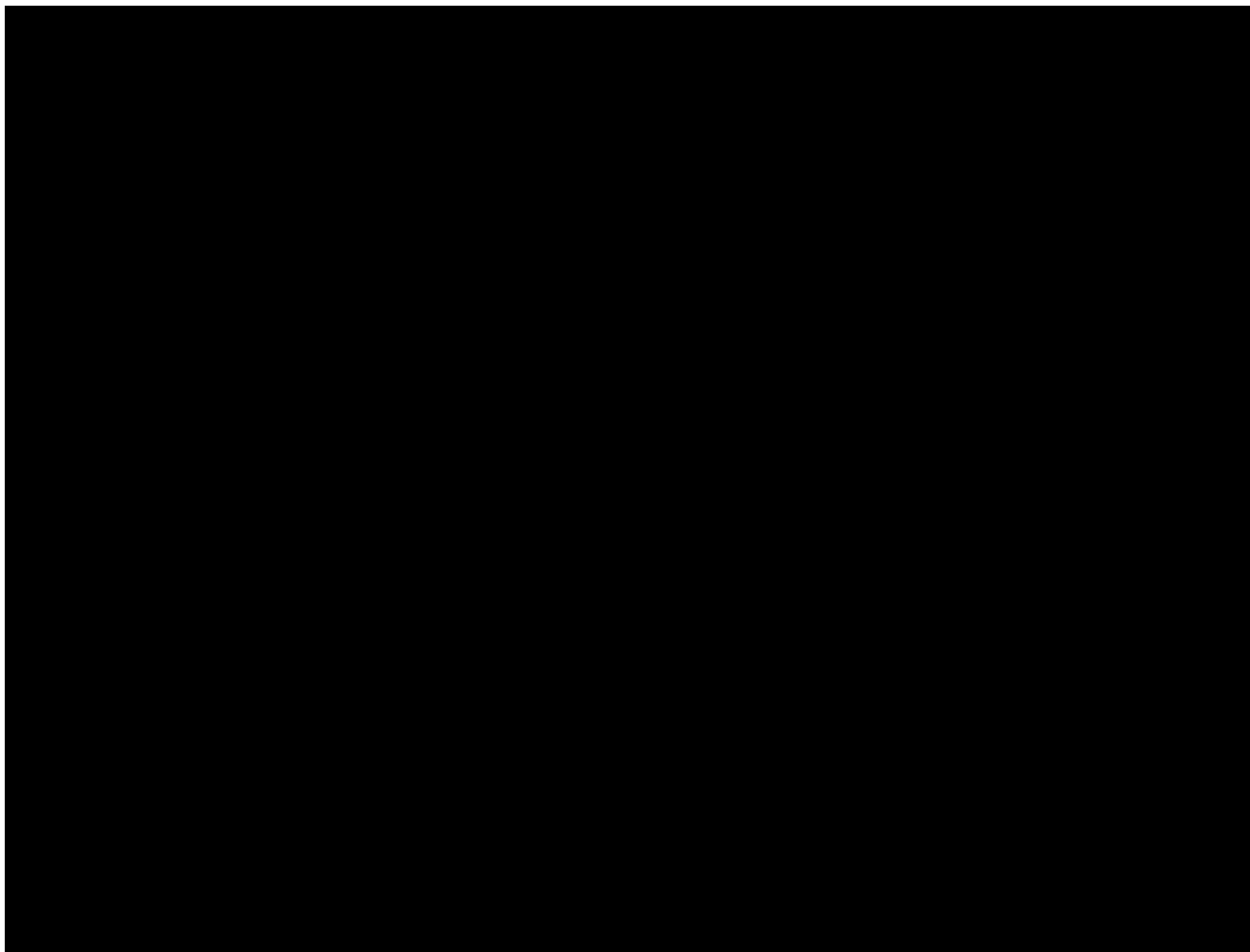














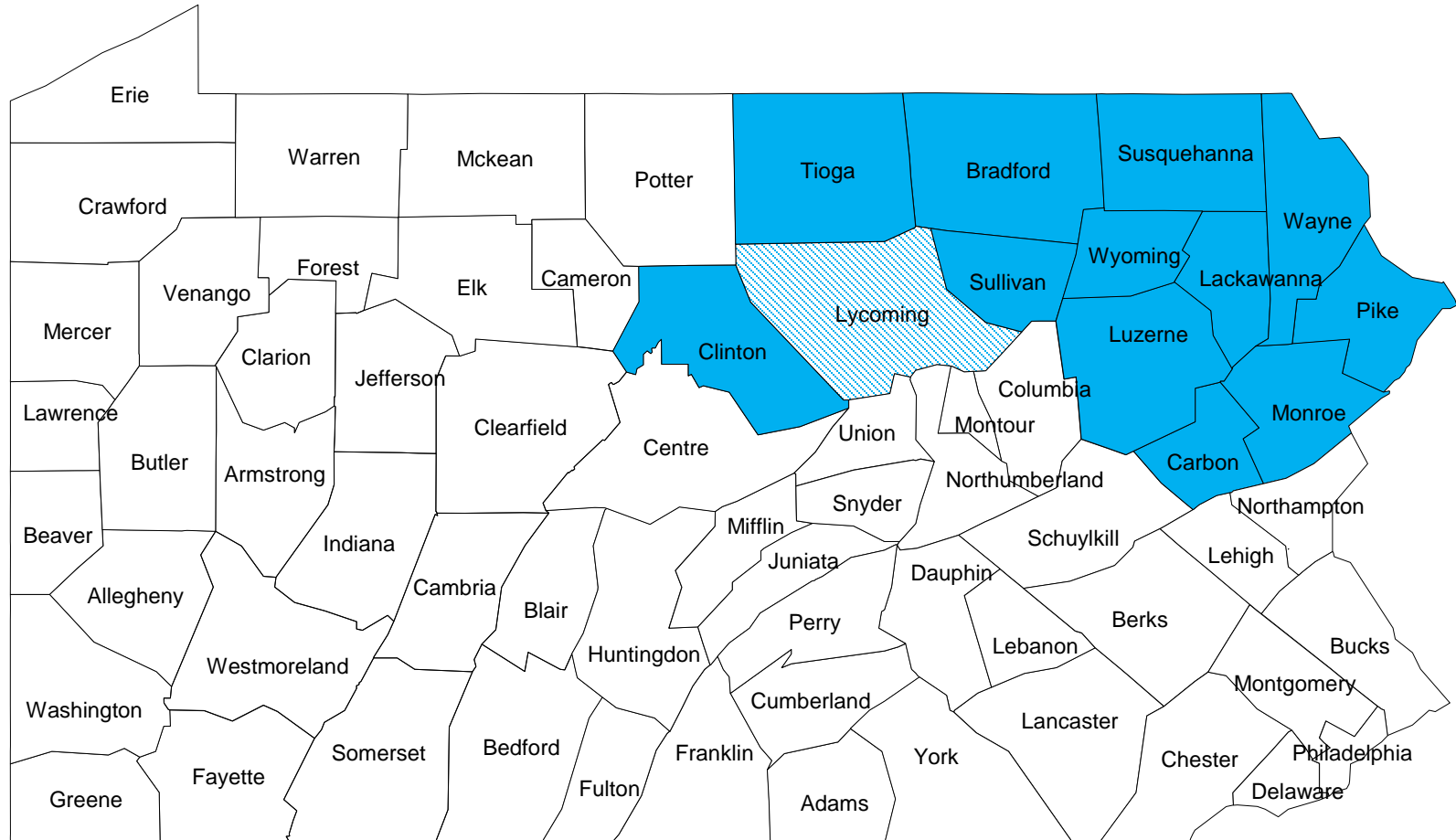
First Priority Health
Form Numbers

HIOS Plan ID	Plan Marketing Name	Form Number
83731PA0060001	my Priority Blue Flex HMO Bronze 4000	PB/HMO/FPH/DP
83731PA0060002	my Priority Blue Flex HMO Silver 2100 - 2 Free PCP Visits	PB/HMO/FPH/DP
83731PA0060004	my Priority Blue Flex HMO Gold 1000 - 2 Free PCP Visits	PB/HMO/FPH/DP
83731PA0060010	my Priority Blue Flex HMO Bronze 7900	PB/HMO/FPH/DP
83731PA0060011	my Priority Blue Flex HMO Bronze 7900	PB/HMO/FPH/DP
83731PA0060012	my Priority Blue Flex HMO Silver 0	PB/HMO/FPH/DP
83731PA0060013	my Priority Blue Flex HMO Silver 3500 - 2 Free PCP Visits	PB/HMO/FPH/DP
83731PA0070001	my Lehigh Valley Flex Blue HMO Silver 1900 - 2 Free PCP Visits	LV/HMO/FPH/DP
83731PA0070002	my Lehigh Valley Flex Blue HMO Gold 800 - 2 Free PCP Visits	LV/HMO/FPH/DP
83731PA0080001	my Priority Blue Major Events HMO 7900	CAT/HMO/FPH/DP
83731PA0090001	my Priority Blue Flex HMO Silver 4450 HSA	PB/HMO/HDHP/FPH/DP

2018 Service Area


Issuer: First Priority Health (FPH)

Market: Individual



Key (*modify as needed*)

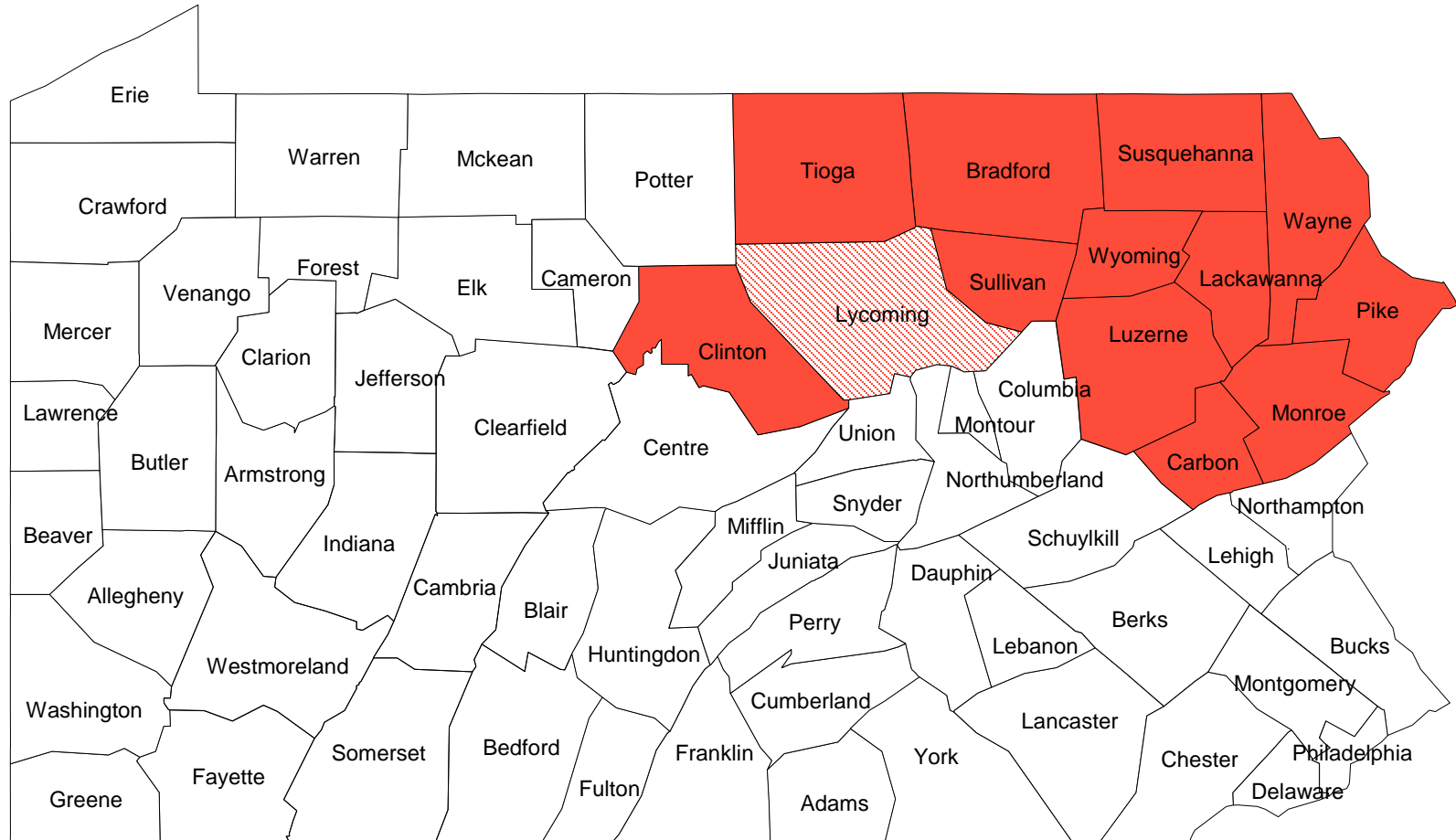
 : 2018 on-exchange service area

 : 2018 off-exchange only service area

2019 Service Area

Issuer: First Priority Health (FPH)

Market: Individual



Key (*modify as needed*)

■ : 2019 on-exchange service area

▨ : 2019 off-exchange only service area



**BlueCross
BlueShield**

First Priority Health

June 22, 2018

Ms. Cherri Sanders-Jones, Reviewer
Bureau of Life, Accident & Health Insurance
Commonwealth of Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

Re: First Priority Health 2019 ACA Rate Filing (Individual Market)
Filing # 1A-DP-18-FPH (SERFF # HGHM-131475735)

Dear Ms. Sanders-Jones:

The filing has been revised to reflect the removal of the 1% load for the Short Term Limited Duration policies as well as modifying the CSR defunding factor to align it with the projected experience.

It is important to note the ultimate impact of specific factor changes on overall rate adequacy cannot be fully assessed in isolation. It is our understanding and expectation that the reasonability of the overall rates will be discussed when the filing review is complete, which could result in revisiting these factors.

Additionally, the filing has been revised to include formulas in Table 6 where applicable (in response to Question 3) and to explicitly add plans 83731PA0060011 and 83731PA0060013 to Table 10 (in response to Question 12).

Should you have any questions regarding the attached Filing, please feel free to contact me at [REDACTED] or via e-mail at: [REDACTED]

Sincerely,

[REDACTED]

[REDACTED]
Manager, Actuarial Services
Highmark Inc.

cc:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

TO: Cherri Sanders-Jones
Bureau of Life, Accident & Health Insurance
Pennsylvania Insurance Department

FROM: [REDACTED], Actuarial Manager
Highmark Inc.

DATE: June 22, 2018

SUBJECT: First Priority Health 2019 Individual ACA-Compliant Rate Filing
Response to June 15, 2018 Objection Letter
Filing Number: 1A-DP-18-FPH
SERFF Tracking Number: HGHM-131475735

Below are First Priority Health's responses to your objection letter dated June 15, 2018. We have included the questions along with the responses for your convenience.

1. 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.

Response:

The revised filing documents reflect the 1.20 factor to provide a scenario for the Department to consider as the 2019 CSR loading approach is evaluated. As future discussions on this ACA filing develop, it may be necessary to revise this assumption. The development of the 1.20 factor is included in the exhibit labeled Q1 Response.

FPH has elected to maintain the 6% factor related to the elimination of the Individual Mandate.

FPH believes the Department's 2018 approach of using a uniform factor for all issuers maintains market stability more so than issuer-specific factors. Variations by issuer could result in unanticipated shifts in enrollment that destabilize the market and introduce more uncertainty for issuers to consider.

2. The PA actuarial memorandum, page 2, indicates that Highmark has included a 1% load for expected adverse selection due to the Short Term Limited Durational Insurance market expansion. Please remove this load as the rule has not yet been finalized.

Response:

The STLDI final rule has not been released, but the prevailing industry expectation based on the proposed rule is adverse selection will occur as low-cost consumers opt for these less expensive alternatives. We believe the impact of the STLDI policies would be in addition to the impact of the Individual mandate

factor since these market forces are not the same. Many consumers were expected to drop coverage to avoid the penalty even when there were no viable STLDI policies to fill the void. More robust STLDI policies will likely entice more consumers to leave the market.

The company has chosen to remove the STLDI load from the rate development at this time, however, forthcoming guidance and the ongoing filing review process may make it necessary to revisit this assumption.

3. Per Department guidance, the input, in cells C15 and D15 for the change in morbidity in Table 5 and Table 6, must be a formula. Please comply.

Response:

With respect to Table 5, our initial submission did include a formula in cell C15 showing the multiplication of our change in morbidity assumption with the 1.06 individual mandate factor. Cell D15 was set to 0 since this filing did not utilize the Manual Data section.

With respect to Table 6, we interpreted the Department's guidance to mean that formulas were being requested where applicable. For most of the retention items, we did not believe that a formula was applicable. The bullets below provide additional context for the values shown:

- *General & Claims Expense* – We assumed a \$63.34 PMPM value. This value represents the base administrative expense PMPM assumption provided by our Cost Accounting department less the portion attributable to Quality Improvement Initiatives. The percentage shown in cell C50 is simply the PMPM value divided by the total Projected Required Revenue PMPM.
- *Commission Expense* – We assumed a \$0.20 PMPM value. Additional support for this assumption can be found in the response to Question 17. The percentage shown in cell C51 is simply the PMPM value divided by the total Projected Required Revenue PMPM.
- *Quality Improvement Expense* – We assumed 0.53% of premium based on the percentage of premium value found in the 2017 SHCE.
- *PCORI Fee* – We assumed a \$0.16 PMPM value. Additional support for this assumption can be found in the response to Question 13. The percentage shown in cell C54 is simply the PMPM value divided by the total Projected Required Revenue PMPM.
- *PA Premium Tax & Health Insurance Provider Fee* – These are known values and so there is no formula to show.
- *Federal Income Tax* – We do not expect to owe Federal Income Tax for this business and so the value was set to 0%.

Please note that the Projected Required Revenue of \$708.82 PMPM in cell C63 is slightly overstated because the formula in Table 6 of the template does not account for the specific eligibility factor that is applied to the catastrophic plans on Table 10. This factor lowers the required revenue for the catastrophic plans and consequently lowers the composite Projected Required Revenue to a value of \$708.71 PMPM. Where the PMPM values referenced above are converted to a percentage of premium in column C of Table 6, the denominator used is \$708.71 PMPM.

4. The underlying annual trend supporting the filing is 9.5%, which is further adjusted by an induced utilization adjustment of 0.37% per year, to develop the overall trend assumption of 9.74% per year.

- a) **Please provide quantitative support for the 9.5% trend assumption (e.g. demonstrate that it is reasonably consistent with recent historical changes in claim costs).**
- b) **Please provide quantitative support for the annual induced utilization adjustment of 0.37%.**

Response:

- a) An exhibit with the underlying results of the regression study described in the actuarial memorandum has been included in this response. This separate regression study was developed by the valuation team to analyze the ACA trend levels of continuously enrolled cohorts of ACA members in order to normalize for population change, demographics, seasonality, along with adjusting for material step changes that were included in the network factors in the two periods. Resulting r-squared levels were compared to determine confidence levels of the resulting regression trends to develop a reasonable range of trend assumptions. The requested trend falls within recent trade association survey results for Individual markets. Additionally, the recent AON trend study is attached as a reference point for the prospective 2018 trend for more stable group market.

As seen from the exhibit the regression study resulted in a composite trend of 8.5%. As described in the memorandum, the continuous enrollment approach addresses the unstable population concerns in the underlying ACA experience, but it does not reflect the impact of partial year population changes that are inherent to an individual market. The pricing trend was set at 9.5% in consideration of that factor.

- b) The utilization adjustment is a function of the change in average metal distribution between the two periods. $2019 \text{ Projected Benefit Richness} / 2017 \text{ Average Benefit Richness} = 1.0390 / 1.0313 = 1.0074$. $0.37\% = (1.0074)^{(.5)} - 1$.

5. The actuarial memorandum states that “the (\$129.69) Risk Adjustment assumption in cell C31 represents our best estimate of the year end risk adjustment transfer payment for FPH as developed in Attachment B adjusted for the (\$0.15) PMPM risk adjustment user fee and the impact of the catastrophic eligibility factor.”

- a) **Please provide an exhibit that includes all of the same components as are provided in Attachment B, but which provides the development of the estimated 2017 risk transfer amount (i.e., rather than the projected 2019 risk transfer amount).**
- b) **To the extent any of the values included in rows 11 to 13 (e.g., statewide average premium, HHS risk score) for the 2017 estimate are significantly different than those being assumed for the 2019 projection, please reconcile those differences and provide quantitative justification for them.**

Response:

- a) The estimated 2017 risk transfer amount of [REDACTED] shown in Table 2 was based on our financial accrual and underlying assumptions as of a February 2018 valuation date. We chose this valuation date in order to (1) tie to the claims run-out period requested by the Department and (2) more closely align the reported value to the value booked in the CY2017 year-end financials. The financial accrual development took the detailed plan and rating area data as of the February 2018 valuation date and applied the transfer formula at this level. This methodology is different from the Attachment B approach. The Attachment B approach is useful for projections when detailed plan and rating area data does not exist. Therefore, replicating the Attachment B structure for 2017 would generate a different value (i.e. a “sum of products” approach vs. a “product of sums” approach).
- b) It is important to note that the issuer-specific factors and the statewide average factors used in the development of the 2017 estimate and discussed in Question 5a above were not used as the starting point for the 2019 projection.

The issuer-specific factors included in row 11 of Attachment B for the 2019 projection were developed for the population of members that comprised the morbidity factor development discussed in the response to Question 6 below. For sources of members where we had 2017 (or 2016) claims experience and diagnosis data, we utilized their risk scores in the calculation. For the “New” source of members where we did not have claims experience, we made an assumption regarding this category’s risk score based on a review of the claim level and risk score relativities of the other sources.

6. In developing the morbidity adjustment equal to 1.036 (i.e., prior to the 6% increase to reflect the market uncertainty), please describe how the 2017 Normalized Allowed PMPMs were calculated for each member segment (i.e. FPH ACA, Other Highmark, Prior ACA, and New-to-Blue) in Attachment A.

Response:

Please see the attached exhibit for the morbidity calculation.

We classified the 2/1/2018 enrollment into the following categories:

Renewal

- This represents our 2017 ACA members that reenrolled in FPH. The normalized allowed PMPM was calculated by normalizing the allowed PMPM for demographic, network, and benefit richness factors.

Other Highmark

- This represents the 2017 members from other Highmark markets such as group markets that enrolled in FPH. The normalized PMPM was calculated by reviewing its allowed claims, adjusted for benefit differential if needed and then normalized for demographic, network, and benefit richness factors.

Prior ACA

- This represents our 2016 ACA members that lapsed in 2017 and now reenrolled in FPH. We reviewed its 2016 ACA claims, trended to 2017, and used this as starting point to approximate the 2017 allowed claims. The normalized allowed PMPM was then calculated by normalizing the allowed PMPM for demographic, network, and benefit richness factors.

New

- This represents the catchall category of the remaining members that enrolled in FPH. The 2017 allowed PMPM was set using a combination of the “Renewal” and “Other Highmark” segments

as a starting point. The normalized allowed PMPM was then calculated by normalizing the allowed PMPM for demographic, network, and benefit richness factors.

In setting the normalized PMPMs, we also reviewed risk score assumptions such that they moved directionally with the claims PMPMs. Additional consideration included the relationship of the claims PMPM in each respective category to its average 2018 premium PMPM.

7. Please describe and demonstrate quantitatively how the proposed demographic and morbidity adjustments were taken into account in calculating the projected 2019 FPH Non-Catastrophic Pool risk adjustment transfer.

Response:

The issuer-specific factors included in row 11 of Attachment B for the 2019 projection were developed for the population of members that comprised the morbidity factor development discussed in the response to Question 6 above. The demographic component was used to normalize the allowed PMPM and the combined risk score (Non-Catastrophic and Catastrophic) was considered directionally in setting the normalized PMPMs. That is, both the risk scores and the allowed PMPMs are moved in tandem. This does not imply that the risk scores and normalized allowed PMPMs move in the exact proportion but they are directional.

8. With respect to the “Change in Other” adjustment equal to 0.999, please provide the factors for each of the following components of the “Change in Other” adjustment and provide quantitative support for them:

- i. Durational Insurance market expansion**
- ii. Changes in pharmacy rebates**
- iii. Changes in hospital/physician settlements.**

Response:

The Change in Other adjustment of 0.999 included a 1.01 factor for STLDI. After removing this factor, the Change in Other adjustment becomes 0.989. The 0.989 factor is comprised of the following components:

- Change in Rx Rebates = 0.9879
- Change in Hospital/Physician Settlements = 1.0013

9. It appears that the Pricing AVs for a number of plans increased significantly relative to last year. For example, for plan 83731PA0060001, the Pricing AV increased from 0.633 in the 2018 rate development to 0.663 in the 2019 rate development. Similarly, for plan 83731PA0070002, the Pricing AV increased from 0.841 in the 2018 rate development to 0.879 in the 2019 rate development. Please describe how the revised Pricing AVs for 2019 were developed, specifically addressing and providing justification for the changes to the Pricing AVs for the two plans referenced above.

Response:

The pricing AV's are based on our internal pricing model and compared for reasonability to the group model. The model has been re-calibrated to more align the anticipated pricing AVs to expected paid to allowed ratios. Previous years, the morbidity change captured this difference and was discussed in detail in last year's Q&A process. This re-calibration adjustment was worth on average 5% and the change is revenue neutral as it no longer is included in the morbidity change like previous filings. In addition to the re-calibration, the impact of cost sharing leveraging will be a factor in year to year comparisons.

This calibration addresses the difference seen in both 83731PA0060001 and 83731PA0070002.

10. The required Rate Change Summary form shows experienced administrative expenses of roughly 10.02% in 2017, compared to an assumed 7.37% for 2018 and 9.49% in 2019. Please explain why the administrative expense assumption has increased to 9.49% for 2019 and provide quantitative support for the change relative to 2018.

Response:

Historically, several general expense categories were not allocated explicitly to the product line, and therefore not part of the requested administrative expense. FPH recently revised the allocation of expenses to the product line which has impacted the requested assumption. The result is the requested administrative expense better aligns to the forecasted amounts for this product line compared to previous years.

11. We note that the calculated average age factor for the projection period in Attachment E is 1.909, the Age Calibration Factor used in Table 10 is 1.904, and the projected Allowable Rating Factor for Highmark (Non-Catastrophic Pool and Catastrophic Pool combined) is approximately 1.912 in Attachment B. Please reconcile the differences between the three factors described above and, if correct, describe why each is appropriate.

Response:

Please refer to the exhibit labeled Q11 Response in the attached file for the reconciliation. The primary difference between the two factors is the way in which the four sources, used to project morbidity and demographics, are aggregated. The average age factor in Attachment E is used in the projection of 2019 allowed claims; therefore, the demographic factors of the four sources are claim-weighted. This is appropriate for showing a composite factor at an intermediate step in projecting aggregate claims. The Allowable Rating Factor in Attachment B represents the composition of the same four sources. However, because the demographic factors are weighted by billable member months in the risk adjustment formula, we have used a member weighted average here.

Note that there is an immaterial difference between the two calculations of the age factors by source due to the member-level age factors by source in Attachment E being averaged using 2017 member months and the factor in Attachment B being weighted using a 2/1/18 snapshot of unique members. The reason that unique members were used for the 2/1/18 snapshot is that member months were not available for two of the four sources when developing the risk adjustment.

12. It doesn't appear that plans 83731PA0060011 and 83731PA0060013 have been included in either Table 10 or Table 11 of the Actuarial Memorandum Exhibits. Please confirm and, if appropriate, revise the exhibits to include these two plans. If they should remain excluded, please explain why.

Response:

Plans 83731PA0060011 and 83731PA0060013 are new, off-exchange plans for 2019. Although there is no explicit line listing these plans in table 10 and 11, there are 2018 plans with membership that will map to them (see lines 21 and 22 of Table 10 in the template). These lines show the 2019 allowable plan level adjustment factors for the new plans and the corresponding age 21 rates can also be found on Table 11. Thus, the template's rates and rate impact are accurate in that regard.

We recognize that the Department is also looking for these new plans as separate lines in the template, and we will adjust the subsequent version of the filing to reflect this change.

13. Please note that carriers should not be pricing for the PCORI fee in the 2019 calendar year rate development as the fee ends for plan years ending September 30, 2019 (i.e., policies issued before October 1, 2018). Please remove this non-benefit expense assumption, reprice, and resubmit revised filing materials.

Response:

Based on FPH's current method of calculating the PCORI fee (Member Month method), we would have to pay about three fourths of the estimated \$2.52 per member per year fee for calendar year 2019 on Fully Insured business. Therefore, FPH built into the rates the expected amount of our PCORI liability assuming the Member Month counting method.

14. Section E. of the PA actuarial memorandum indicates that the majority of the 2019 plan offerings consists of renewal with benefit that differ from the 2018 offering. Discuss and quantify the benefit changes.

Response:

We acknowledge the use of the reference to benefit change is confusing. A better word choice would have been cost sharing as the changes from 2019 to 2018 primarily centered around differences in cost sharing elements. The composite of these changes is quantified by both the pricing AV's and the CMS AV's due to their interdependencies.

15. Please reconcile the data in Table 2 with the individual market data contained in the SHCE.

Response:

Below please find the values from Table 2 and the corresponding values from the SHCE:

	Table 2	SHCE
Premiums	123,727,682	123,576,970
Incurred Claims	91,723,116	95,690,175
Allowed Claims	120,461,937	N/A
Member Months	251,301	252,062

The differences between the two exhibits include the following:

- The SHCE exhibit is a year-end accounting view of results with no runout and would include the experience based on actual cash transfers adjusted for changes in reserves, which affects both premiums and claims.
- Table 2 presents an updated view of results where experience is restated based upon two more months runout and is tied more directly to the incurred period with some provision for IBNR included in the claims.
- The SHCE exhibit uses a different classification of business than Table 2; the SHCE classification is based on the mandated MLR classifications and results in the following differences in premiums, claims, and membership:
 - Sole proprietors and other groups of one from the Small Group are included in SHCE.
 - Ceded reinsurance incurred claims are included in the SHCE.
- Network access fees are removed from the claims in the SHCE exhibit, per the instructions for completing that exhibit.

16. Please provide a list of capitated benefits also show the current capitation amount and the 2019 negotiated amounts.

Response:

Capitated benefits include pediatric vision, a subset of lab services/providers, and a subset of PCP's. The current capitation is \$6.34 PMPM while the projected capitation is assumed to reduce slightly to \$6.25 PMPM. The current blend of lab and PCP schedules is \$6 PMPM while the pediatric vision went from a blend of \$0.34 PMPM to \$0.25 PMPM.

17. Please show the development of the average commission as shown in Table 6. Additionally, the current and 2019 broker agreements should be included and used to develop the percent shown in Table 6 as well as the associated pmpm.

Response:

The average projected commission is provided by the Cost Allocation department and is a function of the recent commission amount experienced in FPH's financials. As a point of reference, the current average is \$■■■■ PMPM. The current broker commission schedule was included as Attachment D in the initial submission. The 2019 broker agreement is not available at this time.

First Priority Health**Individual Market****Response to Objection 1 - Question 1**

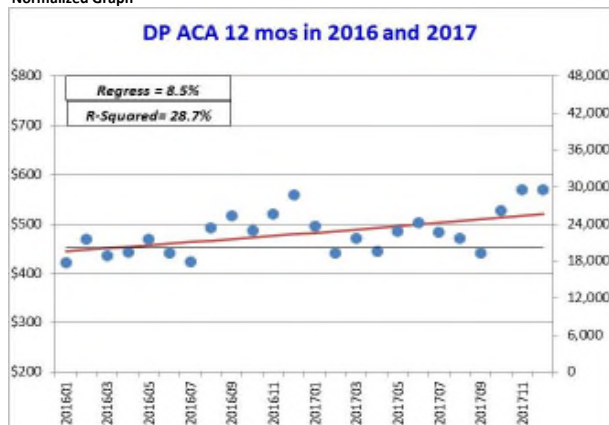
	All Highmark	CSR 94 and 87	CSR%
2017 MMs	746,709	179,145	
2017 BEP Allowed Claims	\$439,715,644	\$20,782,960	
2017 BEP Allowed Claims - PMPM	\$588.87	\$116.01	20%

First Priority Health

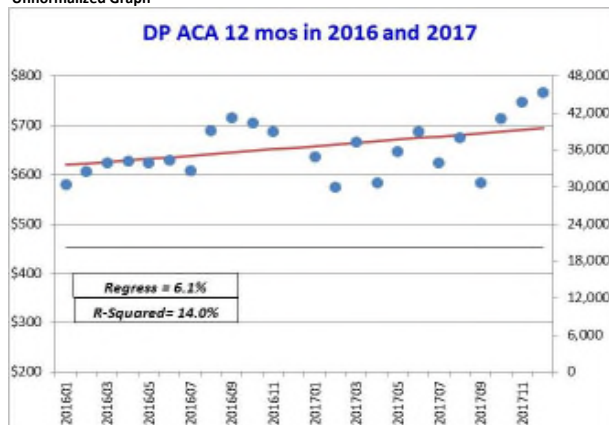
Individual Market

Response to Objection 1 - Question 4

Normalized Graph



Unnormalized Graph



Incurring Month	Normalized Allowed Charges	Normalized Regression	Raw Allowed Charges	Raw Regression
201601	\$422.51	\$445.05	\$581.20	\$620.24
201602	\$469.94	\$448.07	\$606.37	\$623.31
201603	\$436.55	\$451.11	\$623.96	\$626.39
201604	\$443.88	\$454.17	\$627.32	\$629.49
201605	\$468.65	\$457.26	\$625.09	\$632.60
201606	\$442.23	\$460.36	\$630.24	\$635.73
201607	\$423.61	\$463.48	\$608.31	\$638.87
201608	\$492.53	\$466.63	\$690.24	\$642.03
201609	\$517.37	\$469.79	\$715.51	\$645.21
201610	\$487.47	\$472.98	\$704.88	\$648.40
201611	\$520.82	\$476.19	\$687.44	\$651.61
201612	\$559.74	\$479.42	\$816.19	\$654.83
201701	\$495.41	\$482.68	\$636.15	\$658.07
201702	\$441.59	\$485.95	\$574.44	\$661.32
201703	\$471.63	\$489.25	\$666.60	\$664.59
201704	\$444.71	\$492.57	\$584.64	\$667.88
201705	\$485.38	\$495.91	\$646.69	\$671.18
201706	\$503.29	\$499.28	\$686.92	\$674.50
201707	\$483.90	\$502.66	\$623.65	\$677.84
201708	\$471.17	\$506.07	\$675.45	\$681.19
201709	\$440.91	\$509.51	\$583.31	\$684.56
201710	\$527.16	\$512.97	\$713.54	\$687.94
201711	\$569.90	\$516.45	\$746.70	\$691.34
201712	\$569.38	\$519.95	\$766.58	\$694.76

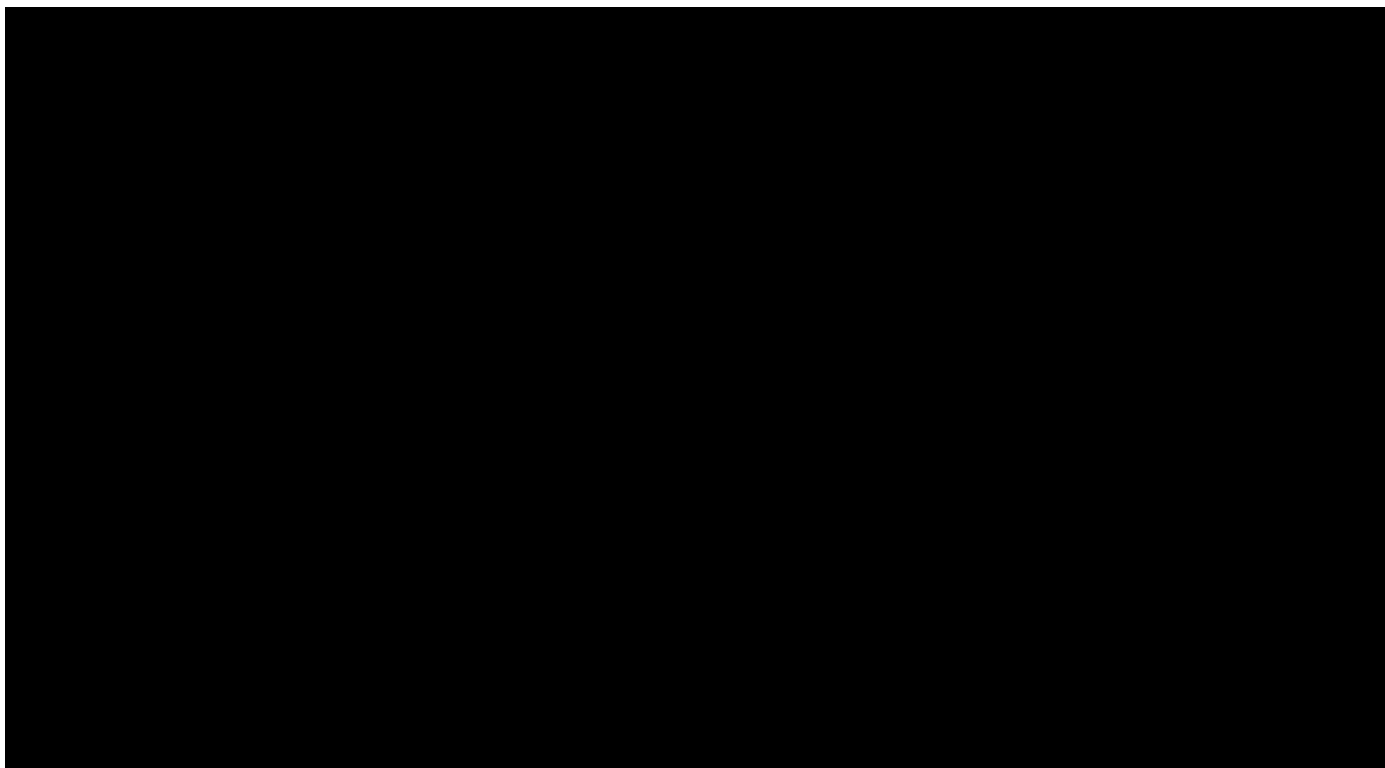
Slope: 1.007
Regress: 8.5%
R-Square 28.7%
Intercept: \$407.59
Regress = 8.5%
R-Squared = 28.7%

Slope: 1.005
Regress: 6.1%
R-Square 14.0%
Intercept: \$581.71
Regress = 6.1%
R-Squared = 14.0%

First Priority Health

Individual Market

Response to Objection 1 - Question 5b



First Priority Health

Individual Market

Response to Objection 1 - Question 6

	Total	Projected 2019 ACA Segment				
		Renewal	Other HMRK	Prior ACA	New	Total
Member Months	251,301	145,034	5,119	3,413	17,063	170,628
Member Months%		85%	3%	2%	10%	100%
Risk Score	■	■	■	■	■	■
Completed Allowed Claims	\$120,075,288	\$70,634,232	\$4,210,571	\$2,018,004	\$10,566,322	87,429,129
Completed Allowed PMPM	\$477.81	\$487.02	\$822.56	\$591.35	\$619.26	\$512.40
Demographic Factor	1.876	1.961	1.844	1.856	1.753	1.925
Network	1.000	0.996	1.000	1.000	1.000	0.997
Benefit Richness Factor	1.031	1.034	1.080	1.080	1.080	1.043
Normalized Allowed PMPM	\$247.01	\$241.08	\$413.02	\$294.98	\$327.05	\$255.91

Morbidity Factor	1.036
Morbidity Factor Dampening (due to capitation & dental)	0.999
Dampened Morbidity Factor before Individual Mandate Load	1.036
Individual Mandate Load	6%
Morbidity Factor with Individual Mandate Load	1.098

First Priority Health**Individual Market****Response to Objection 1 - Question 11**

	Projected 2019 ACA Segment				
	FPH ACA	Other Highmark	Prior ACA	New-to-Blue	Total
Member Months	145,034	5,119	3,413	17,063	170,628
Member Months %	85%	3%	2%	10%	100%
Allowed Claims %	81%	5%	2%	12%	100%
Rating Age Factor*	1.939	1.821	1.832	1.729	1.903
Risk Adj. Age Factor**	1.939	1.799	1.832	1.729	1.911

*The age factor, by source, is weighted using 2017 member months and the 2019 HHS age curve factors.

**The age factor, by source, is weighted using 2017 unique members and the 2019 HHS age curve factors.



**BlueCross
BlueShield**
First Priority Health

July 13, 2018

Ms. Cherri Sanders-Jones, Reviewer
Bureau of Life, Accident & Health Insurance
Commonwealth of Pennsylvania Insurance Department
1311 Strawberry Square
Harrisburg, PA 17120

Re: First Priority Health 2019 ACA Rate Filing (Individual Market)
Filing # 1A-DP-18-FPH (SERFF # HGHM-131475735)

Dear Ms. Sanders-Jones:

Based on the objection letter dated July 6, 2018, the filing has been revised to reflect the following change:

- A revision to the plan type field for a few plans on Table 10 of the Pennsylvania Actuarial Memorandum Rate Exhibits. The previous version erroneously had these plans listed as EPOs rather than HMOs. Further details are provided in the response.
- A revision to the change in morbidity assumption in table 5 from 1.098 to 1.094 in order to address the error discovered in researching question 5c of the objection letter. Further details are provided in the response.

FPH's position regarding the uncertainty with changes in federal regulations or market participation is addressed in the filing cover letter.

Should you have any questions regarding the attached Filing, please feel free to contact me at [REDACTED] or via e-mail at: [REDACTED]

Sincerely,

[REDACTED]

[REDACTED]
Manager, Actuarial Services
Highmark Inc.

cc: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

TO: Cherri Sanders-Jones
Bureau of Life, Accident & Health Insurance
Pennsylvania Insurance Department

FROM: [REDACTED], Actuarial Manager
Highmark Inc.

DATE: July 13, 2018

SUBJECT: First Priority Health 2019 Individual ACA-Compliant Rate Filing
Response to July 6, 2018 Objection Letter
Filing Number: 1A-DP-18-FPH
SERFF Tracking Number: HGHM-131475735

Below are First Priority Health's responses to your objection letter dated July 6, 2018. We have included the questions along with the responses for your convenience.

1. As was communicated in my email of July 3, 2018 the Department has determined that an Individual Adjustment Factor of 1.06 and a CSR Defunding Adjustment Factor of 1.20 will be used in the 2019 rate development for the Individual Market. Issuers overwhelmingly recommended standardization of these factors. As such, issuers may not deviate from these factors. Updated materials (PA Actuarial Memorandum and Exhibits and the Plan Design Summary worksheets, including the State rate tables) reflecting these factors, Risk Adjustment updates (based on the June 30th release of the Federal Risk Adjustment Report) and other Department requested changes must be provided with your second-round response due July 13, 2018. Other than these three preceding changes, no other modifications will be accepted.

Response:

The current version of this filing, which was submitted in conjunction with the Objection 1 response, reflects an Individual Mandate Adjustment Factor of 1.06 and a CSR Defunding Adjustment Factor of 1.20. Thus, no additional changes are needed to accommodate the Department's decision regarding these factors.

2. In response to question 17, regarding the average commission, you indicate that the 2019 broker agreement is not yet available. If not available, what is the basis for the 2019 commission pmpm?

Response:

A 2019 broker agreement is not yet available. Consistent with our prior response, the average projected commission was provided by the Cost Allocation department and is a function of the recent commission amount experienced in FPH's financials. Given that the current average is \$[REDACTED] PMPM, we determined that a \$[REDACTED] PMPM for 2019 is reasonable.

3. The following questions are related to the response to question 4:

- a) **Please provide a quantitative demonstration of the development of the December 2016 and December 2017 normalized allowed charge PMPMs. For example, please demonstrate how the \$569.38 December 2017 normalized allowed charge PMPM is developed from the \$766.58 raw allowed charge PMPM, including a description of each of the components being normalized for (e.g., demographics, benefits) and the corresponding normalization factor associated with each component**

- b) **Please confirm whether the normalized allowed charge PMPM amounts were adjusted for seasonality. If the normalized allowed charge PMPMs were not adjusted for seasonality, please develop proposed seasonal adjustments, provide quantitative justification for the proposed adjustments, and provide an updated version of the regression analysis utilizing seasonally-adjusted normalized allowed PMPMs. If the normalized allowed charge PMPM amounts were adjusted for seasonality, please provide the seasonality factors which were utilized.**
- c) **Please provide quantitative support for the 1% trend load reflecting “the impact of partial year population changes.”**
- d) **Please provide a version of the trend regression analysis which is not limited only to those individuals who were continuously enrolled (i.e., include the claims experience for all individuals who were enrolled over the time period of January 2016 to December 2017).**

Response:

- a. The attached exhibit labeled ‘Q3a Response’ provides the requested data. Normalization factors include demographics, seasonality, and step changes. The demographics factors are based on industry factors. Seasonality is described in part b of this response. The step change factors incorporate material step changes that were included in network factors in the two periods. Please note, as mentioned in the actuarial memorandum, the trend resulting from the cohort study was benchmarked against other sources for reasonability.
- b. The normalized allowed charge PMPM amounts were adjusted for seasonality. Given this is a continuous two-year cohort the primary component of the seasonality factors were the potential service days of each calendar month. The seasonality factors are included in the attached exhibits.
- c. The additional 1% impact of partial year population changes was included in the proposed trend in order to supplement the point estimate provided in the regression study. This market exhibits significant churn thru-out the year and the point estimate generated from the regression study needed to account for this market dynamic. As seen in the attached exhibit as a response for part d of this question, the ACA enrollment thru-out the calendar year is not consistent, thus demonstrating potential selection that can occur within a year.
- d. The attached exhibit labeled ‘Q3d Response’ provides the requested data for the same population as the original regression study, but without the continuously enrolled constraint. The regression analysis shown is based on the raw data as normalization factors are not available for a population with this much volatility. This is the primary reason we chose the continuously enrolled approach.

4. The following questions are related to the response to the risk adjustment calculation:

- a) **Please explain why the projected values for Risk Score, Demographic Factor, and Benefit Richness Factor in cells I13, I18, and I20, respectively, in the ‘Q6 Response’ tab are not equal to the values for HHS Risk Score, Allowable Rating Factor, and Induced Demand Factor in cells J11, K11, and M11, respectively, in Attachment B.**
- b) **We recognize that replicating the Attachment B structure for 2017 would generate a different value than the actual 2017 estimate due to the fact that the “sum of products” is not equal to the “product of sums.” However, please provide the estimated average 2017 values for HHS Risk Score, Allowable Rating Factor, Geo Cost Factor, Induced Demand Factor, and Actuarial Value for each of FPH and Statewide for the Non-Catastrophic Pool. To the extent any of the FPH specific 2017 values are significantly different than the**

corresponding values being projected for 2019 in Attachment B, please reconcile those differences.

- c) **Please provide the calculated Transfer PMPM amount for FPH when using the estimated average 2017 values (both for FPH and Statewide) in place of the projected 2019 values in the calculation included in Attachment B. To the extent the resulting PMPM amount is significantly different than the actual estimate for 2017 confirm that the only difference is the use of the “product of sums” vs. “sum of products”.**

Response:

- a. The Risk Score shown in cell I13 of the ‘Q6 Response’ tab equals the weighted average composite (using billable member months) of the FPH non-catastrophic and catastrophic pools from Attachment B. There are several reasons for the difference in the two Demographic Factors. First, the Demographic Factor in cell I18 of the ‘Q6 Response’ tab is the product of age, area, and tobacco factors whereas the Allowable Rating Factor shown in Attachment B represents just the age component. Second, similar to the Risk Score variance, the Demographic Factor shown on the ‘Q6 Response’ tab is a blend of the FPH non-catastrophic and catastrophic pools. Third, the Demographic Factor in cell I18 of the ‘Q6 Response’ tab is weighted differently than the weighting used in the development of the Allowable Rating Factor in Attachment B (please see our Objection 1 Question 11 response for an explanation of the weighting differences). The Benefit Richness Factor in cell I20 of the ‘Q6 Response’ tab represents an assumption used to normalize the claims primarily for the purpose of calculating the change in morbidity. The Induced Demand Factor in cell M11 of Attachment B was derived from the actual metal levels selected by members in each source as of the 2018 snapshot date.
- b. Please refer to the exhibit labeled Q4b Response for the requested estimated 2017 values based on the February 2018 valuation. For ease of comparison, the projected 2019 FPH values from Attachment B are included in the exhibit. Given the level of membership churn from year to year, the differences in the 2017 and 2019 FPH values do not appear significant.
- c. Please refer to the exhibit labeled Q4c Response. This exhibit calculates the 2017 FPH risk adjustment transfer amount in a manner consistent with Attachment B. The only material difference between the amount calculated in this exhibit and original estimate for 2017 is the use of the “product of sums” vs. “sum of products”. (An insignificant difference of <\$0.01 PMPM is introduced when allocating the plan/rating area level of detail to a more granular plan/variant/county level of detail for use in the rate filing development.)

5. The following questions are related to the response to question 6:

- a) **Please demonstrate quantitatively how the risk score, completed allowed claims, demographic factor, network factor, and benefit richness factor for the “New” cohort were developed. To the extent the factors/results for the “Renewal” and “Other Highmark” cohorts were used as a starting point, demonstrate quantitatively how the values for those two segments were adjusted to develop the corresponding factors/results for the “New” cohort.**
- b) **In providing your response to (a), please specifically explain and demonstrate quantitatively how it was determined that the assumed risk score for the “New” cohort should be approximately 13% higher than that of the “Renewal” cohort, but the completed allowed claims PMPM for the “New” cohort should be approximately 27% higher than the Renewal cohort.**
- c) **Why are the ratios of the 2019 to 2017 network (.997) and benefit richness (1.011) factors different than assumed in index rate development of network (1.000) and change in benefits**

(1.000)? Please provide quantitative support for the factors supporting the projected 2019 membership.

- d) Please explain why the projected 2019 demographic factor equal to 1.925 in cell I18 of the 'Q6 Response' tab is different than the projected 'Rating Age Factor' of 1.903 in cell G14 of the 'Q11 Response' tab.**

Response:

- a. We recognize that the Objection 1 Question 6 response pertaining to the development of the "New" cohort implied that the normalized allowed PMPM was developed from the top down (as it was for the other cohorts). In reality, the normalized allowed PMPM for the "New" cohort was developed by simply taking a straight average of the normalized allowed PMPMs from the "Renewal" and "Other Highmark" cohorts ($\$327.05 = [\$241.08 + \$413.02] / 2$). The normalization factors (Demographics, Network, and Benefit Richness) for the "New" cohort were shown in the exhibit for informational purposes and to derive an underlying implied un-normalized allowed PMPM. This also allowed for composite factors using all four sources to be calculated. In the end, this was for informational purposes only as the "New" cohort normalization factors had no influence on the morbidity factor development.
- b. Similar to our approach for developing the normalized allowed PMPM for the "New" cohort, we first calculated a straight average of the risk scores for the "Renewal" and "Other Highmark" cohorts. The straight average of the risk scores is roughly \blacksquare ($\blacksquare = [\blacksquare + \blacksquare] / 2$). We then looked at the claim relativity between the "New" cohort and the "Renewal" cohort to ensure the risk scores moved directionally with the claim PMPMs. We determined from this analysis that a reasonable risk score assumption would be \blacksquare for the non-catastrophic pool and \blacksquare for the catastrophic pool. Weighted together, these two assumptions form the basis for the "New" cohort risk score value of \blacksquare . As evidenced by the variance in the actual risk score and actual claim relationships between the "Other Highmark" and "Renewal" cohorts (i.e. $\sim \blacksquare$ for risk score and ~ 1.7 for claims), we would not expect to see an exact one-to-one relationship between the "New" cohort and the "Renewal" cohort.
- c. The 0.997 network factor and the 1.043 benefit richness factor are the estimates of these factors on a 2017 equivalent basis for the 2019 projection members. The ratio of the 2017 BEP to the 2017 equivalent is primarily used for purpose of morbidity calculation.

The projected 2019 network and benefit richness factors are 1.000 and 1.039, respectively. Thus, the changes from 2017 to 2019 are 1.000 ($= 1.000/1.000$) for network and 1.0074 ($= 1.0390/1.0313$ - See Objection 1, 4b response) for benefit richness. The reference of the 1.000 in Table 5, cell C19 is the "change in benefits" which is not the same as the change in benefit richness factor.

As discussed, in researching this question along with a similar question in the FPLIC objection letter, we uncovered a lookup error in the network factor that was used to normalize the 2017 allowed PMPM. This factor should have been 1.0 rather than the composite 0.997. The correction for this error resulted in the morbidity on table 5 to change from 1.098 to 1.094. The revised filing reflects the correction to this assumption.

- d. The demographic factors that composite to 1.925 in cell I18 of the Objection 1 'Q6 Response' tab are products of age, area, and tobacco factors. The 'Rating Age' factors that composite to 1.903 in cell G14 of the Objection 1 'Q11 Response' tab represent age factors only.

6. Table 10, column C includes several EPO plan types. Please review and revise, as the only products HMOs are allowed to offer are HMO and POS.

Response:

A revised version of the Pennsylvania Actuarial Memorandum Rate Exhibits file that correctly identifies all plans on Table 10 as HMOs has been submitted in conjunction with this response.

First Priority Health

Individual Market

Response to Objection 2 - Question 3a

Month-Year	Raw Allowed PMPM	Demographic Factor	Seasonality Factor	Step Change Factor	Normalized Allowed PMPM
Jan-16	\$581.20	1.284	1.001	1.070	\$422.51
Feb-16	\$606.37	1.288	0.937	1.070	\$469.94
Mar-16	\$623.96	1.291	1.035	1.070	\$436.55
Apr-16	\$627.32	1.294	1.021	1.070	\$443.88
May-16	\$625.09	1.297	0.962	1.070	\$468.65
Jun-16	\$630.24	1.299	1.026	1.070	\$442.23
Jul-16	\$608.31	1.302	1.031	1.070	\$423.61
Aug-16	\$690.24	1.305	1.004	1.070	\$492.53
Sep-16	\$715.51	1.309	0.988	1.070	\$517.37
Oct-16	\$704.88	1.312	1.030	1.070	\$487.47
Nov-16	\$687.44	1.315	0.938	1.070	\$520.82
Dec-16	\$816.19	1.318	1.034	1.070	\$559.74
Jan-17	\$636.15	1.322	0.972	1.000	\$495.41
Feb-17	\$574.44	1.325	0.982	1.000	\$441.59
Mar-17	\$666.60	1.328	1.065	1.000	\$471.63
Apr-17	\$584.64	1.330	0.988	1.000	\$444.71
May-17	\$646.69	1.333	0.999	1.000	\$485.38
Jun-17	\$686.92	1.337	1.021	1.000	\$503.29
Jul-17	\$623.65	1.339	0.962	1.000	\$483.90
Aug-17	\$675.45	1.343	1.068	1.000	\$471.17
Sep-17	\$583.31	1.345	0.983	1.000	\$440.91
Oct-17	\$713.54	1.349	1.004	1.000	\$527.16
Nov-17	\$746.70	1.352	0.969	1.000	\$569.90
Dec-17	\$766.58	1.355	0.994	1.000	\$569.38

First Priority Health

Individual Market

Response to Objection 2 - Question 3d

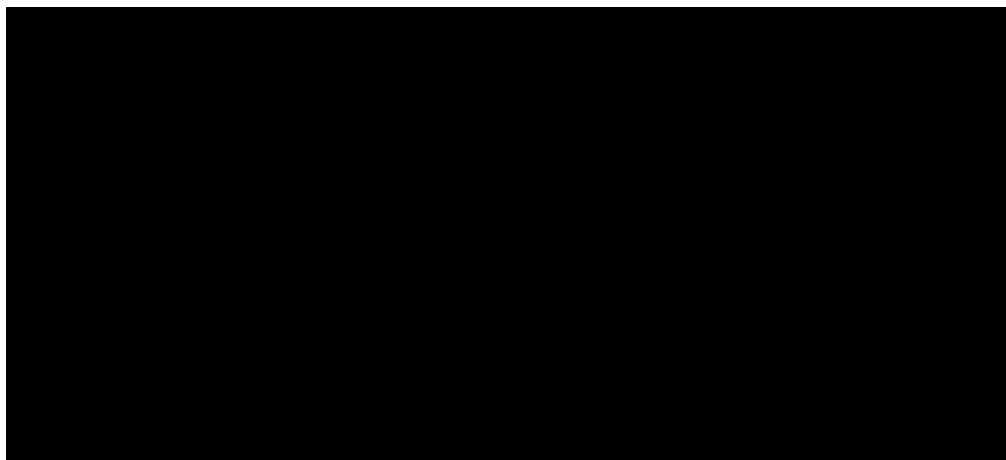
Month-Year	Members	Allowed Claims	Allowed PMPM	Adjusted PMPM	Index
Jan-16	85,060	\$46,781,684	\$549.98	\$553.69	1
Feb-16	85,707	\$49,056,840	\$572.38	\$559.58	2
Mar-16	86,103	\$53,198,586	\$617.85	\$565.53	3
Apr-16	85,313	\$48,411,025	\$567.45	\$571.55	4
May-16	83,869	\$47,326,337	\$564.29	\$577.63	5
Jun-16	82,814	\$49,263,671	\$594.87	\$583.77	6
Jul-16	81,796	\$44,985,735	\$549.97	\$589.98	7
Aug-16	80,780	\$48,507,218	\$600.49	\$596.26	8
Sep-16	79,499	\$46,999,966	\$591.20	\$602.60	9
Oct-16	78,246	\$45,681,528	\$583.82	\$609.01	10
Nov-16	76,686	\$46,687,523	\$608.81	\$615.48	11
Dec-16	72,975	\$50,026,888	\$685.53	\$622.03	12
Jan-17	45,849	\$27,896,635	\$608.45	\$628.65	13
Feb-17	44,917	\$26,757,464	\$595.71	\$635.33	14
Mar-17	44,601	\$29,675,306	\$665.35	\$642.09	15
Apr-17	43,759	\$27,827,898	\$635.94	\$648.92	16
May-17	42,996	\$28,747,204	\$668.60	\$655.82	17
Jun-17	42,429	\$28,117,924	\$662.71	\$662.80	18
Jul-17	41,664	\$27,275,324	\$654.65	\$669.85	19
Aug-17	40,984	\$27,749,207	\$677.07	\$676.97	20
Sep-17	40,289	\$24,501,978	\$608.16	\$684.17	21
Oct-17	39,661	\$29,466,432	\$742.96	\$691.45	22
Nov-17	38,993	\$27,677,628	\$709.81	\$698.81	23
Dec-17	37,713	\$28,314,352	\$750.78	\$706.24	24

Slope:	1.011
Regress:	13.5%
R-Square	0.694
Intercept:	\$547.86

First Priority Health

Individual Market

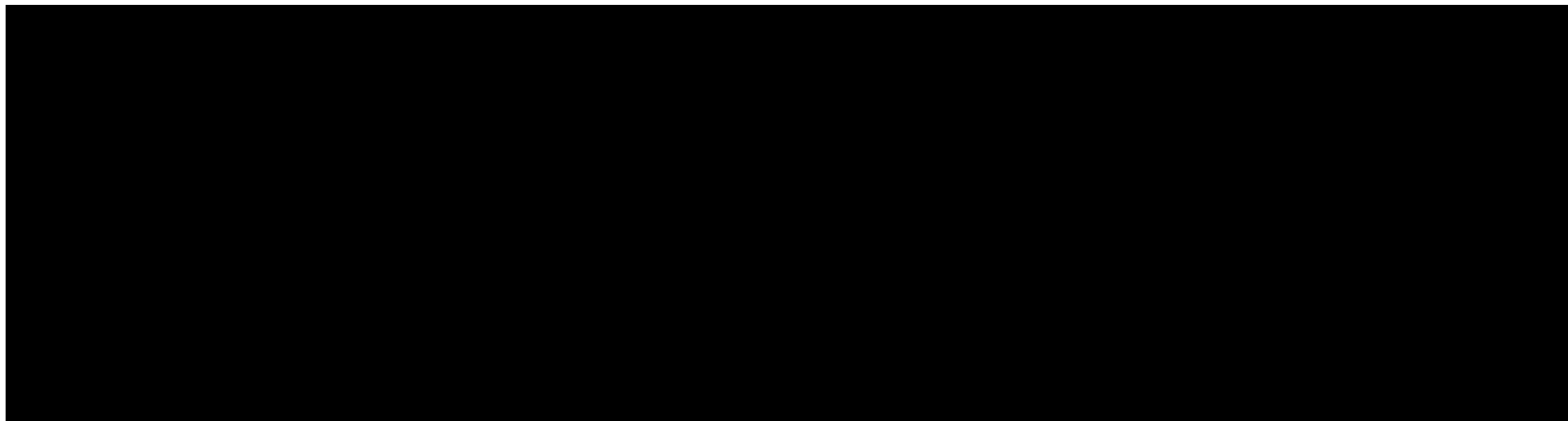
Response to Objection 2 - Question 4b



First Priority Health

Individual Market

Response to Objection 2 - Question 4c



TO: Cherri Sanders-Jones
Bureau of Life, Accident & Health Insurance
Pennsylvania Insurance Department

FROM: [REDACTED]
Highmark Inc.

DATE: July 19, 2018

SUBJECT: First Priority Health 2019 Individual ACA-Compliant Rate Filing
Response to July 17, 2018 Objection Letter
Filing Number: 1A-DP-18-FPH
SERFF Tracking Number: HGHM-131475735

Below are First Priority Health's responses to your objection letter dated July 17, 2018. We have included the questions along with the responses for your convenience.

1. The policies sold on the ACA marketplace tend to exhibit higher claims costs in later months of the year, which is shown in the data provided in the first round of responses supporting the 8.5% trend assumption, where the November and December normalized allowed claim PMPMs for both 2016 and 2017 are the highest monthly PMPMs in each year. Please either adjust the normalized allowed claims in recognition of this yearly seasonality and show what the calculated trend rate would be after making those adjustments or provide justification describing why the company believes an adjustment for this seasonality is not necessary.

Response:

The attached exhibit labeled 'Q1 Response' provides a revised regression using adjusted seasonality factors to reflect the pattern in November and December (5% and 10%, respectively). The remaining factors are balanced to average 1.0 while improving the correlation. The revised regression trend with this change was 6.8% with an r-squared of 29.8%. For comparison, the prior version provided for support was a regression trend of 8.5% with an r-squared of 28.7%.

We agree seasonality adjustments are appropriate for standard trend analysis. It is important to note underlying changes in the population can influence the observed seasonality patterns. Our cohort regression study attempted to remove the impact of the population changes and isolate the underlying trend in the block. This method has limitations as well and provides additional perspective on the underlying trend in the block. The degree of flux in the ACA market requires additional actuarial judgment and interpretation for reasonability when evaluating the various regression methods.

From a qualitative perspective, this level of trend for a guaranteed-issue Individual pool with documented adverse selection is low when compared to projected group business trends of approximately 8-9% as seen in national studies similar to the one referenced in previous responses. Similarly, the trend of 13.5% from the regression of the raw data requested in the second objection letter provides another comparison, but appeared unrealistically high in light of the recent experience.

We look forward to discussing the judgment and interpretation with the Department when considering both the quantitative and qualitative available insights since no single model can completely predict the trend for this market.

2. In our opinion, the support provided for the 1.0% annual load reflecting "the impact of partial year population changes" is insufficient. Please provide additional quantitative support for the inclusion of this assumption in the annual trend rate.

Response:

The attached exhibit labeled 'Q2 Response' provides a quantitative illustration of our thinking on this particular assumption. The first table provides a comparison of the actual average membership levels during the first and second half of 2016 and 2017. The source of the enrollment was the non-continuous enrollment provided in part (d) of the trend response to the second objection letter. This table shows that membership declines throughout each year and that the decline increased from 2016 to 2017.

Intuitively, persisting members will have a higher average claim cost relative to those that lapse during the second half of the year due to evaluating the need for the remaining 6 months of coverage (i.e. antiselection). Table 2 provides an illustrative case of how this would impact the trend by quantifying the impact of the 2 percent change in mid-year lapse observed in the data. The \$600 average allowed charge was chosen based on the non-continuous allowed claims provided in part (d) of the trend response to the second objection letter. The \$300 assumption for the low-cost category seemed reasonable given the decision to lapse.

The impact of this change would be outside of the cohort regression trend analysis.

3. Please explain why the 2017 risk score and demographic factor in the morbidity calculation provided in response to the second round of questions do not match the risk score and allowable rating factor from the alternate Attachment B calculated using 2017 values. To the extent that they should differ, please show quantitatively why they should be different.

Response:

The 2017 risk score shown in the morbidity calculation and the 2017 risk score shown in the alternate Attachment B calculation are very similar (■■■■% different). Although both calculations are comprised of the same membership base, there is a subtle difference in the member month counting method used for aggregating the values. The value shown in the morbidity calculation uses a traditional member month counting method (i.e. a member enrolled in any part of a month is counted as 1 member month). Conversely, the value shown in the alternate Attachment B method uses a 'Days Divided by 30' method (i.e. member months equal the total number of days a member is enrolled divided by 30) in an effort to more closely mirror how the EDGE Server counts member months. When aggregated, these two approaches can produce slightly different results. Incidentally, this is why the total 2017 member months shown in the morbidity exhibit are slightly different than the total 2017 member months shown in the alternate Attachment B exhibit.

As mentioned in the response to Objection 2, Question 5d, the demographic factor in the morbidity calculation includes the age, area, and tobacco factors whereas the alternate Attachment B value represents only the age factor. In addition, there are other subtle differences in how the age factor was calculated for the morbidity calculation versus the Attachment B calculation:

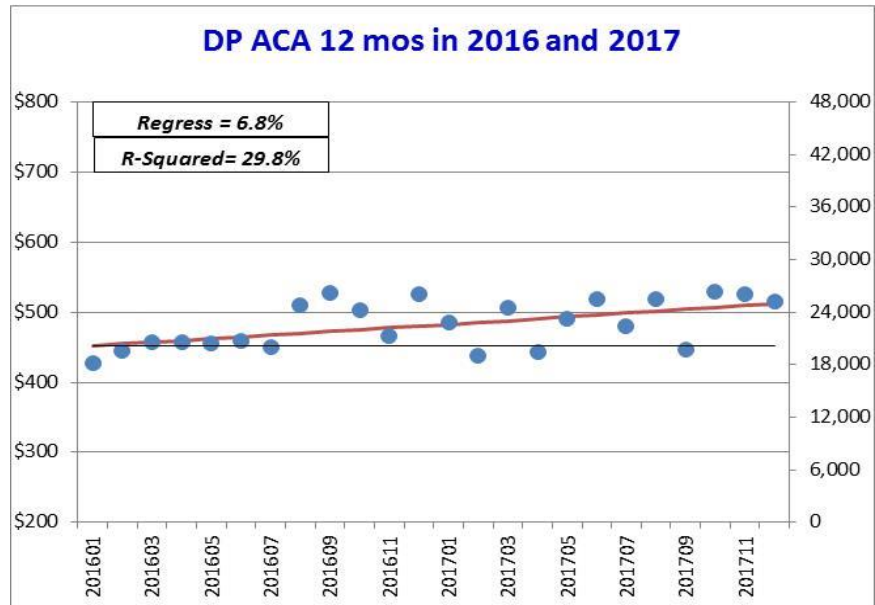
- For the morbidity calculation, the age factor component of the demographic factor was based on the 2018 age curve and the traditional member month counting method. It is important to note that the 2018 age curve was also used to derive the age factors for the projected enrollment on the morbidity exhibit. Thus, since the same age curve was applied on both sides of the calculation, we believe it was a reasonable age factor proxy to normalize the allowed claims for the morbidity calculation.
- For the age factor on the alternate Attachment B calculation, the composite age factor was calculated using the 2017 age curve and the CMS member month counting method as described in the risk score section above.

First Priority Health

Individual Market

Response to Objection 3 - Question 1

Normalized Graph



Month-Year	Raw Allowed PMPM	Demographic Factor	Seasonality Factor	Step Change	Normalized Allowed PMPM	Regression Allowed PMPM
Jan-16	\$581.20	1.284	0.990	1.070	\$427.41	\$452.09
Feb-16	\$606.37	1.288	0.990	1.070	\$444.67	\$454.57
Mar-16	\$623.96	1.291	0.990	1.070	\$456.47	\$457.05
Apr-16	\$627.32	1.294	0.990	1.070	\$457.84	\$459.55
May-16	\$625.09	1.297	0.990	1.070	\$455.35	\$462.06
Jun-16	\$630.24	1.299	0.990	1.070	\$458.13	\$464.59
Jul-16	\$608.31	1.302	0.970	1.070	\$450.24	\$467.13
Aug-16	\$690.24	1.305	0.970	1.070	\$509.65	\$469.68
Sep-16	\$715.51	1.309	0.970	1.070	\$526.98	\$472.25
Oct-16	\$704.88	1.312	1.000	1.070	\$502.22	\$474.83
Nov-16	\$687.44	1.315	1.050	1.070	\$465.42	\$477.43
Dec-16	\$816.19	1.318	1.100	1.070	\$526.24	\$480.04
Jan-17	\$636.15	1.322	0.990	1.000	\$486.20	\$482.66
Feb-17	\$574.44	1.325	0.990	1.000	\$438.00	\$485.30
Mar-17	\$666.60	1.328	0.990	1.000	\$507.14	\$487.96
Apr-17	\$584.64	1.330	0.990	1.000	\$443.86	\$490.62
May-17	\$646.69	1.333	0.990	1.000	\$489.88	\$493.31
Jun-17	\$686.92	1.337	0.990	1.000	\$519.05	\$496.00
Jul-17	\$623.65	1.339	0.970	1.000	\$480.05	\$498.72
Aug-17	\$675.45	1.343	0.970	1.000	\$518.67	\$501.44
Sep-17	\$583.31	1.345	0.970	1.000	\$447.04	\$504.18
Oct-17	\$713.54	1.349	1.000	1.000	\$529.06	\$506.94
Nov-17	\$746.70	1.352	1.050	1.000	\$526.04	\$509.71
Dec-17	\$766.58	1.355	1.100	1.000	\$514.38	\$512.50

Slope: 1.0055
Intercept: \$421.16
Regress = 6.8%
R-Squared= 29.8%

First Priority Health

Individual Market

Response to Objection 3 - Question 2

Year	Average Members		Change
	Jan-Jun	Jul-Dec	
2016	84,811	78,330	0.92
2017	44,092	39,884	0.90
			-0.02

Category	Base Scenario		Test Scenario		Impact
	Mix	Estimated PMPM	Mix	Estimated PMPM	
Persisting	90%	\$633	92%	\$633	
Lapsing	10%	\$300	8%	\$300	
Total	100%	\$600	100%	\$607	1.1%

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y
1	Unified Rate Review v4.3																								
2																									
3	Company Legal Name:		First Priority Health					State:		PA															
4	HIOS Issuer ID:		83731					Market:		Individual															
5	Effective Date of Rate Change(s):		01/01/2019																						
6																									
7																									
8	Market Level Calculations (Same for all Plans)																								
9																									
10																									
11	Section I: Experience period data																								
12	Experience Period:		01/01/2017		to		12/31/2017																		
13			Experience Period																						
14			Aggregate Amount		PMPM		% of Prem																		
15	Premiums (net of MLR Rebate) in Experience Period:		\$141,810,574		\$564.31		100.00%																		
16	Incurred Claims in Experience Period		\$91,723,116		364.99		64.68%																		
17	Allowed Claims:		\$118,220,332		470.43		83.36%																		
18	Index Rate of Experience Period				\$470.43																				
19	Experience Period Member Months		251,301																						
20	Section II: Allowed Claims, PMPM basis																								
21																									
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Product-Plan Data Collection

Company Legal Name:
HIOS Issuer ID:
Effective Date of Rate Change(s):

First Priority Health
83731
01/01/2019

State: PA
Market: Individual

Product/Plan Level Calculations

Section I: General Product and Plan Information														
Product		my Priority Blue Flex HMO										my Lehigh Valley Flex Blue HMO	ity Blue Major Eve	ority Blue Flex HMC
Product ID:		83731PA006										83731PA007	83731PA008	83731PA009
Metal:		Bronze	Silver	Silver	Gold	Gold	Bronze	Bronze	Silver	Silver	Silver	Gold	Catastrophic	Silver
AV Metal Value		0.640	0.720	0.681	0.792	0.787	0.585	0.585	0.710	0.698	0.718	0.792	0.575	0.660
AV Pricing Value		0.707	0.990	0.010	1.031	0.010	0.661	0.661	1.014	0.802	0.981	1.012	0.598	0.879
Plan Category		Renewing	Renewing	Terminated	Renewing	Terminated	New	New	New	New	Renewing	Renewing	Renewing	Renewing
Plan Type:		HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO
Plan Name		my Priority Blue Flex HMO Bronze 4000	Flex HMO Silver 2100 - 2 Free PCP Visits	my Priority Blue Flex 2750QE	Flex HMO Gold 1000 - 2 Free PCP Visits	my Priority Blue Flex HMO 1700GQE	my Priority Blue Flex HMO Bronze 7900	my Priority Blue Flex HMO Bronze 7900	my Priority Blue Flex HMO Silver 0	Flex HMO Silver 3500 - 2 Free PCP Visits	Flex Blue HMO Silver 1900 - 2 Free PCP Visits	Flex Blue HMO Gold 800 - 2 Free PCP Visits	my Priority Blue Major Events HMO 7900	my Priority Blue Flex HMO Silver 4450 HSA
Plan ID (Standard Component ID):		83731PA0060001	83731PA0060002	83731PA0060003	83731PA0060004	83731PA0060005	83731PA0060010	83731PA0060011	83731PA0060012	83731PA0060013	83731PA0070001	83731PA0070002	83731PA0080001	83731PA0090001
Exchange Plan?		Yes	Yes	No	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes
Historical Rate Increase - Calendar Year - 2		0.00%										0.00%	0.00%	0.00%
Historical Rate Increase - Calendar Year - 1		0.00%										0.00%	0.00%	0.00%
Historical Rate Increase - Calendar Year 0		13.41%										13.11%	0.00%	10.17%
Effective Date of Proposed Rates		01/01/2019	01/01/2019	01/01/2019	01/01/2019	01/01/2019	01/01/2019	01/01/2019	01/01/2019	01/01/2019	01/01/2019	01/01/2019	01/01/2019	01/01/2019
Rate Change % (over prior filing)		2.30%	18.50%	0.00%	1.95%	0.00%	0.00%	-4.40%	0.00%	-3.99%	17.18%	2.01%	3.48%	6.48%
Cum'tive Rate Change % (over 12 mos prior)		2.30%	18.50%	0.00%	1.95%	0.00%	0.00%	-4.40%	0.00%	-3.99%	17.18%	2.01%	3.48%	6.48%
Proj'd Per Rate Change % (over Exper. Period)		32.78%	45.32%	-100.00%	25.81%	-100.00%	#DIV/0!	24.08%	#DIV/0!	#DIV/0!	45.77%	25.74%	#DIV/0!	#DIV/0!
Product Rate Increase %		7.51%										3.17%	3.48%	6.48%

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

Plan ID (Standard Component ID):	Total	83731PA0060001	83731PA0060002	83731PA0060003	83731PA0060004	83731PA0060005	83731PA0060010	83731PA0060011	83731PA0060012	83731PA0060013	83731PA0070001	83731PA0070002	83731PA0080001	83731PA0090001
Inpatient	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Outpatient	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professional	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Prescription Drug	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capitation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Administration	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Taxes & Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Risk & Profit Charge	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Rate Increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Member Cost Share Increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Average Current Rate PMPM	\$691.56	\$566.13	\$684.15		\$828.36			\$566.13		\$684.17	\$685.10	\$812.41	\$473.15	\$675.61
Projected Member Months	170,628	41,172	47,280	0	50,688	0	1,200	1,296	1,200	5,016	624	6,324	336	15,492

Section III: Experience Period Information

Plan ID (Standard Component ID):	Total	83731PA0060001	83731PA0060002	83731PA0060003	83731PA0060004	83731PA0060005	83731PA0060010	83731PA0060011	83731PA0060012	83731PA0060013	83731PA0070001	83731PA0070002	83731PA0080001	83731PA0090001
Plan Adjusted Index Rate	\$538.99	\$432.94	\$553.74	\$555.51	\$666.29	\$657.32	\$0.00	\$432.94	\$0.00	\$0.00	\$546.66	\$654.22	\$0.00	\$0.00
Member Months	251,301	74,587	90,819	17,155	31,466	16,477	0	3,959	0	0	11,052	5,786	0	0
Total Premium (TP)	\$141,810,574	\$34,522,499	\$54,099,635	\$10,382,594	\$20,484,125	\$10,870,484	\$0	\$1,745,703	\$0	\$0	\$6,329,731	\$3,375,803	\$0	\$0
EHB Percent of TP, [see instructions]	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Allowed Claims (TAC)	\$118,220,332	\$17,354,655	\$46,060,475	\$9,637,753	\$19,969,234	\$13,418,057	\$0	\$1,408,797	\$0	\$0	\$5,870,996	\$4,500,365	\$0	\$0
EHB Percent of TAC, [see instructions]	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TAC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Allowed Claims which are not the issuer's obligation:														
Portion of above payable by HHS's funds on behalf of insured person, in dollars	\$26,496,881	\$5,857,356	\$10,352,020	\$2,534,317	\$3,318,083	\$2,170,940	\$0	\$408,774	\$0	\$0	\$1,219,573	\$635,819	\$0	\$0
Portion of above payable by HHS on behalf of insured person, as %	\$4,088,965	\$0	\$3,752,883	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$336,083	\$0	\$0	\$0
Total Incurred claims, payable with issuer funds	\$91,723,451	\$11,497,299	\$35,708,435	\$7,103,436	\$16,651,151	\$11,247,117	\$0	\$1,000,023	\$0	\$0	\$4,651,423	\$3,864,546	\$0	\$0
Net Amt of Rein	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Risk Adjustment Transfer Amount	-\$18,082,891.35	-\$16,442,776.74	-\$3,482,939.46	\$373,405.11	\$488,955.61	\$2,136,667.43	\$0.00	-\$710,773.60	\$0.00	\$0.00	-\$1,046,766.91	\$601,337.21	\$0.00	\$0.00
Incurred Claims PMPM	\$364.99	\$154.15	\$393.18	\$414.07	\$529.18	\$682.59	#DIV/0!	\$252.59	#DIV/0!	#DIV/0!	\$420.87	\$667.91	#DIV/0!	#DIV/0!
Allowed Claims PMPM	\$470.43	\$232.68	\$507.17	\$561.80	\$634.63	\$814.35	#DIV/0!	\$355.85	#DIV/0!	#DIV/0!	\$531.22	\$777.80	#DIV/0!	#DIV/0!
EHB portion of Allowed Claims, PMPM	\$470.43	\$232.68	\$507.17	\$561.80	\$634.63	\$814.35	#DIV/0!	\$355.85	#DIV/0!	#DIV/0!	\$531.22	\$777.80	#DIV/0!	#DIV/0!

Section IV: Projected (12 months following effective date)

Plan ID (Standard Component ID):	Total	83731PA0060001	83731PA0060002	83731PA0060003	83731PA0060004	83731PA0060005	83731PA0060010	83731PA0060011	83731PA0060012	83731PA0060013	83731PA0070001	83731PA0070002	83731PA0080001	83731PA0090001
Plan Adjusted Index Rate	\$742.73	\$574.86	\$804.70	\$0.00	\$838.27	\$0.00	\$537.20	\$537.20	\$824.19	\$651.98	\$796.89	\$822.61	\$486.00	\$714.08
Member Months	170,628	41,172	47,280	-	50,688	-	1,200	1,296	1,200	5,016	624	6,324	336	15,492
Total Premium (TP)	\$126,729,892	\$23,668,299	\$38,046,080	\$0	\$42,489,979	\$0	\$644,646	\$696,217	\$989,032	\$3,270,339	\$497,256	\$5,202,214	\$163,295	\$11,062,537
EHB Percent of TP, [see instructions]	100.00%	100.00%	100.00%	0.00%	100.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TP	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Allowed Claims (TAC)	\$105,513,128	\$24,508,749	\$28,989,042	\$0	\$32,587,278	\$0	\$714,333	\$771,479	\$735,762	\$3,075,487	\$382,596	\$4,065,695	\$184,012	\$9,498,694
EHB Percent of TAC, [see instructions]	100.00%	100.00%	100.00%	0.00%	100.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TAC	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Allowed Claims which are not the issuer's obligation	\$24,244,850	\$8,249,036	\$7,208,209	\$0	\$3,397,396	\$0	\$271,472	\$293,190	\$169,556	\$828,821	\$97,924	\$491,864	\$71,831	\$3,165,550
Portion of above payable by HHS's funds on behalf of insured person, in dollars	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Portion of above payable by HHS on behalf of insured person, as %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Incurred claims, payable with issuer funds	\$81,268,278	\$16,259,713	\$21,780,833	\$0	\$29,189,882	\$0	\$442,860	\$478,289	\$566,206	\$2,246,667	\$284,672	\$3,573,831	\$112,181	\$6,333,143
Net Amt of Rein	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Risk Adjustment Transfer Amount	-\$22,099,969	-\$4,421,641	-\$5,923,046	\$0	-\$7,937,851	\$0	-\$120,431	-\$130,065	-\$153,973	-\$610,955	-\$77,413	-\$971,862	-\$30,506	-\$1,722,225
Incurred Claims PMPM	\$476.29	\$394.92	\$460.68	#DIV/0!	\$575.87	#DIV/0!	\$369.05	\$369.05	\$471.84	\$447.90	\$456.21	\$565.12	\$333.87	\$408.80
Allowed Claims PMPM	\$618.38	\$595.28	\$613.14	#DIV/0!	\$642.90	#DIV/0!	\$595.28	\$595.28	\$613.14	\$613.14	\$613.14	\$642.90	\$547.65	\$613.14
EHB portion of Allowed Claims, PMPM	\$618.38	\$595.28	\$613.14	#DIV/0!	\$642.90	#DIV/0!	\$595.28	\$595.28	\$613.14	\$613.14	\$613.14	\$642.90	\$547.65	\$613.14

Part II of the Preliminary Justification

First Priority Health – Individual Market

Scope and Range:

First Priority Health (FPH) is requesting an average rate increase of 7.2% ranging from 2.0% to 18.5% for the 2019 ACA-qualifying individual products with effective dates from January 1, 2019 to December 31, 2019. This is projected to affect 13,493 members.

These premium rates are being set at a level that is required to adequately cover rising costs, primarily due to increasing medical and pharmacy services in the Individual market.

Historical Financial Experience:

FPH experienced an unanticipated financial gain in its Individual ACA programs in 2017 following several years of significant losses in this region.

Change in Medical Service Costs:

The projected average cost of medical care for the projected population is expected to increase. The increase will emerge in utilization and average cost per service, and is spread across all types of services.

Change in Benefits and Cost Sharing:

Some cost sharing parameters were changed in order to maintain compliance with Federal AV requirements. Additionally, some out of pocket maximum parameters were changed to keep up with the rising cost of health care. These out of pocket maximum changes also aided in mitigating the rate increase.

Administrative Costs and Anticipated Operating Results:

The anticipated administrative costs and operating results are not excessive or unreasonable. In accordance with regulations, the projected medical loss ratio is over 80%.

Part III Actuarial Memorandum
First Priority Health
Individual Rate Filing
Effective January 1, 2019

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I. General Information

Document Overview

This document contains the Part III Actuarial Memorandum for First Priority Health's (FPH) individual block of business rate filing, for products with an effective date of January 1, 2019. This actuarial memorandum is submitted in conjunction with the Part I Unified Rate Review Template.

The purpose of the actuarial memorandum is to provide certain information related to the submission, including support for the values entered into the Part I Unified Rate Review Template, which supports compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes.

This information is intended for use by the Pennsylvania Insurance Department, the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of FPH's rate filing. However, we recognize that this certification may become a public document. FPH makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this actuarial memorandum that would result in the creation of any duty or liability under any theory of law by FPH.

The results are actuarial projections. Actual experience is likely to differ for a number of reasons, including population changes, claims experience, and random deviations from assumptions.

I.1 Company Identifying Information:

- Company Legal Name: First Priority Health
- State: The Commonwealth of Pennsylvania has regulatory authority over these policies.
- HIOS Issuer ID: 83731
- Market: Individual
- Effective Date: January 1, 2019

I.2 Company Contact Information:

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

II. Proposed Rate Increase(s)

For all rate increases by plan see the 'Cumulative Rate Change % (over 12 mos prior)' found in Worksheet 2 Row 27 of the URRT. The rate increase varies by plan due to an update in several of our pricing factors and changes in cost sharing required to meet Actuarial Value and other cost sharing restrictions under the Affordable Care Act as well as mappings between discontinued and new plans.

The primary drivers of the rate increase are increasing medical and pharmacy services in the Individual market.

In accordance with the filing instructions specified by the Pennsylvania Insurance Department, the rate development in this filing is based on certain assumptions we have had to make at this point in time. In accordance with the Department's guidance, we have assumed that the ACA health insurance coverage mandate will be eliminated, and that cost sharing reduction (CSR) payments will remain ceased for 2019. In prior versions we included an assumed load for expected adverse selection due to the Short Term Limited Durational Insurance market expansion based on HHS recently proposed rule modifying federal requirements for this market. The company has chosen to remove the STLDI load from the rate development at this time, however, forthcoming guidance and the ongoing filing review process may make it necessary to revisit this assumption. Additional assumptions include that advance payment of premium credits (APTCs) will continue until the end of 2019, there will be no significant changes in legislation, regulations or otherwise (i.e. rules, regulatory guidance, etc.) impacting the ACA market, and all Pennsylvania QHP issuers currently participating on the Marketplace will continue to do so throughout 2019. In addition, there are other uncertainties that may directly or indirectly affect an already unstable insurance market and ultimately, rates. If any of these assumptions are ultimately incorrect or additional developments occur that similarly have a detrimental impact to the market, modifications to the rate development may be necessary. As a result, FPH reserves the right to submit a revised filing.

III. Experience Period Premium and Claims

III.1 Paid through Date:

Experience Period claims were based on incurred calendar year 2017, paid through February 2018. This includes 2017 experience in Affordable Care Act compliant plans. FPH did not offer any transitional plans in 2017.

III.2 Premiums (net of MLR Rebate) in Experience Period:

The premiums shown for the experience period were based on calendar year 2017 actual revenues.

Based on preliminary information for calendar year 2017, no MLR rebates are anticipated to be refunded to enrollees. Therefore, we did not include an adjustment for MLR rebates in the 2017 premium amounts.

III.3 Allowed and Paid Claims Incurred During the Experience Period:

- **Historical Experience:** We chose FPH's current experience for the individual block of business for the period January 1, 2017 through December 31, 2017, with claims paid through February, 2018 as the basis for the 2019 projected individual market pricing.
- **Claims Incurred During the 12-month Experience Period:** Worksheet 1, Section 1 shows our best estimate of the amount of claims that were incurred during the 12-month experience period for FPH's individual book-of-business. This section includes:
 - The amount of claims which were processed through Company's claims system,
 - Claims processed outside of the Company's claims system, and
 - Our best estimate of claims incurred but not paid as of the paid through date stated above.
- **Method for Determining Allowed Claims:** For non-capitated claims, the allowed charges are summarized from FPH's detailed claim-level historical data. This experience includes 2017 claims for Affordable Care Act compliant business. For capitated and other off-system claims, historical capitations and experience were tabulated and added to the claims.
- **Paid Claims:** We also summarized the paid claims from detailed member records. The paid-to-allowed ratio for the experience period reflects the 2017 plan designs chosen by each member.
- **Incurred but Not Paid (IBNR) Claims Estimate:** FPH is using a completion factor of 0.969 to include IBNR claims in allowed charges. The IBNR completion factor was developed using our corporate reserving system for FPH's individual business. We applied it equally to both paid and allowed total claims (as a change to utilization) to complete the experience.

IV. Benefit Categories

Historical cost and utilization data was summarized at the defined benefit categories included in Worksheet 1, Section II of the URRT. This data was used to allocate total claims into its components on the URRT.

The data provided in this section closely adheres to the preferred definitions of the Benefit Categories included in the URRT instructions, including the "Other Medical" category. The "Other Medical" category units reflect visits for PDN/home health, trips for ambulance and procedures for DME/prosthetics. Prescription drugs utilization were converted to a "per 30-day" script count.

V. Projection Factors

V.1 Changes in the Morbidity of the Population Insured

We applied an adjustment of approximately 3.2% to reflect the anticipated changes in the average morbidity of the covered population (beyond allowable rating factors). This morbidity adjustment reflects multiple changes including blending of the ACA business with new members from multiple sources including uninsured and the employer markets.

Impact of Health Insurance Coverage Mandate

In accordance with the Department's guidance, the morbidity factor was increased by 6.0% to reflect the market uncertainty from the elimination of the health insurance coverage mandate. This deterioration is reflected in the filing by multiplying the original morbidity factor of 3.2% by 6.0% to arrive at a final morbidity factor of 9.4%.

V.2 Changes in Benefits

All known benefit changes pertained to changes in cost sharing which are captured in the paid to allowed ratio discussed in Section VIII.

V.3 Changes in Demographics

We project that the average rating factor (age, tobacco load and area combined) will increase by about 2.7% due to the change in the population. This is primarily due to the expectation that the new members from the group and/or uninsured populations to be slightly older than the population in the underlying experience. This increases the projected allowed claims (utilization) by the same amount.

V.4 Trend Factors (cost/utilization)

This development of the CY2019 rates reflects an annual trend rate of 8.5% (5% cost, 3.3% utilization). These trends reflect FPH's expectations regarding increases in in-network contractual reimbursement and out-of-network costs. These estimates measure and normalize for benefit leverage, population aging, and historical changes for fee schedules, as well as company-wide utilization management programs, and external trend drivers.

The trend represents a blended average for all types of service and is applied to the aggregate experience for pricing. These trends represent assumed community-wide expectations. Claim variations due to the specific projected enrolled population in this single risk pool are reflected in the morbidity adjustment.

Please note that while the underlying utilization trend is expected to be 3.3%, FPH has included the anticipated change in utilization due to cost sharing requirements in the utilization trend column as instructed. The utilization adjustment is 0.37% per year. This brings the final utilization trend to 3.7% as found in the URRT.

VI. Credibility Manual Rate Development

VI.1 Source and Appropriateness of Experience Data Used

FPH's individual experience is fully credible. No manual rate is developed or used in this projection. The Credibility Manual section of the URRT has been populated with zeroes to allow for finalization of the URRT Workbook.

VII. Credibility of Experience

The experience is from FPH's individual book of business in 2017. It is large enough to be fully credible. Our results are based 100% on the experience rate, as adjusted.

VIII. Paid to Allowed Ratio

The paid to allowed ratio of 0.770 is a weighted average of the 2019 plan level paid to allowed ratios. Plan level paid to allowed factors were developed using an internal model based on FPH individual claims experience.

IX. Risk Adjustment and Reinsurance

IX.1 Projected Risk Adjustments PMPM:

The estimated average risk score for FPH's projected 2019 population was developed by using FPH's 2017 claim diagnoses and the risk adjustment coefficients as finalized in the Notice of Benefit and Payment Parameters. Similarly, allowable rating factors, actuarial value factors, and induced demand factors were estimated for FPH based upon its projected 2019 population.

We estimated the statewide average risk transfer factors based on current market assumptions. We estimated the statewide average premium using current market premium assumptions with adjustments for anticipated rate changes for 2019.

The actual calculation of the risk transfer followed the risk transfer methodology as prescribed.

The analysis resulted in FPH paying into the risk adjustment pool. This value is reflected in worksheet 1 net of the risk adjuster fee (\$0.15 PMPM) consistent with the single risk pool regulations.

X. Non-Benefit Expenses and Profit & Risk

X.1 Administrative Expense Load:

The proposed rates reflect internal administrative costs including quality improvement administrative expenses. This cost was developed based on standard expense allocation methods.

X.2 Profit (or Contribution to Surplus) & Risk Margin:

FPH has voluntarily refrained from including a risk and contingency factor in this filing. By this voluntary restraint, FPH is not waiving any right to include a risk and contingency factor which FPH believes is consistent with historical and legal interpretations of FPH and the Pennsylvania Insurance Department.

X.3 Taxes and Fees:

The following fees were added:

- \$0.16 Per Member Per Month for the Patient Centered Outcomes Research Fee.
- 0.0% for the Health Insurance Provider Fee
- 0.0% for the Pennsylvania Premium Tax
- 3.5% Exchange Fee x 82% assumed on exchange percentage (= 2.9% included in the single risk pool base rate)

XI. Projected Loss Ratio

The anticipated medical loss ratio is about 90.0% relative to total premium less taxes and fees. This loss ratio is calculated consistently with the federally prescribed MLR methodology.

XII. Single Risk Pool

As described above, the base experience used includes all FPH individual members in accordance with the Single Risk Pool regulations. The projected membership and their corresponding premiums and claims only include those members who will be enrolled in a fully FPH ACA-compliant plan in 2019.

XIII. Index Rate

Please see Exhibit I for the numerical development of the projected index rate. The index rates as shown on Worksheet 1 of the URRT are simply the average allowed claims for the Essential Health Benefits for the experience and projected populations, respectively, for FPH.

For the experience period, only non-grandfathered plans are included. The projection period Index Rate is not adjusted for reinsurance or risk adjustment programs or any other fee.

XIV. Market Adjusted Index Rate

Please see Exhibit I for a numerical demonstration of the Market Adjusted Index Rate development. The Market Adjusted Index Rate is the Index Rate further adjusted for risk adjustment, reinsurance, and the exchange fee. The Risk Adjustment factor is developed by taking one minus the expected risk transfer (net of the fee) and dividing by the projected incurred claims before reinsurance and risk adjustment. The Federal Reinsurance Program factor is developed by taking one minus the expected reinsurance recovery (net of the reinsurance premium) and dividing by the projected incurred claims, before reinsurance recoveries, net of reinsurance premium. The Exchange User Fee factor is developed by adding the expected average exchange fee PMPM and the projected incurred claims after risk adjuster and reinsurance, then dividing by the projected incurred claims after risk adjuster and reinsurance. These adjustments were developed as factors in accordance with the Part III instructions.

XV. Plan Adjusted Index Rates

A Plan Adjusted Index Rate is developed by taking the Market Adjusted Index Rate and adding a plan's actuarial value, relative benefit richness, relative network, any non EHB benefits, and retention. Please see Exhibit II for the development of the Plan Adjusted Index Rate for each plan.

XVI. Calibration

XVI.1 Age Curve Calibration:

The projected weighted average age factor for billable members is 1.904. This factor is calculated by dividing the all members age factor of 1.903 by the ratio of billable members to total members (0.999). Each Plan Adjusted Index Rate represents the rate for an average member with an age factor of 1.904. Please note that no member will pay these rates because the age factor of 1.904 is not found on the HHS Age Curve. It only represents the average age factor of the projected population. The nearest age to that factor is for age 51, which has a factor of 1.865. Please see Exhibit I for the development of the calibration factor.

XVI.2 Geographic Factor Calibration:

The projected weighted average geographic factor is 1.0. Each Plan Adjusted Index Rate represents the rate for an average member with a geographic factor of 1.0. Please see Exhibit I for the development of the calibration factor.

XVI.3 Tobacco Factor Calibration:

The projected weighted average tobacco factor is 1.012. Each Plan Adjusted Index Rate represents the rate for an average member with a tobacco factor of 1.012. Please see Exhibit I for the development of the calibration factor.

XVII. Consumer Adjusted Premium Rate Development

The plan adjusted index rate represents the rate for an average age and average geographic member with a mix of tobacco users and non-tobacco users. Multiplying by the Combined Calibration Factor found in Exhibit I results in the value for a 51 year old non-tobacco user in a 1.0 geographical area. The standard HHS Age Curve along with the filed tobacco factors and geography factors can be used to calculate any rate found in the QHP rate template.

XVIII. AV Metal Values

The AV Metal Values included in Worksheet 2 of the Part I Unified Rate Review Template were based the Federal AV Calculator. Some plans did require an adjustment to the inputs entered into the AV calculator. Screen shots and certifications for these plans were submitted as part of FPH's QHP application.

XIX. AV Pricing Values

Please see Exhibit II for the portion of each AV pricing value that is attributable to each of the allowable modifiers. The utilization due to differences in cost sharing is based on the factors adopted by the risk adjustment methodology. No differences due to health status are in these adjustments.

Impact of Non-Payment of Cost Sharing Reduction Subsidies

In accordance with the Department's guidance, we have applied an additional adjustment to our AV pricing values for those Silver plans not offered exclusively off-exchange. This adjustment factor was 1.20 and represents the non-payment of Cost Sharing Reduction subsidies. Consistent with the Department's guidance, this adjustment factor was reflected in Column (v) of Exhibit II for the impacted plans.

XX. Membership Projections

Membership projections reflect FPH's expectations for 2019. These projections reflect expected changes in market share due to market competition and changes in FPH's plan offerings.

FPH expects membership in 2019 to follow a similar metal level distribution as the Individual ACA experience period in the markets where plans will continue to be offered.

For the Silver level plans, the projected membership by cost sharing subsidy levels is based on the observed distribution of ACA members that were eligible under the federal poverty levels as determined by the federal health insurance exchange. The projected enrollment by plan and subsidy level is as follows:

CSR Silver Plan Membership Distribution			
FPL	Subsidy Level	% of Silver Membership	% of Total Membership
<150%	94%	31.5%	10.4%
150%-200%	87%	41.0%	13.6%
200%-250%	73%	8.1%	2.7%
>250%	70%	19.3%	6.4%
Total		100.0%	33.0%

XXI. Terminated Plans and Products

Plans in the 2017 experience period that will no longer be available in 2019 can be found in Exhibit III.

FPH also has some plans that were offered only in 2018 (not offered in the experience period or in the projection period). For one of these plans, some members will be mapped to a renewing plan and others will be mapped to a new plan, depending on whether the members are currently on or off the exchange. These plans are shown in Exhibit III. In instances where there are multiple plans being mapped to a single HIOS ID, the increases are weighted by the mapped members and the experience period information is populated with zeros.

XXII. Plan Type

The Plan types listed in Worksheet 2, Section I of the Part I Unified Rate Review Template describe FPH's plans adequately.

XXIII. Warning Alerts

Section IV – Total Premium does not match Worksheet 1: In accordance with the Department's guidance, we have applied an additional adjustment to our AV pricing values for those Silver plans not offered exclusively off-exchange. This adjustment factor was 1.20 and represents the non-payment of Cost Sharing Reduction subsidies. Consistent with the Department's guidance, this adjustment factor was reflected in Column (v) of Exhibit II for the impacted plans. Column (v) pertains to specific eligibility, which is not captured on Worksheet 1 of the URRT and thus creates the variance shown in Section IV.

XXIV. Actuarial Certification

I, [REDACTED], am a member of the American Academy of Actuaries and meet its qualification standards for actuaries issuing statements of actuarial opinions in the United States. This filing is prepared to accompany FPH's rate filing for the individual combined market on and off the Pennsylvania Exchange.

I hereby certify that the projected index rate is, to the best of my knowledge and understanding:

- In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1) and 147.102),
- Developed in compliance with the applicable Actuarial Standards of Practice
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Neither excessive nor deficient.

I certify that the index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates. The allowable modifiers used to generate plan-level rates were:

- The actuarial value and cost-sharing design of the plan.
- The plan's provider network, delivery system characteristics, and utilization management practices.
- The benefits provided under the plan that are in addition to the essential health benefits. These estimated benefits were pooled with similar benefits within the single risk pool and the claims experience from those benefits was utilized to determine rate variations.
- Administrative costs, excluding Exchange user fees.
- With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans.

I certify that 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.

I certify that the benefits included in FPH's plans are substantially equivalent to the Essential Health Benefits (EHBs) in the Commonwealth of Pennsylvania's benchmark plans. I certify that any benefit substitutions are:

- Actuarially equivalent to the benefits being replaced,
- Are made within only the same essential health benefit category,

- Are based on a standardized plan population,
- Are determined regardless of cost-sharing,
- Are not prescription drug benefits, and
- Are based on an analysis performed in accordance with generally accepted actuarial principles and methodologies.

I certify that 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. The AV Metal Values included in Worksheet 2 of the Part I Unified Rate Review Template were based on the Federal AV Calculator. If any adjustments were required outside of the AV Calculator, appropriate certification has been provided to CMS through the QHP application process.

I certify that the geographic rating reflect only differences in the costs of delivery (which can include unit cost and provider-practice pattern differences) and do not include differences for population morbidity by geographic area.

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

Signed:



Title:



Date: August 7, 2018

Exhibit I
First Priority Health

Market Adjusted Index Rate Development

2019 Projected Period Average Members	14,219
2019 Projected Allowed Claims	\$618.47
Non-EHB	\$0.00
2019 Index Rate (Allowed Claims for EHB Only)	\$618.47
Market-Wide Adjustment	
Risk Adjustment (Net of Risk Adjuster Fee)	1.272
Transitional Reinsurance Program (Net of Reinsurance Premium)	1.000
Exchange User Fee	1.033
2019 Market Adjusted Index Rate	\$812.69
Calibration	
Calibration from Plan Adjusted Index Rate to Age 51, 1.0 Area, Non-Smoker	
(a) Average Age Factor	1.904
(b) Age 51 (Nearest Age on HHS Age Curve) Age Factor	1.865
(c) Average Geographic Factor	1.000
(d) Average Tobacco Load Factor	1.012
Combined Calibration Factor $1/[(a/b)*c*d]$	0.968

Exhibit II

First Priority Health

Unified Rate Review Template (URRT) AV Pricing Value Development
Market Adjusted Index Rate PMPM = \$812.69

HIOS Plan ID	Exchange Status	Metal Level	Plan Design/Marketing Name	Plan Adjusted Index Rate	AV Value	Portion of URRT AV Pricing Value ⁽¹⁾				
						(i)	(ii)	(iii)	(iv)	(v)
83731PA0060001	On/Off	Bronze	my Priority Blue Flex HMO Bronze 4000	\$574.86	0.707	0.639	1.000	1.000	1.108	1.000
83731PA0060002	On/Off	Silver	my Priority Blue Flex HMO Silver 2100 - 2 Free PCP Visits	\$804.70	0.990	0.745	1.000	1.000	1.108	1.200
83731PA0060004	On/Off	Gold	my Priority Blue Flex HMO Gold 1000 - 2 Free PCP Visits	\$838.27	1.031	0.931	1.000	1.000	1.108	1.000
83731PA0060010	On/Off	Bronze	my Priority Blue Flex HMO Bronze 7900	\$537.20	0.661	0.597	1.000	1.000	1.108	1.000
83731PA0060011	Off	Bronze	my Priority Blue Flex HMO Bronze 7900	\$537.20	0.661	0.597	1.000	1.000	1.108	1.000
83731PA0060012	On/Off	Silver	my Priority Blue Flex HMO Silver 0	\$824.19	1.014	0.763	1.000	1.000	1.108	1.200
83731PA0060013	Off	Silver	my Priority Blue Flex HMO Silver 3500 - 2 Free PCP Visits	\$651.98	0.802	0.724	1.000	1.000	1.108	1.000
83731PA0070001	On/Off	Silver	my Lehigh Valley Flex Blue HMO Silver 1900 - 2 Free PCP Visits	\$796.89	0.981	0.738	1.000	1.000	1.108	1.200
83731PA0070002	On/Off	Gold	my Lehigh Valley Flex Blue HMO Gold 800 - 2 Free PCP Visits	\$822.61	1.012	0.914	1.000	1.000	1.108	1.000
83731PA0080001	On/Off	Catastrophic	my Priority Blue Major Events HMO 7900	\$486.00	0.598	0.587	1.000	1.000	1.108	0.920
83731PA0090001	On/Off	Silver	my Priority Blue Flex HMO Silver 4450 HSA	\$714.08	0.879	0.661	1.000	1.000	1.108	1.200

⁽¹⁾ Permitted Plan-Level Adjustments to the Index Rate as prescribed in 45 CFR Part 156, §156.80(d)(2):

- (i) The actuarial value and cost-sharing design of the plan.
- (ii) The plan's provider network, delivery system characteristics, and utilization management practices.
- (iii) The benefits provided under the plan that are in addition to the essential health benefits.
- (iv) Administrative costs, excluding Exchange user fees.
- (v) With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans.

Exhibit III
First Priority Health

Terminated Experience Period Plans

HIOS ID	Metal	Plan Name	2019 Mapping
83731PA0060003	Silver	my Priority Blue Flex 2750QE	NA
83731PA0060005	Gold	my Priority Blue Flex HMO 1700GQE	NA
83731PA0060006	Bronze	my Priority Blue Flex HMO 6800B	83731PA0060011

Terminated Plans Offered in 2018 Only

HIOS ID	Metal	Plan Name	2019 Mapping
83731PA0060009	Silver	my Priority Blue Flex HMO 6900S	83731PA0060002 & 83731PA0060013
83731PA0090002	Bronze	my Priority Blue Flex HMO 6200BQE	83731PA0090001

ACTUARIAL MEMORANDUM

First Priority Health

Revised Individual Rate Filing - January 1, 2019

I, [REDACTED] am a member of the American Academy of Actuaries and meet its qualification standards for preparing individual rate filings. As a consulting actuary, I was requested by First Priority Health ("FPH") to review the development of the market-wide base rate for the individual market on and off the Pennsylvania Exchange. The confidential material presented in this revised filing was prepared for the specific purpose of submitting the rating formula for the Pennsylvania Insurance Department and may not be appropriate for other purposes. This filing represents premium rates for individuals sold or renewed effective January 1, 2019. The rates are guaranteed until December 31, 2019.

To the best of my knowledge and judgment, the following are true with respect to this filing:

1. Premium rates are established in accordance with generally accepted actuarial principles and the applicable Actuarial Standards of Practice. They are not excessive, inadequate, or unfairly discriminatory. Rates are reasonable in relationship to the benefits provided. However, it is certain that actual experience will not conform exactly to the assumptions used in this analysis. To the extent that actual experience is different from the assumptions used in developing the rates, the actual results will also deviate from the projected amounts.
2. In compliance with all applicable Pennsylvania and Federal Statutes and Regulations (45 CFR 156.80 and 147.102).
3. The rating factors and rating methodology are reasonable and consistent with FPH's business plan at the time of the filing.

[REDACTED]

[REDACTED]
Fellow, Society of Actuaries
Member, American Academy of Actuaries
August 7, 2018

83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	21	338.38	346.84
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	22	338.38	346.84
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	23	338.38	346.84
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	24	338.38	346.84
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	25	339.73	348.22
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	26	346.50	355.16
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	27	354.62	363.49
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	28	367.82	377.02
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	29	378.65	388.12
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	30	384.06	393.66
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	31	392.18	401.98
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	32	400.30	410.31
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	33	405.38	415.51
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	34	410.79	421.06
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	35	413.50	423.84
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	36	416.21	426.62
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	37	418.91	429.38
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	38	421.62	432.16
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	39	427.04	437.72
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	40	432.45	475.70
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	41	440.57	486.83
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	42	448.35	498.57
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	43	459.18	514.74
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	44	472.72	535.12
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	45	488.62	559.47
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	46	507.57	588.78
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	47	528.89	622.50
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	48	553.25	661.69
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	49	577.28	702.55
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	50	604.35	740.33
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	51	631.08	773.07
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	52	660.52	809.14
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	53	690.30	845.62
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	54	722.44	884.99
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	55	754.59	924.37
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	56	789.44	967.06
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	57	824.63	1010.17
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	58	862.19	1056.18
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	59	880.80	1078.98
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	60	918.36	1124.99
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	61	950.85	1164.79
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	62	972.17	1190.91
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	63	998.90	1223.65
83731PA0060013 Rating Area 3	Tobacco User/Non-Tobacco User	64 and over	1015.14	1243.55
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	0-14	316.39	316.39
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	15	344.51	344.51
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	16	355.27	355.27
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	17	366.02	366.02
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	18	377.60	377.60
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	19	389.18	389.18
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	20	401.17	401.17
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	21	413.58	423.92
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	22	413.58	423.92
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	23	413.58	423.92
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	24	413.58	423.92

83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	25	415.23	425.61
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	26	423.51	434.10
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	27	433.43	444.27
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	28	449.56	460.80
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	29	462.80	474.37
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	30	469.41	481.15
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	31	479.34	491.32
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	32	489.27	501.50
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	33	495.47	507.86
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	34	502.09	514.64
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	35	505.39	518.02
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	36	508.70	521.42
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	37	512.01	524.81
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	38	515.32	528.20
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	39	521.94	534.99
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	40	528.56	581.42
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	41	538.48	595.02
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	42	547.99	609.36
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	43	561.23	629.14
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	44	577.77	654.04
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	45	597.21	683.81
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	46	620.37	719.63
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	47	646.43	760.85
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	48	676.20	808.74
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	49	705.57	858.68
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	50	738.65	904.85
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	51	771.33	944.88
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	52	807.31	988.95
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	53	843.70	1033.53
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	54	882.99	1081.66
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	55	922.28	1129.79
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	56	964.88	1181.98
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	57	1007.89	1234.67
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	58	1053.80	1290.91
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	59	1076.55	1318.77
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	60	1122.46	1375.01
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	61	1162.16	1423.65
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	62	1188.22	1455.57
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	63	1220.89	1495.59
83731PA0070001 Rating Area 3	Tobacco User/Non-Tobacco User	64 and over	1240.74	1519.91
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	0-14	326.60	326.60
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	15	355.63	355.63
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	16	366.73	366.73
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	17	377.83	377.83
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	18	389.79	389.79
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	19	401.74	401.74
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	20	414.12	414.12
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	21	426.93	437.60
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	22	426.93	437.60
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	23	426.93	437.60
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	24	426.93	437.60
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	25	428.64	439.36
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	26	437.18	448.11
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	27	447.42	458.61
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	28	464.07	475.67

83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	29	477.73	489.67
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	30	484.57	496.68
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	31	494.81	507.18
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	32	505.06	517.69
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	33	511.46	524.25
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	34	518.29	531.25
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	35	521.71	534.75
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	36	525.12	538.25
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	37	528.54	541.75
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	38	531.95	545.25
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	39	538.79	552.26
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	40	545.62	600.18
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	41	555.86	614.23
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	42	565.68	629.04
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	43	579.34	649.44
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	44	596.42	675.15
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	45	616.49	705.88
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	46	640.40	742.86
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	47	667.29	785.40
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	48	698.03	834.84
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	49	728.34	886.39
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	50	762.50	934.06
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	51	796.22	975.37
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	52	833.37	1020.88
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	53	870.94	1066.90
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	54	911.50	1116.59
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	55	952.05	1166.26
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	56	996.03	1220.14
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	57	1040.43	1274.53
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	58	1087.82	1332.58
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	59	1111.30	1361.34
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	60	1158.69	1419.40
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	61	1199.67	1469.60
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	62	1226.57	1502.55
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	63	1260.30	1543.87
83731PA0070002 Rating Area 3	Tobacco User/Non-Tobacco User	64 and over	1280.79	1568.97
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	0-14	192.96	192.96
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	15	210.11	210.11
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	16	216.67	216.67
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	17	223.22	223.22
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	18	230.29	230.29
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	19	237.35	237.35
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	20	244.66	244.66
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	21	252.23	258.54
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	22	252.23	258.54
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	23	252.23	258.54
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	24	252.23	258.54
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	25	253.24	259.57
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	26	258.28	264.74
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	27	264.34	270.95
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	28	274.17	281.02
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	29	282.25	289.31
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	30	286.28	293.44
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	31	292.33	299.64
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	32	298.39	305.85

83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	33	302.17	309.72
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	34	306.21	313.87
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	35	308.23	315.94
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	36	310.24	318.00
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	37	312.26	320.07
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	38	314.28	322.14
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	39	318.31	326.27
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	40	322.35	354.59
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	41	328.40	362.88
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	42	334.20	371.63
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	43	342.28	383.70
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	44	352.37	398.88
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	45	364.22	417.03
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	46	378.35	438.89
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	47	394.24	464.02
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	48	412.40	493.23
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	49	430.30	523.68
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	50	450.48	551.84
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	51	470.41	576.25
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	52	492.35	603.13
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	53	514.55	630.32
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	54	538.51	659.67
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	55	562.47	689.03
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	56	588.45	720.85
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	57	614.68	752.98
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	58	642.68	787.28
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	59	656.55	804.27
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	60	684.55	838.57
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	61	708.77	868.24
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	62	724.66	887.71
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	63	744.58	912.11
83731PA0080001 Rating Area 3	Tobacco User/Non-Tobacco User	64 and over	756.69	926.95
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	0-14	283.51	283.51
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	15	308.71	308.71
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	16	318.35	318.35
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	17	327.98	327.98
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	18	338.36	338.36
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	19	348.73	348.73
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	20	359.48	359.48
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	21	370.60	379.87
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	22	370.60	379.87
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	23	370.60	379.87
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	24	370.60	379.87
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	25	372.08	381.38
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	26	379.49	388.98
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	27	388.39	398.10
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	28	402.84	412.91
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	29	414.70	425.07
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	30	420.63	431.15
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	31	429.53	440.27
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	32	438.42	449.38
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	33	443.98	455.08
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	34	449.91	461.16
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	35	452.87	464.19
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	36	455.84	467.24

83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	37	458.80	470.27
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	38	461.77	473.31
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	39	467.70	479.39
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	40	473.63	520.99
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	41	482.52	533.18
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	42	491.05	546.05
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	43	502.90	563.75
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	44	517.73	586.07
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	45	535.15	612.75
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	46	555.90	644.84
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	47	579.25	681.78
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	48	605.93	724.69
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	49	632.24	769.44
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	50	661.89	810.82
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	51	691.17	846.68
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	52	723.41	886.18
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	53	756.02	926.12
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	54	791.23	969.26
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	55	826.44	1012.39
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	56	864.61	1059.15
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	57	903.15	1106.36
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	58	944.29	1156.76
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	59	964.67	1181.72
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	60	1005.81	1232.12
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	61	1041.39	1275.70
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	62	1064.73	1304.29
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	63	1094.01	1340.16
83731PA0090001 Rating Area 3	Tobacco User/Non-Tobacco User	64 and over	1111.80	1361.96