

SERFF Tracking #:	HGHM-131475762	State Tracking #:	INDIVIDUAL MEDICAL, HGHM-131475762, 3 CO...	Company Tracking #:	1A-DP-18-HSR
State:	Pennsylvania	Filing Company:	Highmark Select Resources Inc		
TOI/Sub-TOI:	H15I Individual Health - Hospital/Surgical/Medical Expense/H15I.001 Health - Hospital/Surgical/Medical Expense				
Product Name:	1A-DP-18-HSR				
Project Name/Number:	1A-DP-18-HSR/1A-DP-18-HSR				

Supporting Document Schedules

Satisfied - Item:	ACA Public Rate Filing PDF
Comments:	A redacted version of the rate filing is attached for public disclosure.
Attachment(s):	1A-DP-18-HSR Public PDF 080718.pdf
Item Status:	
Status Date:	



May 21, 2018

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

Re: Highmark Select Resources 2019 ACA Rate Filing (Individual Market)
Filing # 1A-DP-18- HSR (SERFF # HGHM-131475762)

This constitutes Notice pursuant to Section 707 of the Pennsylvania Right-to-Know Law that the attached Highmark Select Resources (HSR) 2019 Individual Market Rate Filing contains Trade Secret and Confidential Proprietary Information. Therefore, HSR 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 HSR should be redacted before release.

Dear Ms. Gray:

This Filing includes the Highmark Select Resources ("HSR", "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 #: **Highmark Select Resources, NAIC # 10131**
2. Market: **Individual**
3. On or Off Exchange: **This filing reflects that the Company anticipates selling plans off of the exchange.**
4. Effective date of coverage: **January 1, 2019**

5. Average rate change requested: **0% increase**
6. Range of rate change requested: **HSR will offer only one plan in 2019. The rate increase for this plan is 0%.**
7. Total additional annual revenue generated from the proposed rate change: \$0
8. Product(s): **PPO**
9. Rating Areas and the change from 2017: **Rating Area 9**

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: **Catastrophic**
11. Current number of covered lives and of policyholders as of February 1, 2018: **3 covered lives; 3 policyholders**
12. Number of plans offered in 2019 and the change this represents from 2018: **1**

The Company offered 1 plan in 2018. For 2019, the Company is continuing 1 plan.

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-PA19-125079655 affecting the following Company products and forms:**

Product Name / Type	Contract Form & SERFF#
Major Events Blue PPO	CAT/HSR/DP-2;HGHM-131468227

14. HIOS Issuer ID # and submission tracking number: **HIOS Issuer ID #36247, Company Filing #1A-DP-18-HSR (SERFF Filing # HGHM-131475762)**

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, and as discussed above, we have assumed that the ACA health insurance coverage mandate will be eliminated. 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, HSR 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 HSR if disclosed to the public.

Public disclosure of any information contained in this Filing would allow HSR 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 HSR's business. Therefore, HSR 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"), HSR 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, HSR asserts its right to release a redacted version of the Filing. In accordance with the RTKL, please contact the HSR 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 HSR 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



July 13, 2018

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Bureau of Life, Accident & Health Insurance
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Jeffrey Scheib, ASA, MAAA
Vice President, Actuarial Services
Highmark Inc.

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

Rate Change Summary

Highmark Select Resources – Individual Plans

Rate request filing ID # 1A-DP-18- HSR (SERFF # HGHM-131475762)- 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:	0% ¹
Revised requested average rate change:	N/A ¹
Range of requested rate change:	0%
Effective date:	January 1, 2019
People impacted:	3
Available in:	9

Key information

Jan. 2017-Dec. 2017 financial experience

Premiums	\$3,789,204
Claims	\$2,575,410
Administrative expenses	\$560,247
Taxes & fees	(\$22,323)
Company made (after taxes)	\$675,870

How it plans to spend your premium

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

Claims:	81%
Administrative:	17%
Taxes & fees:	2%
Profit:	0%

The company expects its annual medical costs to increase **7.84%**.

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.

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 HSR are as follows:

Year	Avg. Increase	SERFF ID#
2018	3.3%	HGHM-131020691
2017	32.4%	HGHM-130540919
2016	N/A-Initial Filing	HGHM-130063170

In 2017 and 2018 the rate change did not vary by product.

The proposed 2019 increase is for the one catastrophic plan and this plan level increase can be found in Table 10.

C. Average Rate Change

The average rate changes as presented in the filing are:

- Table 10: 0%
- Table 11: 0%
- URRT Worksheet 1 Cell V45: -50.60%
- URRT Worksheet 1 Cell V46: -29.72%

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 E.

HSR feels that the best representation of the rate increase is the value from Table 10.

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.

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, HSR 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 Major Events plans are renewing with an update to the deductible and out-of-pocket maximum to maintain regulatory compliance.

The PA Plan Design Summary and Rate Tables with the HIOS Plan IDs are submitted in SERFF Rate/Rule Schedule Tab.

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 HSR 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).
- The Estimated Risk Adjustment for the experience period represents our best estimate of the year end risk adjustment transfer payment that HSR will incur. This amount is developed based on an analysis of HSR 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

Given the low membership numbers in 2017 and a drastically different product offering between the experience period and the projection period the experience data is not given any credibility in the rate calculation.

A manual rate was developed based on the HHIC base experience given the limited enrollment in the HSR entity. The resulting premium rates using this approach are reasonable and consistent with the market.

The HHIC claims data required to calculate the manual rate can be found in Table 2b.

H. Trend Identification

Table 3b identifies the annual medical and prescription drug allowed claims cost and utilization trends. The underlying total annual trend is 9.5%. Additionally, there is an induced utilization adjustment of -1.51% per year applied to reach the overall trend of 7.84% shown in Table 3b column G. The definitions of service categories, cost, and utilization in Table 3b are consistent with the URRT instructions. Since these trends are applied as part of a manual rate development, these numbers do not appear in the URRT.

The cost trends presented in Table 3b reflect HSR'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 3b 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 HSR 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 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.

I. Historical Experience

Table 4 presents the most recent 24 months (2 calendar years) of HSR data with run-out through February 2018. There is no further history available for HSR as plans were not offered prior to 2016. This data was not used to develop the trend in Table 3b. 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 the methodologies discussed in the Credibility Manual Rate section or the Part III Actuarial Memorandum submitted in the Rate Filing Justification. Please refer to the Part III Memorandum for further details.

- A morbidity change factor of 0.975 is applied to the manual cost to account for the morbidity differences between the projected catastrophic only population and the standard HHIC population.

Impact of Health Insurance Coverage Mandate Elimination

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 0.92 by 1.06 to arrive at a final morbidity factor of 0.975.

- The Change in Demographics adjustment of 0.486 reflects the change in age and geography factors we expect from the HHIC experience period data to the HSR projection period.
- There is no Change in Network adjustment.
- There is no Change in Benefits adjustment.
- The Change in Other adjustment of 0.991 reflects changes in pharmacy rebates and expected changes in hospital/physician settlements.

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

Given the nature of the membership in this product (low enrollment and catastrophic only) it was not possible to model Risk Adjustment with any credibility. Therefore, the (\$0.15) PMPM projected risk adjustment assumption in Cell C31 is comprised of an assumed risk transfer payable of \$0 PMPM, less the \$0.15 PMPM risk adjustment user fee.

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 HSR 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 is set to 0%.
- The administrative expenses do not vary by plan.
- 2% 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 0.39%.

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

The proposed rate development assumes an average broker commission of \$0 for 2019. A schedule of the current broker commission amounts is included in Attachment C.

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 (\$620.11). The difference between Row H and Row A is very small.

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 plan that HSR intends to offer in 2019. 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 B. The values in column 8 of the attachment represent the pure induced utilization for each plan. HSR'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.

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

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

Table 11 presents HSR'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 0% which is consistent with the SERFF Rate Review Detail Screen "percent rate change requested".

5. Plan Factors

A. Age and Tobacco Factors

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

B. Geographic Factors

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

C. Network Factors

Please see Table 14 for HSR's network rating factor. The current factors represent the medical network adjustment factors from the prior approved rate filing. The projected factors are set 1.0 since the effective medical network adjustments are now reflected in the claims experience.

D. Service Area Composition

HSR offers plans in a single service area. Please see the Plan Design Summary exhibit uploaded as a separate document for more information regarding this service area. As requested, service area maps are included. The service area has not been changed compared to 2018.

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 HSR 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 2019 PA Actuarial Memorandum Rate Exhibits.

I certify that the benefits included in HSR'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:

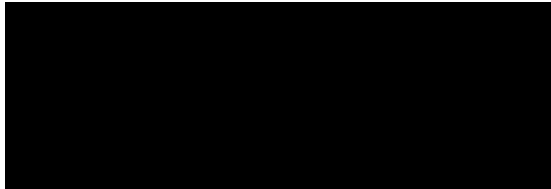
- Actuarially equivalent to the benefits being replaced,
- Are made within only the same essential health benefit category,
- Are based on a standardized plan population,
- Are determined regardless of cost-sharing,
- Are not prescription drug benefits, and
- Are based on an analysis performed in accordance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



Title: Manager, Actuarial Services

Date: 07/13/2018

HSR Select Resources Inc
Individual Market Product Portfolio
Supplemental Exhibits

Attachment A	Change in Other Calculations
Attachment B	Induced Demand Calculations
Attachment C	Broker Commission Schedule
Attachment D	Demographic Factor Calculation
Attachment E	URRT Average Increase

Highmark Select Resources

Individual Market

Attachment A - 'Change in Other' Calculations

Components of 'Change in Other'	Factor
CY2017 Demographic Factor	1.886
<u>CY2019 Demographic Factor</u>	<u>0.917</u>
Change in Demographics	0.486
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	0.991
URRT and Table 5 'Change in Other'	0.482

Highmark Select Resources

Individual Market

Attachment B - 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)
36247PA0090003	Catastrophic	60	\$23,829	\$13,711	0.575	0.575	1.000
Total		60	\$23,829	\$13,711	0.575	0.575	1.000

Components of AV & Cost Sharing Factor					
HIOS Plan IDMetal Level		Paid-to-Allowed Ratio	Induced Utilization Factor	Avg. Benefit Richness	AV & Cost Sharing Factor
36247PA0090003Catastrophic		0.575	1.000	1.000	0.575

Highmark Select Resources

Individual Market

Attachment C - Broker Commission Schedule

Year	Current Commission PMPM	

Individual Market

Table E.1 - Age & Tobacco Factors

Table E.2 - Projection Period Membership

Table E.3 - Experience Period Membership
(Highmark Health Insurance Company)

Table E.5 - 'Change in Demographics' Calculation

	Projection Period	Base Period (HHIC)	Change
Average Age Factor	0.899	1.816	
Average Tobacco Factor	1.000	1.007	
<u>Average Area Factor</u>	<u>1.020</u>	<u>1.031</u>	
Average Demographic Factor	0.917	1.886	
Child Capping Adjustment	1.000		
Adjusted Demo Factor	0.917		
<u>Capitation Dampening</u>	<u>1.000</u>	<u>1.000</u>	
Final Demographic Factor	0.917	1.886	0.486

Highmark Select Resources

Individual Market

Attachment E - URRT Average Increase

Mapped ID	Designation	Projected 2019 MM	2019 MM Renewing Plans	Current Avg Rate	Projected Avg Rate	Increase
36247PA0060003	Terminated	0	0		\$ -	0.00%
36247PA0090003	Renewing	60	60	\$ 298.69	\$ 298.69	0.00%
Total		60	60	\$ 298.69	\$ 298.69	0.00%

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identifvz Information

Carrier Name:	Highmark Select Resources		
Product(s):	PPO		
Market Segment:	Individual		
Rate Effective Date:	01/01/2019	to	12/31/2019
Base Period Start Date	01/01/2017	to	12/31/2017
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	41.0	20.7	17.5
Total	6,998	3	60
<18	1,282	1	30
18-24	510	1	30
25-29	293	1	0
30-34	371	0	0
35-39	400	0	0
40-44	350	0	0
45-49	663	0	0
50-54	617	0	0
55-59	1,033	0	0
60-63	1,269	0	0
64+	210	0	0

*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
\$ 3,977,364.19	\$ 2,496,652.52	\$ 2,686,678.14	6,998	\$ 1,056,960.14	\$ 3,743,638.28	\$ -	\$ (113,647.52)	\$ 2,379.32	\$ -	\$ (188,160.11)
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)										\$ 519.06
Loss Ratio										67.97%

*Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	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 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		\$ 6,473,875.15	0.9998	\$ 6,475,472.01	13,435	\$ 481.99		\$ (95,590.96)	\$ 8,393,760.37	\$ 624.77
Feb-16		\$ 6,829,875.66	0.9997	\$ 6,831,953.03	14,331	\$ 476.73		\$ (146,141.65)	\$ 8,582,047.16	\$ 598.84
Mar-16		\$ 8,520,544.83	0.9998	\$ 8,522,595.05	14,795	\$ 576.05		\$ (149,359.86)	\$ 10,396,816.43	\$ 702.73
Apr-16		\$ 7,022,875.34	0.9997	\$ 7,025,007.35	14,843	\$ 473.29		\$ (150,305.22)	\$ 8,604,516.78	\$ 579.70
May-16		\$ 7,109,079.25	0.9996	\$ 7,111,725.01	14,620	\$ 486.44		\$ (152,368.74)	\$ 8,569,205.93	\$ 586.13
Jun-16		\$ 7,245,976.07	0.9997	\$ 7,247,975.46	14,426	\$ 502.42		\$ (164,659.49)	\$ 8,652,801.29	\$ 599.81
Jul-16		\$ 6,355,432.52	0.9997	\$ 6,357,096.87	14,278	\$ 445.24		\$ (146,605.71)	\$ 7,508,219.29	\$ 525.86
Aug-16		\$ 7,631,486.22	0.9997	\$ 7,633,841.96	14,062	\$ 542.87		\$ (161,428.39)	\$ 8,905,748.74	\$ 633.32
Sep-16		\$ 7,480,113.12	0.9996	\$ 7,483,295.01	13,762	\$ 543.77		\$ (138,417.33)	\$ 8,588,585.99	\$ 624.08
Oct-16		\$ 7,838,882.95	0.9995	\$ 7,842,506.68	13,555	\$ 578.57		\$ (146,861.29)	\$ 9,015,831.25	\$ 665.13
Nov-16		\$ 7,580,361.07	0.9994	\$ 7,584,696.11	13,232	\$ 573.21		\$ (152,560.26)	\$ 8,741,270.62	\$ 660.62
Dec-16	\$ 71,026,358.82	\$ 7,364,261.43	0.9992	\$ 7,370,278.65	12,626	\$ 583.74	\$ 16,950,304.05	\$ (157,086.12)	\$ 8,477,943.37	\$ 671.47
Jan-17		\$ 234,550.55	0.9992	\$ 234,730.68	642	\$ 365.62		\$ (12,584.21)	\$ 374,655.91	\$ 583.58
Feb-17		\$ 82,356.95	0.9991	\$ 82,429.07	627	\$ 131.47		\$ (7,895.84)	\$ 174,646.23	\$ 278.54
Mar-17		\$ 197,305.43	0.9977	\$ 197,764.40	612	\$ 323.14		\$ (7,858.28)	\$ 279,090.67	\$ 456.03
Apr-17		\$ 154,480.76	0.9971	\$ 154,922.90	605	\$ 256.07		\$ (8,886.56)	\$ 287,933.03	\$ 475.92
May-17		\$ 187,617.80	0.9973	\$ 188,126.09	598	\$ 314.59		\$ (8,378.03)	\$ 288,455.82	\$ 482.37
Jun-17		\$ 183,426.44	0.9961	\$ 184,136.95	588	\$ 313.16		\$ (9,434.98)	\$ 255,807.16	\$ 435.05
Jul-17		\$ 275,853.47	0.9874	\$ 279,379.68	577	\$ 484.19		\$ (11,114.93)	\$ 370,507.41	\$ 642.13
Aug-17		\$ 223,244.10	0.9796	\$ 227,885.07	576	\$ 395.63		\$ (9,653.33)	\$ 303,673.83	\$ 527.21
Sep-17		\$ 207,289.38	0.9726	\$ 213,130.94	562	\$ 379.24		\$ (8,534.80)	\$ 273,268.12	\$ 486.24
Oct-17		\$ 159,128.15	0.9648	\$ 164,942.21	554	\$ 297.73		\$ (9,916.79)	\$ 228,673.22	\$ 412.77
Nov-17		\$ 247,127.24	0.9538	\$ 263,920.44	543	\$ 670.20		\$ (10,894.07)	\$ 435,341.47	\$ 801.74
Dec-17	\$ 3,977,364.19	\$ 244,276.26	0.8929	\$ 273,576.15	514	\$ 532.25	\$ 1,043,097.15	\$ (9,395.68)	\$ 335,986.86	\$ 653.67

* Express Completion Factor as a percentage

**Express Prescription Drug Rebates as a negative number

Carrier Name:	Highmark Select Resources
Product(s):	PPO
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
			307,081		\$ 228,907,526.64	\$ -	\$ (5,819,184.95)	\$ 104,407.54	\$ -	\$ 726.82
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	5.00%	4.29%	-1.51%	7.85%	21.64%
Outpatient Hospital	5.00%	4.29%	-1.51%	7.85%	36.91%
Professional	5.00%	4.29%	-1.51%	7.85%	21.19%
Other Medical	5.00%	4.29%	-1.51%	7.85%	2.38%
Capitation				-2.87%	0.05%
Prescription Drugs	5.00%	4.29%	-1.51%	7.85%	17.83%
Total Annual Trend				7.84%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.163	

* 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: Highmark Select Resources
 Product(s): PPO
 Market Segment: Individual
 Rate Effective Date: 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	\$ 519.06	\$ 726.82	< Actual Experience PMPM should be consistent with the Index Rate for Experience Period on URRT
Two year trend projection factor	1.000	1.163	
Unadjusted Projected Allowed EHB Claims PMPM	\$ 519.06	\$ 845.28	
Single Risk Pool Adjustment Factors			
Change in Morbidity	0.975		< See URRT Instructions
Change in Other	0.000	0.482	
Change in Demographics	0.486		< See URRT Instructions
Change in Network	1.000		< See URRT Instructions
Change in Benefits	1.000		< See URRT Instructions
Change in Other	0.991		< See URRT Instructions
Total Adjusted Projected Allowed EHB Claims PMPM	\$ -	\$ 397.15	
Credibility Factors	0%	100%	< See Instructions
Blended Projected EHB Claims PMPM		\$ 397.15	< Projected Index Rate
Development of the Market-Adjusted Index Rate and Total Allowed Claims			
Adjusted Projected Allowed EHB Claims PMPM	\$ 397.15		< Index Rate for Projection Period on URRT - Individual or First Quarter Small Group
Adjusted Projected Allowed EHB Claims PMPM [will only populate for small group filings]	\$ 0.575		< Paid to Allowed Average Factor in Projection Period on URRT
Projected Paid to Allowed Ratio			
Projected Paid EHB Claims PMPM	\$ 228.52		
Market-wide Adjustments			
Projected Risk Adjustment PMPM	\$ (0.15)		
Projected Paid Exchange User Fees PMPM	\$ -		
Market-Adjusted Projected Paid EHB Claims PMPM	\$ 228.67		
Market-Adjusted Projected Allowed EHB Claims PMPM	\$ 397.41		< Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM	\$ -		
Market-Adjusted Projected Paid Total Claims PMPM	\$ 228.67		
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 397.41		

For Informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 726.82	< Index Rate of Experience Period on URRT
Blended Earned Premium	\$ -	
Blended Loss Ratio	0.00%	

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	\$ 397.15	\$ 397.15	\$ 397.15	\$ 397.15	\$ 397.15
Months of Trend	6	3	3	3	
Annual Trend	7.84%	7.84%	7.84%	7.84%	
Single Risk Pool Projected Allowed Claims	\$ 397.15	\$ 404.71	\$ 412.43	\$ 420.28	\$ -
Quarterly Trend Factor	100.0%	101.9%	103.8%	105.8%	0.0%
2019 Trend Factors by Quarter	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Table 6. Retention

Retention Items - Express in percentages	Percentages	PMPM Amounts	
Administrative Expenses	16.50%	\$46.33	
General and Claims	16.11%	\$45.23	
Agent/Broker Fees and Commissions	0.00%	\$0.00	
Quality Improvement Initiatives	0.39%	\$1.09	
Taxes and Fees	2.00%	\$5.77	
PCORI Fees	0.00%	\$0.16	
PA Premium Tax (if applicable)	2.00%	\$5.62	
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	18.56%	\$52.10	
Projected Required Revenue PMPM	\$ 280.77		< Single Pool Gross Premium Avg. Rate, PMPM on URRT

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2018	2019
Average Age Factor	1.072	0.989
Average Geographic Factor	1.020	1.020
Average Tobacco Factor	1.000	1.000
Average Benefit Richness (induced demand)	1.000	1.000
Average Network Factor	0.988	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 480.76	\$ 397.41
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 446.13	\$ 433.39

Table 8. Components of Rate Change

Rate Components	2018	2019	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$ 306.13	\$ 306.19	\$0.06	0.0%
B. Base period allowed claims before normalization	\$ 620.11	\$ 726.82	\$106.71	34.9%
C. Normalization factor component of change	\$ (44.67)	\$ 65.80	\$110.47	36.1%
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 575.44	\$ 792.62	\$ 217.18	70.9%
D2. URRT Trend	\$ 104.81	\$ 129.19	\$ 24.38	8.0%
D3. URRT Morbidity	\$ (22.56)	\$ (22.86)	\$ (0.30)	-0.1%
D4. URRT Other	\$ (236.28)	\$ (465.85)	\$ (229.56)	-75.0%
D5. Normalized URRT RA/Ri on an allowed basis	\$ 23.83	\$ 0.28	\$ (23.55)	-7.9%
D6. Normalized Exchange User Fee on an allowed basis	\$ -	\$ -	\$ -	0.0%
D7. Subtotal - Sum(D1:D6)	\$ 445.24	\$ 433.39	\$ (11.85)	-3.9%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ (6.23)	\$ -	\$ 6.23	2.0%
E2. Pricing AV	\$ (186.58)	\$ (184.02)	\$ 2.56	0.8%
E3. Benefit Richness	\$ -	\$ -	\$ -	0.0%
E4. Catastrophic Eligibility	\$ -	\$ -	\$ -	0.0%
E5. Subtotal - Sum(E1:E4)	\$ (192.81)	\$ (184.02)	\$ 8.79	2.9%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 36.36	\$ 50.52	\$ 14.16	4.6%
F2. Taxes and Fees	\$ 16.72	\$ 6.30	\$ (10.42)	-3.4%
F3. Profit and/or Contingency	\$ -	\$ -	\$ -	0.0%
F4. Subtotal - Sum(F1:F3)	\$ 53.08	\$ 56.82	\$ 3.74	1.2%
G. Change in Miscellaneous Items			\$ -	0.0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 305.51	\$ 306.19	\$ 0.68	0.2%

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

	2018	2019	
Paid-to-Allowed	0.575	0.575	
URRT Trend (Total Applied Trend Factor)	1.182	1.163	< URRT W1, S2
URRT Morbidity	0.967	0.975	< URRT W1, S2
URRT "Other"	0.641	0.482	< URRT W1, S2
Risk Adjustment	\$ 34.77	\$ 0.15	< URRT W1, S3
Exchange User Fee	\$ -	\$ -	< URRT W1, S3
Capitation	\$ 0.34		< URRT W1, S2
Network	0.988	1.000	
Pricing AV	0.575	0.575	
Benefit Richness	1.000	1.000	
Catastrophic Eligibility	1.000	1.000	
Administrative Expenses	11.88%	16.50%	
Taxes and Fees	5.46%	2.06%	
Profit and/or Contingency	0.00%	0.00%	

Table 10. Plan Rates

Carrier Name:	Highmark Select Resources
Product(s):	PPO
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	\$ 397.41

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
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Totals

0.575

[illegible]

Calibration	
Age Calibration Factor	0.899
Geographic Calibration Factor	1.020
Tobacco Calibration Factor	1.000
Aggregate Calibration Factor	0.917

Total Covered Lives @ 02-01-2018
3

45 CFR Part 156.8 (d) (2) Allowable Factors

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	Admin Costs	Taxes & Fees (not including Exchange fees)	Profit or Contingency
--	--	-----------------------------------	---------------------	-----------------------------	-------------------------------------	--------------	-------------	--	--------------------------

0.575	1.000	1.000	1.000	1.000	1.000	\$ 228.67	16.5%	2.1%	0.0%
-------	-------	-------	-------	-------	-------	-----------	-------	------	------

N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
0.575	1.000	1.000	1.000	1.000	1.000	228.6669365	16.5%	2.1%	0.0%
						\$0.00			
						\$0.00			

Total Covered Lives Mapped into 2019 Plans @ 02-01- 2018	Total Policyholders @ 02-01-2018
--	-------------------------------------

3	3
---	---

-	-
3	3
-	-
-	-

2018 Calibrated Plan Adjusted Index Rate PMPM	2019 Calibrated Plan Adjusted Index Rate PMPM
--	--

\$ 306.13	\$ 306.19
-----------	-----------

N/A	N/A
\$ 306.13	\$ 306.19
	\$ -
	\$ -

Proposed Rate Change Compared to Prior 12 months
--

0.0%

N/A
0.0%
0.0%
0.0%

N/A
1
0.0%
0.0%

[illegible]

PA Rate Template Part IV A - Individual

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

Carrier Name: Highmark Select Resources
 Product(s): PPO
 Market Segment: Individual
 Rate Effective Date: 01/01/2019

Plan Number	HIOS Plan ID (Standard Component)	1/1/2018 Plan Marketing Name	Discontinued, New, Modified, Existing (D,N,M,E) for 2019	1/1/2019 Plan HIOS Plan ID (If 1/1/2018 Plan Discontinued & Mapped)	Metallic Tier	Exchange On/Off or Off
-------------	-----------------------------------	------------------------------	--	---	---------------	------------------------

Totals

These cells auto-fill using the data entered in Table 10.

Plan 1	36247PA0090003	Major Events PPO 7350C	M		Catastrophic	Off
Plan 2	0	0	0	0	0	0

2018 21-year-old, Non-Tobacco Premium PMPM

1	2	3	4	5	6	7	8	9	Average (weighted by enrollment by rating area)
---	---	---	---	---	---	---	---	---	--

[illegible][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)
---	---	---	---	---	---	---	---	---	--

[illegible][illegible]

Change in 21-year-old Non-Tobacco Premium PMPM

1	2	3	4	5	6	7	8	9	Average (weighted by enrollment by rating area)
---	---	---	---	---	---	---	---	---	--

[illegible][illegible]

PA Rate Quarterly Template Part V Consumer Factors

Carrier Name:	Highmark Select Resources
Product(s):	PPO
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			
Rating Area 4			
Rating Area 5			
Rating Area 6			
Rating Area 7			
Rating Area 8			
Rating Area 9	Dauphin, Perry	1.020	1.020

Table 14. Network Factors

[illegible]

Company Name: Highmark Select Resources
 Market: Individual
 Product: PPO
 Effective Date of Rates: January 1, 2019

Ending date of Rates: December 31, 2019

HIOS Plan ID (On Exchange)=>	N/A							
HIOS Plan ID (Off Exchange)=>	36247PA0090003							
Plan Marketing Name =>	Major Events Blue PPO 7900							
Form # =>	CAT/HSR/DP-2							
Rating Area =>	Area 9							
Network =>	W							
Metal =>	Catastrophic							
Deductible =>	7900							
Coinsurance =>	1							
Copays =>	N/A							
OOP Maximum =>	7900							
Pediatric Dental (Yes/No) =>	Yes							
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$238.92	\$238.92						
15	\$260.15	\$260.15						
16	\$268.27	\$268.27						
17	\$276.39	\$276.39						
18	\$285.14	\$285.14						
19	\$293.88	\$293.88						
20	\$302.94	\$302.94						
21	\$312.31	\$320.12						
22	\$312.31	\$320.12						
23	\$312.31	\$320.12						
24	\$312.31	\$320.12						
25	\$313.56	\$321.40						
26	\$319.81	\$327.81						
27	\$327.30	\$335.48						
28	\$339.48	\$347.97						
29	\$349.47	\$358.21						
30	\$354.47	\$363.33						
31	\$361.97	\$371.02						
32	\$369.46	\$378.70						
33	\$374.15	\$383.50						
34	\$379.14	\$388.62						
35	\$381.64	\$391.18						
36	\$384.14	\$393.74						
37	\$386.64	\$396.31						
38	\$389.14	\$398.87						
39	\$394.14	\$403.99						
40	\$399.13	\$439.04						
41	\$406.63	\$449.33						
42	\$413.81	\$460.16						
43	\$423.80	\$475.08						
44	\$436.30	\$493.89						
45	\$450.98	\$516.37						
46	\$468.47	\$543.43						
47	\$488.14	\$574.54						
48	\$510.63	\$610.71						
49	\$532.80	\$648.42						
50	\$557.79	\$683.29						
51	\$582.46	\$713.51						
52	\$609.63	\$746.80						
53	\$637.11	\$780.46						
54	\$666.78	\$816.81						
55	\$696.45	\$853.15						
56	\$728.62	\$892.56						
57	\$761.10	\$932.35						
58	\$795.77	\$974.82						
59	\$812.94	\$995.85						
60	\$847.61	\$1,038.32						
61	\$877.59	\$1,075.05						
62	\$897.27	\$1,099.16						
63	\$921.94	\$1,129.38						
64+	\$936.93	\$1,147.74						

**Highmark Select Resources
Individual
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
36247PA0090003	Major Events Blue PPO 7900	PPO	Catastrophic	Off	W	9	Dauphin, Perry

Company Name Highmark Select Resources

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
36247PA0090003	Major Events Blue PPO 7900	PPO	Catastrophic	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

RATING AREA 3

0	0	0	0	0	0
Bradford	Carbon	Clinton	Lackawanna	Luzerne	Lycoming

0	0	0	0	0	0	0
Monroe	Pike	Sullivan	Susquehanna	Tioga	Wayne	Wyoming

RATING AREA 4

0	0	0	0	0	0	0	0	0	0
Allegheny	Armstrong	Beaver	Butler	Fayette	Greene	Indiana	Lawrence	Washington	Westmoreland

RATING AREA 5

0	0	0	0	0	0	0
Bedford	Blair	Clearfield	Cambria	Huntingdon	Jefferson	Somerset

RATING AREA 6

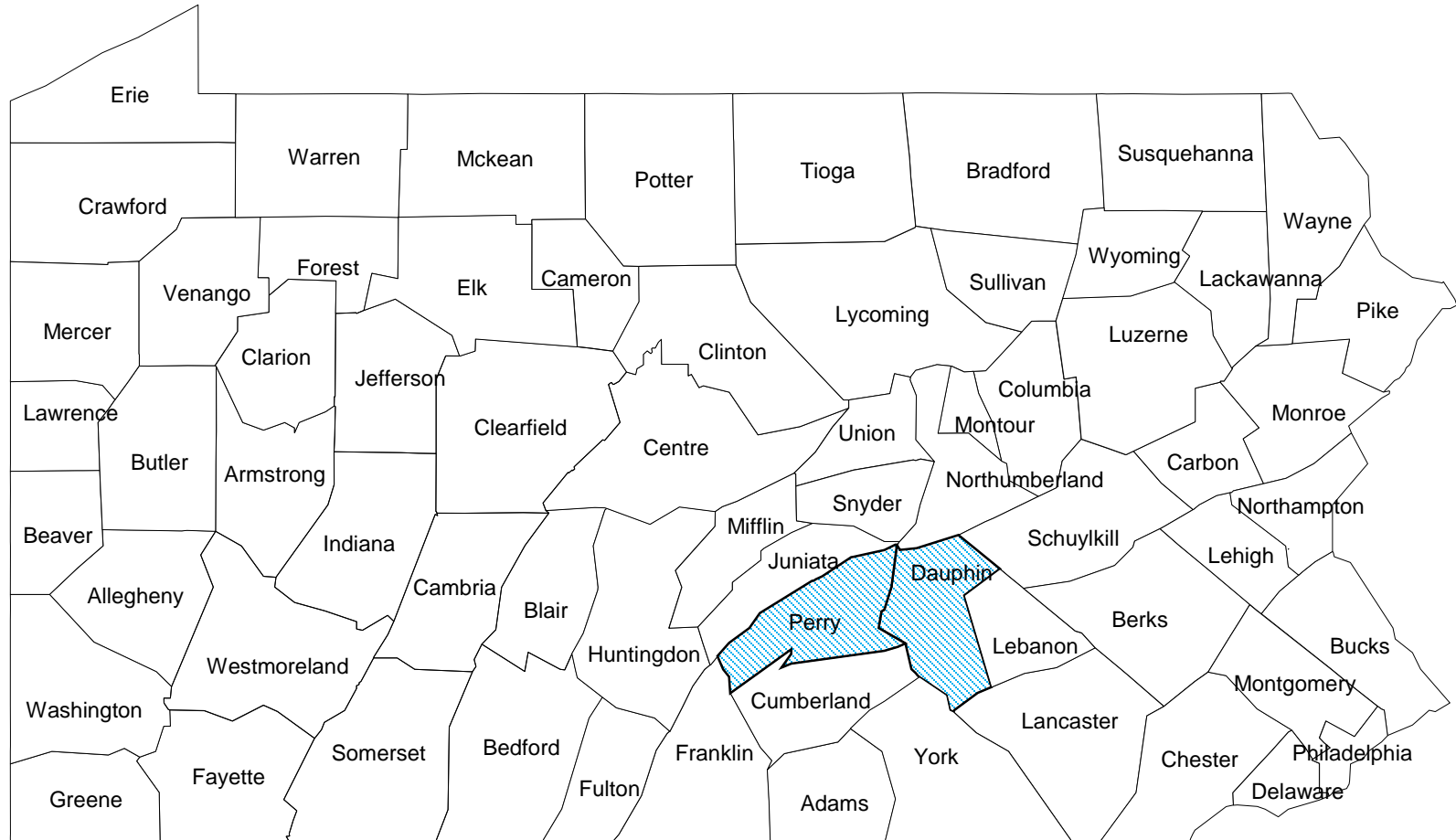
0	0
Centre	Columbia

0	0	0	0	0	0	0	0	RATING AREA 7				RATING AREA 8					RATING AREA 9						
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0
Lehigh	Mifflin	Montour	Northampton	Northumberland	Schuylkill	Snyder	Union	Adams	Berks	Lancaster	York	Bucks	Chester	Delaware	Montgomery	Philadelphia	Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry
																	\$312.31						


2018 Service Area


Issuer: Highmark Select Resources (HSR)

Market: Individual



Key *(modify as needed)*

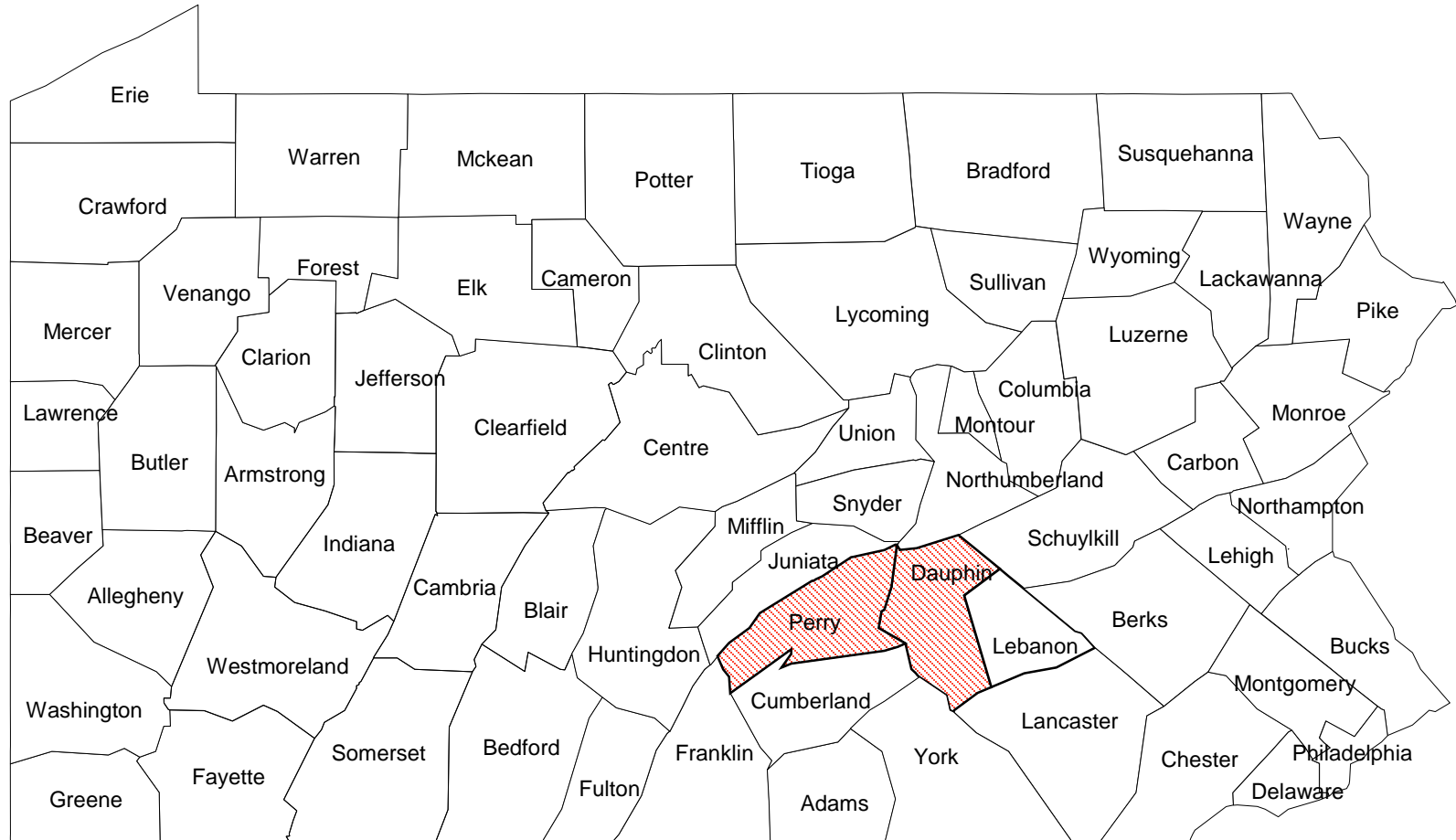
 : 2018 on-exchange service area

 : 2018 off-exchange only service area


2019 Service Area


Issuer: Highmark Select Resources (HSR)

Market: Individual



Key *(modify as needed)*

 : 2019 on-exchange service area

 : 2019 off-exchange only service area

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

FROM: [REDACTED]
Highmark Inc.

DATE: June 22, 2018

SUBJECT: Highmark Select Resources Inc. 2019 Individual ACA-Compliant Rate Filing
Response to June 15, 2018 Objection Letter
Filing Number: 1A-DP-18-HSR
SERFF Tracking Number: HGHM-131475762

Below are HSR'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.

Responses:

Given HSR only sells catastrophic, the CSR adjustment does not apply. The mandate factor of 1.06 was used, however, the intention of the HSR rate filing is to continue the rates at the current level in order to maintain market stability given the limited plan offering and only 3 current members.

2. 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:

The formula will be provided in future revisions.

3. HSR has experienced membership decline over the last two years. To what do you attribute this membership decline? Is this product being actively marketed?

Responses:

The decline of membership over the last two years was attributed to the limit on product portfolio as well as the number of counties being marketed to. The current catastrophic plan is actively marketed in the Dauphin and Perry County.

4. Please populate Table 4b with the manual data used for trend purposes, since this is the 2019 rate basis.

Responses:

The intention of the HSR rate filing is to continue the rates at the current level in order to maintain market stability given the limited plan offering and only 3 current members. Therefore, no credible data is available to populate Table 4b.

5. The underlying annual trend supporting the filing is 9.5%:

- 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) **Discuss and show quantitatively the development of the normalized benefit leverage, population aging, historical changes for fee schedules as well as company-wide utilization management programs and external trend driver adjustments.**
- c) **Please provide monthly normalization factors for geography and those items identified above in (b) for the monthly data provided in Table 4.**

Responses:

The 9.5% trend was selected such that it is consistent with the other PA individual ACA rate filings. The intention of the HSR rate filing is to continue the rates at the current level in order to maintain market stability given the limited plan offering and only 3 current members.

6. The required Rate Change Summary form shows experienced administrative expenses of roughly 14.75% in 2017, compared to an assumed 11.88% for 2018 and 22.99% in 2019. Please explain why the administrative expense assumption has increased 22.99% for 2019 and provide quantitative support for the change relative to 2018.

Responses:

The intention of the HSR rate filing is to continue the rates at the current level in order to maintain market stability given the limited plan offering and only 3 current members. Given the limited enrollment on HSR, the components on the rate change summary are not meaningful and credible.

7. Please provide a detailed calculation of the projected 76.5% MLR using the federally-prescribed MLR formula.

Responses:

The 76.5% was calculated using the numbers on Section III (Projected Experience), Worksheet 1 of the URRT.

- Projected Incurred Claims (cell V38) = \$210.40
- Single Risk Pool Gross Premium Avg. Rate, PMPM (cell V43) = \$280.71
- Taxes & Fees (cell V42) = \$5.77

- Projected MLR = $\$210.40/(\$280.71 - \$5.77) = 76.5\%$

8. Please provide greater detail regarding the development of the manual rate, including the following:

- a) The claims and membership data from each source that was used (e.g., ACA, group) in developing the manual rate**
- b) A demonstration of how each of the components outlined in (a) were accumulated to develop the Manual Experience Period values provided in Table 2b**
- c) Provide an Excel exhibit structured in the same manner as the URRT that shows the experience data underlying the manual projection period data in section I. Complete Sections II and III in a manner that develops the projection period data**

Responses:

The intention of the HSR rate filing is to continue the rates at the current level in order to maintain market stability given the limited plan offering and only 3 current members. No credible data is available to populate Table 4b.

9. Recognizing that the manual rate is not credible, please confirm whether the assumptions underlying the proposed rates were solved for such that when are applied to the manual rate they produce a 0.0% rate change relative to 2018.

Responses:

Yes, the intention of the HSR rate filing is to continue the rates at the current level in order to maintain market stability given the limited plan offering and only 3 current members. The assumptions for the HSR rate filing are set to achieve a rate hold.

10. Please show the development of the average commission as shown in Table 6. Additionally, the current and 2018 broker agreements should be included and used to develop the percent shown in Table 6 as well as the associated pmpm.

Responses:

Given the low enrollment in HSR, we assumed the cost of commission to be immaterial.

11. 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.

Responses:

The intention of the HSR rate filing is to continue the rates at the current level in order to maintain market stability given the limited plan offering and only 3 current members.



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: Highmark Select Resources Inc. 2019 ACA Rate Filing (Individual Market)
Highmark Filing # 1A-DP-18-HSR (SERFF Filing # HGHM-131475762)

Dear Ms. Sanders-Jones:

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

- In response to question 1, the development of the manual cost has been revised to leverage the HHIC rate filing development given the very limited enrollment in HSR. This approach is consistent with our discussion and results in revised rates that are similar to the original submission. The actuarial memorandum outlines the revised approach.

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]
[REDACTED]

Highmark Inc.

cc:

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

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

FROM: [REDACTED]
Highmark Inc.

DATE: July 13, 2018

SUBJECT: Highmark Select Resources Inc. 2019 Individual ACA-Compliant Rate Filing
Response to July 6, 2018 Objection Letter
Filing Number: 1A-DP-18-HSR
SERFF Tracking Number: HGHM-131475762

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

1. The following is related to the responses to questions 4, 6, 8, and 9:

- a) **The Department's approval of rate requests is based on the justification an issuer provides to support that request. This and the June 15th data calls request information that would allow the Department to assess whether HSR's request of 0% rate change is justified. HSR has been unresponsive and replied by simply stating that, "...the intention of the HSR rate filing is to continue the rates at the current level in order to maintain market stability given the limited plan offering and only 3 current members." This statement is not justification. Premiums should be developed to show that they are reasonable and consistent with the rate development rules as prescribed by the Department, and that they are actuarially justifiable. Please resubmit rate filing materials that comply with the Department's rating guidance.**

Response:

Pursuant to our discussion, the development of the manual cost has been revised to leverage the HHIC rate filing development given the very limited enrollment in HSR. This approach is consistent with our discussion and results in revised rates that are similar to the original submission. A revised rate filing has been resubmitted.

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

- a) **We have a number of questions related to the trend calculation for Highmark's other Individual entities, which all appear to have the same calculations. Please ensure that the below questions, or similar questions, are answered in the response:**
- i. **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**
 - ii. **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.

- iii. Please provide quantitative support for the 1% trend load reflecting “the impact of partial year population changes.”**
- iv. 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 and member months for all individuals who were enrolled over the time period of January 2016 to December 2017).**

Response:

- a. The attached exhibit labeled ‘Q2a 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 ‘Q2d 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.

3. The following is related to the response to question 7: please provide an MLR demonstration that shows a federally prescribed MLR of at least 80.0%.

Response:

Projected Incurred Claims = \$228.67

Gross Premium = \$280.77

Taxes and Fees = \$5.77

$MLR = \$228.67 / (\$280.77 - \$5.77) = 83.2\%$

Supplemental questions

Question 1

Please provide quantitative support for the annual induced utilization adjustment of -1.51%.

Response

- Change in induced demand factor = (Induced demand factor for the Catastrophic)/(Induced demand factor for the HHIC) = $1.000/1.0309 = 0.970$
- Induced Demand% for Table 3 = $0.970^{(1/2)} - 1 = -1.51\%$

Question 2

Please provide support for the 0.92 morbidity assumption (i.e., prior to the 6% increase to reflect the market uncertainty from the elimination of the health insurance coverage mandate). This support should include qualitative and quantitative support for all components that contribute to the 0.92 factor. All hard-coded numbers should have sufficient qualitative support describing the source of those numbers. Referencing that 0.92 is equal to the Catastrophic Eligibility adjustment being applied in the Individual rate filing for HHIC will not be considered sufficient support.

Response

The 0.92 factor is intended to represent the expected impact of the unique catastrophic plan eligibility category, which is one of the permitted plan-level adjustments to the index rate. Given the leaner benefit design of catastrophic plan, separate risk adjustment and greater eligibility by younger individuals, it was reasonable to assume that a reduction factor (i.e. a factor less than 1.0) was appropriate.

In the absence of data, we relied on data and analysis from outside consultants with better access to industry data to set the 0.92 factors in previous ACA filings. The factor was originally based on analysis of age curves and the expected population. We do not have sufficient, credible data to reevaluate the factor at this time. Similar factors are used by other issuers in the market and the resulting premium rates are in line with other issuers in the marketplace, supporting the reasonability and appropriateness of this factor.

Since there is no other plan except the catastrophic plan for HSR, we chose to reflect the 0.92 catastrophic plan eligibility factor in the morbidity category.

Question 3

With respect to the “Change in Other” adjustment equal to 0.991, please provide the components that contribute to this adjustment and quantitative support for each of those components.

Response

The 0.991 factor is equivalent to the factor used in the HHIC development. The factor is comprised of a change in Rx Rebates and a change in Hospital/Physician settlements.

- Change in Rx Rebates = 0.9901
- Change in Hospital/Physician Settlements = 1.001

Highmark Select Resources

Individual Market

Response to Objection 2 - Question 2a

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

Highmark Select Resources

Individual Market

Response to Objection 2 - Question 2d

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

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

FROM: [REDACTED]
Highmark Inc.

DATE: July 19, 2018

SUBJECT: Highmark Select Resources Inc. 2019 Individual ACA-Compliant Rate Filing
Response to July 17, 2018 Objection Letter
Filing Number: 1A-DP-18-HSR
SERFF Tracking Number: HGHM-131475762

Below are HSR'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 on 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.

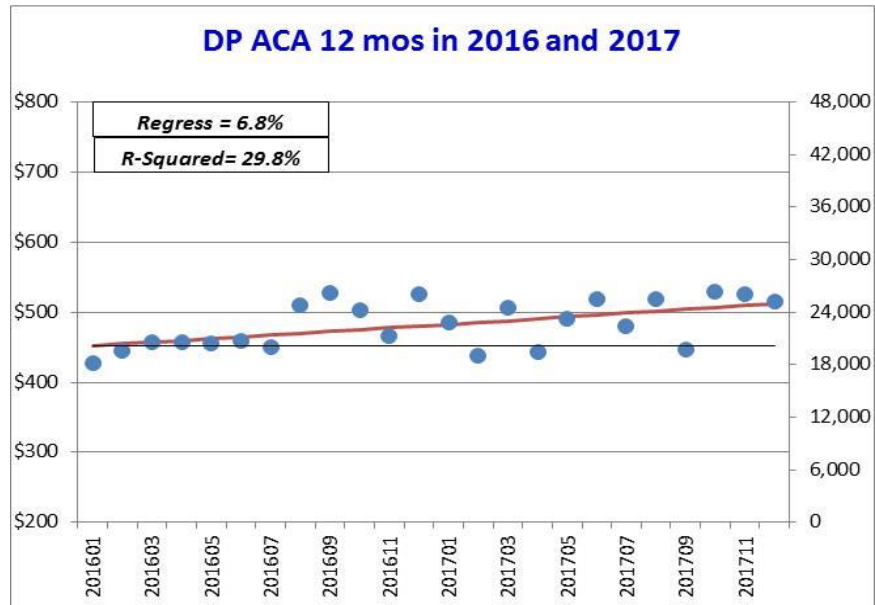
The impact of this change would be outside of the cohort regression trend analysis.

Highmark Select Resources

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%

Highmark Select Resources

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%

Product-Plan Data Collection

Company Legal Name: Highmark Select Resources
 HIOS Issuer ID: 36247
 Effective Date of Rate Change(s): 01/01/2019

State: PA
 Market: Individual

Product/Plan Level Calculations

Section I: General Product and Plan Information			
Product	Alliance Flex Blue PPO	Major Events Blue PPO	
Product ID	36247PA006003	36247PA009003	
Metal	Bronze	Catastrophic	
AV Metal Value	0.610	0.575	
AV Pricing Value	0.010	0.707	
Plan Category	Terminated	Renewing	
Plan Type	PPO	PPO	
Plan Name	Alliance Flex Blue PPO 6800	Major Events Blue PPO 7500	
Plan ID (Standard Component ID)	36247PA0060003	36247PA0090003	
Exchange Plan?	No	No	
Historical Rate Increase - Calendar Year - 2	0.00%	0.00%	
Historical Rate Increase - Calendar Year - 1	-16.70%	0.00%	
Historical Rate Increase - Calendar Year 0	0.00%	3.20%	
Effective Date of Proposed Rates	01/01/2019	01/01/2019	
Rate Change % (over prior filing)	0.00%	0.00%	
Cum'Ve Rate Change % (over 12 mos prior)	0.00%	0.00%	
Proj'd Per Rate Change % (over Expir. Period)	-100.00%	-19.17%	
Product Rate Increase %	0.00%	0.00%	

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

Plan ID (Standard Component ID)	Total	36247PA0060003	36247PA0090003
Inpatient	\$0.00	\$0.00	\$0.00
Outpatient	\$0.00	\$0.00	\$0.00
Professional	\$0.00	\$0.00	\$0.00
Prescription Drug	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00
Capitation	\$0.00	\$0.00	\$0.00
Administration	\$0.00	\$0.00	\$0.00
Taxes & Fees	\$0.00	\$0.00	\$0.00
Risk & Profit Charge	\$0.00	\$0.00	\$0.00
Total Rate Increase	\$0.00	\$0.00	\$0.00
Member Cost Share Increase	\$0.00	\$0.00	\$0.00

Average Current Rate PMPM	\$298.69		\$298.69
Projected Member Months	60	0	60

Section III: Experience Period Information

Plan ID (Standard Component ID)	Total	36247PA0060003	36247PA0090003
Plan Adjusted Index Rate	\$504.36	\$505.21	\$461.38
Member Months	6,988	6,982	36
Total Premium (TP)	\$3,977,364	\$3,985,651	\$11,714
EHB Percent of TP, [see instructions]	100.00%	100.00%	100.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%
Other benefits portion of TP	0.00%	0.00%	0.00%
Total Allowed Claims (TAC)	\$3,613,175	\$3,630,798	\$2,072
EHB Percent of TAC, [see instructions]	100.00%	100.00%	100.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%
Other benefits portion of TAC	0.00%	0.00%	0.00%
Allowed Claims which are not the issuer's obligation	\$1,056,960	\$1,055,086	\$1,874
Portion of above payable by HMO's funds on behalf of insured person, in dollars	\$0	\$0	\$0
Portion of above payable by HMO on behalf of insured person, as %	0.00%	0.00%	0.00%
Total Incurred claims, payable with issuer funds	\$2,575,410	\$2,575,712	\$138
Net Amt of Rein	\$0.00	\$0.00	\$0.00
Risk Adjustment Transfer Amount	-\$188,160.11	-\$194,153.68	\$5,993.97
Incurred Claims, PMPM	\$368.02	\$369.90	\$5.50
Allowed Claims PMPM	\$519.06	\$521.44	\$57.57
EHB portion of Allowed Claims, PMPM	\$519.06	\$521.44	\$57.57

Section IV: Projected (12 months following effective date)

Plan ID (Standard Component ID)	Total	36247PA0060003	36247PA0090003
Plan Adjusted Index Rate	\$280.77	\$0.00	\$280.77
Member Months	60	60	60
Total Premium (TP)	\$16,846	\$0	\$16,846
EHB Percent of TP, [see instructions]	100.00%	0.00%	100.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%
Other benefits portion of TP	0.00%	100.00%	0.00%
Total Allowed Claims (TAC)	\$23,829	\$0	\$23,829
EHB Percent of TAC, [see instructions]	100.00%	0.00%	100.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%
Other benefits portion of TAC	0.00%	100.00%	0.00%
Allowed Claims which are not the issuer's obligation	\$10,118	\$0	\$10,118
Portion of above payable by HMO's funds on behalf of insured person, in dollars	\$0	\$0	\$0
Portion of above payable by HMO on behalf of insured person, as %	0.00%	#DIV/0!	0.00%
Total Incurred claims, payable with issuer funds	\$13,711	\$0	\$13,711
Net Amt of Rein	\$0	\$0	\$0
Risk Adjustment Transfer Amount	\$0	\$0	\$0

Part II of the Preliminary Justification

Highmark Select Resources – Individual Market

Scope and Range:

Highmark Select Resources (HSR) is requesting an average rate increase of 0.0% for its one catastrophic 2019 ACA-qualifying individual plan with effective dates from January 1, 2019 to December 31, 2019. This is projected to affect 5 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:

HSR 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. While the projected medical loss ratio falls slightly below the 80% minimum MLR threshold, the membership in this entity is expected to fall into the non credible range as describe in §158.230(3)d.

Part III Actuarial Memorandum
Highmark Select Resources, Inc.
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 Highmark Select Resources(HSR) 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 HSR's rate filing. However, we recognize that this certification may become a public document. HSR 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 HSR.

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: Highmark Select Resources
- State: The Commonwealth of Pennsylvania has regulatory authority over these policies.
- HIOS Issuer ID: 36247
- 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 'Cum'tive Rate Change % (over 12 mos prior)' found in Worksheet 2 Row 27 of the URRT.

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. 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, HSR 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. HSR 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 HSR'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 I shows our best estimate of the amount of claims that were incurred during the 12-

month experience period for HSR'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 HSR'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: HSR is using a completion factor of 0.971 to include IBNR claims in allowed charges. The IBNR completion factor was developed using our corporate reserving system for HSR'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

Given the low membership numbers in 2017 and a drastically different product offering between the experience period and the projection period the experience data is not given any credibility in the rate calculation. Factors of 1.0 have been entered for Pop'l risk Morbidity, Other, Cost, and Util however, as place holders.

Please see the Credibility Manual Rate Development section, just below, for a discussion of the projection factors.

VI. Credibility Manual Rate Development

VI.1 Source and Appropriateness of Experience Data Used

A manual rate was developed using 2017 experience consistent with the base experience found in another company within Highmark's portfolio, Highmark Health Insurance Company (HHIC.) This experience was then adjusted to reflect HSR's 2019 expected population. These adjustments are outlined below.

VI.2 Adjustments Made to the Data

- **Population Morbidity**

We applied an adjustment of approximately -8.0% to reflect the expected differences between the average morbidity of the covered 2017 HHIC population and the expected 2019 HSR population (beyond allowable rating factors). This morbidity factor mainly reflects the expected difference in morbidity between a standard population and a catastrophic only population.

Impact of Health Insurance Coverage Mandate Elimination

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 0.92 by 1.06 to arrive at a final morbidity factor of 0.975

- **Demographics**

We project that the average rating factor (age, tobacco load and area combined) for the 2019 HSR population will be 51.4% lower than the factor for the 2017 HHIC population. This is primarily due to the lower ages associated with a catastrophic only population. This decreases the projected allowed claims (utilization) by the same amount.

VI.3 Trend Factors (cost/utilization)

This development of the CY2019 rates reflects an annual trend rate of 9.5% (5% cost, 4.3% utilization). These trends reflect HSR'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 4.29%, HSR has included the anticipated change in utilization due to cost sharing requirements in the utilization trend column as instructed. The utilization adjustment is -1.51% per year. This brings the final utilization trend to 4.3%.

VII. Credibility of Experience

Given the low membership numbers in 2017 and a drastically different product offering between the experience period and the projection period the experience data is not given any credibility in the rate calculation. HSR has chosen to treat the credibility manual rates as 100% credible.

VIII. Paid to Allowed Ratio

The paid to allowed ratio of 0.575 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 HSR individual claims experience.

IX. Risk Adjustment and Reinsurance

IX.1 Projected Risk Adjustments PMPM:

Given the nature of the membership in this product (low enrollment and catastrophic only), it was not possible to model Risk Adjustment with any credibility. Therefore, a \$0 PMPM is assumed for the Risk Adjustment.

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:

HSR has voluntarily refrained from including a risk and contingency factor in this filing. By this voluntary restraint, HSR is not waiving any right to include a risk and contingency factor

which HSR believes is consistent with historical and legal interpretations of HSR 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
- 2.0% for the PA Premium Tax

XI. Projected Loss Ratio

The anticipated medical loss ratio is about 83.5% 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 HSR 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 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 HSR. 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 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 risk adjustment. 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 0.899. This factor is calculated by dividing the all members age factor of 0.899 by the ratio of all members to billable members (1.000). Each Plan Adjusted Index Rate represents the rate for an average member with an age factor of 0.899. Please note that no member will pay these rates because the age factor of 0.899 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 17, which has a factor of 0.885. Please see Exhibit I for the development of the calibration factor.

XVI.2 Geographic Factor Calibration:

The projected weighted average geographic factor is 1.02. Each Plan Adjusted Index Rate represents the rate for an average member with a geographic factor of 1.02. Please see Exhibit I for the development of the calibration factor.

XVI.3 Tobacco Factor Calibration:

The projected weighted average tobacco factor is 1.000. Each Plan Adjusted Index Rate represents the rate for an average member with a tobacco factor of 1.000. 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 17 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

HSR is offering only the catastrophic plan. No AV calculations are required for this plan.

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.

XX. Membership Projections

Membership projections are from HSR's current forecast for 2019. These projections reflect expected changes in market share due to an expected increase in market competition.

HSR is only offering Catastrophic plans off of the exchange in 2019.

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.

XXII. Plan Type

The Plan types listed in Worksheet 2, Section 1 of the Part I Unified Rate Review Template describe HSR's plans adequately.

XXIII. Warning Alerts

There were no validation warnings that occurred when finalizing the URRT workbook.

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 HSR'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.

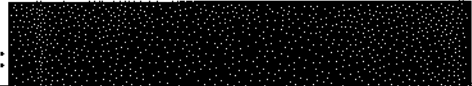
I certify that the benefits included in HSR's plans are substantially equivalent to the Essential Health Benefits (EHBs) in the Commonwealth of Pennsylvania's benchmark plans. I certify that any benefit substitutions are:

- 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 HSR 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: July 13, 2018

Exhibit I
Highmark Select Resources

Highmark Individual Market Adjusted Index Rate (effective January 1, 2019)

2019 Projected Period Average Members	5
2019 Projected Allowed Claims	\$397.15
Non-EHB	\$0.00
2019 Index Rate (Allowed Claims for EHB Only)	\$397.15
Market-Wide Adjustment	
Risk Adjustment (Net of Risk Adjuster Fee)	1.001
Transitional Reinsurance Program (Net of Reinsurance Premium)	1.000
Exchange User Fee	1.000
2019 Market Adjusted Index Rate	\$397.41
Calibration	
Calibration from Plan Adjusted Index Rate to Age 17, 1.0 Area, Non-Smoker	
(a) Average Age Factor	0.899
(b) Age 17 (Nearest Age on HHS Age Curve) Age Factor	0.885
(c) Average Geographic Factor	1.020
(d) Average Tobacco Load Factor	1.000
Combined Calibration Factor $1/[(a/b)*c*d]$	0.965

Exhibit II
Highmark Select Resources

Unified Rate Review Template (URRT) AV Pricing Value Development
Market Adjusted Index Rate PMPM = \$397.41

HIOS Plan ID	Exchange Status	Metal Level	Plan Design Marketing Name	Plan Premium PMPM	URRT AV Pricing Value	Portion of URRT AV Pricing Value ⁽¹⁾				
						(i)	(ii)	(iii)	(iv)	(v)
36247PA0090003	Off	Catastrophic	Major Events Blue RPO 7900	\$280.77	0.7065	0.575	1.000	1.000	1.228	1.600

⁽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
Highmark Select Resources

Terminated Experience Period Plans

HIOS ID	Metal	Plan Name	2019 Mapping
36247PA0060003	Bronze	Alliance Flex Blue PPO 6800	NA

2019 Rates Table Template v8.1		<i>All fields with an asterisk (*) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.</i>			
		<i>If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.</i>			
		<i>If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band.</i>			
		<i>If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.</i>			
		<i>To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.</i>			
HIOS Issuer ID* Federal TIN* Rate Effective Date* Rate Expiration Date* Rating Method*	36247				
	20-2353206				
	01/01/2019				
	12/31/2019				
Age-Based Rates					
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*	Individual Tobacco Rate*
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Required: Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	Required: Select the age of a subscriber eligible for the rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan	Required: Enter the rate of an Individual tobacco enrollee on a plan
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	0-14	238.92	238.92
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	15	260.15	260.15
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	16	268.27	268.27
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	17	276.39	276.39
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	18	285.14	285.14
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	19	293.88	293.88
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	20	302.94	302.94
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	21	312.31	320.12
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	22	312.31	320.12
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	23	312.31	320.12
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	24	312.31	320.12
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	25	313.56	321.40
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	26	319.81	327.81
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	27	327.30	335.48
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	28	339.48	347.97
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	29	349.47	358.21
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	30	354.47	363.33
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	31	361.97	371.02
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	32	369.46	378.70
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	33	374.15	383.50
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	34	379.14	388.62
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	35	381.64	391.18
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	36	384.14	393.74
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	37	386.64	396.31
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	38	389.14	398.87
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	39	394.14	403.99
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	40	399.13	439.04
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	41	406.63	449.33
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	42	413.81	460.16
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	43	423.80	475.08
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	44	436.30	493.89
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	45	450.98	516.37
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	46	468.47	543.43
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	47	488.14	574.54
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	48	510.63	610.71
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	49	532.80	648.42
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	50	557.79	683.29
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	51	582.46	713.51
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	52	609.63	746.80
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	53	637.11	780.46
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	54	666.78	816.81
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	55	696.45	853.15
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	56	728.62	892.56
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	57	761.10	932.35
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	58	795.77	974.82
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	59	812.94	995.85
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	60	847.61	1038.32
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	61	877.59	1075.05
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	62	897.27	1099.16
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	63	921.94	1129.38
36247PA0090003	Rating Area 9	Tobacco User/Non-Tobacco User	64 and over	936.93	1147.74