

## KHPE – Small Group Plans

Rate request filing ID # INAC-134056078 – This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at <https://www.insurance.pa.gov/Consumers/HealthInsuranceFilings/Pages/ACA-Health-Rate-Filings.aspx>

### Overview

Initial request average rate change:	7.01%
Revised requested average rate change: <sup>1</sup>	7.01%
Range of requested:	2.83% to 7.72%
Effective date:	January 1, 2025
Mapped members:	88,118
Available in:	Rating Area 8

### Key Information

#### Jan. 2023 – Dec. 2023 financial experience

Premiums	\$612,834,369
Claims	\$513,197,212
Administrative Expenses	\$20,751,173
Taxes & Fees	\$75,380,581
<hr/>	
Insurer made (after taxes)	\$3,505,403

#### How insurer plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2025

Claims:	83%
Administrative:	12%
Taxes & Fees:	3%
Profit:	2%

The insurer expects its annual medical costs to increase 6.9%.

### Explanation of Requested Rate Change:

Premium rates for health care insurance are increasing as the cost of health care service rise.

<sup>1</sup> 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.



May 15, 2024

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

**SUBMITTED VIA SERFF**

**RE: Keystone Health Plan East  
Small Group HMO Rate Filing effective 1/1/2025  
INAC-134056078**

Dear Ms. Swartz:

Keystone Health Plan East (KHPE) is proposing a revision in Small Group Health Insurance rates effective January 1, 2025 and later.

Attached is the 2025 rate filing for HMO plans of Keystone Health Plan East (KHPE), and Direct Point-of-Service (DPOS) plans, of which a large majority of benefit expenses is attributed to KHPE and the remainder to QCC Insurance Company (QCC), and offered to small employer groups in the Commonwealth of Pennsylvania. Rates for new and renewing plans are being filed and satisfy market reform requirements of the Affordable Care Act (ACA).

This rate filing includes rates for these plans and specifies compliance with rating requirements of the ACA. The enclosed is for rating periods effective from January 1, 2025 through December 31, 2025. We will be changing the

The proposed 2025 rates represent a 7.0% increase over the previously approved 2024 rates.

Information for the Pennsylvania Bulletin:

1.	Company Name and NAIC Number:	Keystone Health Plan East; 95056
2.	Market	Small Group
3.	On or Off Exchange	Off
4.	Effective Date of Coverage	January 1, 2025
5.	Average Rate Change Requested	7.0%
6.	Range of Rate Changes Requested	2.8% to 7.7%
7.	Total Annual Revenue Generated from	



	the Proposed Rate Change	\$42,249,890
8.	Products	HMO
9.	Rating Areas and Change from 2024	Rating Area 8; No Change
10.	Metal Levels and Catastrophic Plans	Platinum, Gold, Silver, Bronze
11.	Current covered lives and policyholders as of February 1, 2024	88,188 lives
12.	Number of plans offered in 2025 and change from 2024	19 plans in 2025; 38 plans in 2024
13.	Corresponding contract form number, SERFF, and binder numbers	SERFF # INBC- 134076872, INBC-134089480, INBC- PA25-125118199
14.	HIOS Issuer ID # and submission tracking Number	HIOS Issuer ID # 33871; Filing # N/A

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

Sincerely,

[REDACTED]

cc:

[REDACTED]

APPENDIX

Form Numbers

KE 670 WPR GMC Rev. 1.25  
KE 670 SG EXC-OFF Rev. 1.25  
KE 670 SG EXC-OFF.Direct Rev. 1.25  
KE 670 SG EXC-OFF.Tier Rev. 1.25  
16905.WR.KDPOS Rev. 1.25  
16905-BC.SG.KDPOS.OFF Rev. 1.25  
PREV/SCH-II Rev. 1.25

# PENNSYLVANIA ACTUARIAL MEMORANDUM

## PURPOSES

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

## 1. BASIC INFORMATION AND DATA

### A. COMPANY INFORMATION

<b>Company Legal Name:</b>	Keystone Health Plan East (“KHPE”)
<b>State:</b>	Pennsylvania
<b>NAIC #:</b>	95056
<b>Market:</b>	Small Group
<b>Marketplace:</b>	Off Exchange
<b>Effective Date(s):</b>	1/1/2025 – 3/31/2025, 4/1/2025 – 6/30/2025, 7/1/2025 – 9/30/2025, 10/1/2025 – 12/31/2025
<b>Average Rate Change:</b>	7.0%
<b>Range of Rate Changes:</b>	2.8% to 7.7%
<b>Products:</b>	HMO
<b>Rating Areas:</b>	Rating Area 8
<b>Metal Levels:</b>	Platinum, Gold, Silver, Bronze
<b>Current Members:</b>	88,188
<b>Number of 2025 Plans:</b>	19
<b>HIOS Issuer ID (5-digit):</b>	33871

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

### COMPANY CONTACT INFORMATION

**Primary Contact Name:** [REDACTED]  
**Primary Contact Telephone Number:** [REDACTED]

INAC-134056078  
KHPE Small Group

**Primary Contact Email Address:** [REDACTED]

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

January 1, 2021	0.90%	INAC- 132358832
July 1, 2021	3.63%	INAC- 132762306
January 1, 2022	3.40%	INAC- 132818409
January 1, 2023	0.20%	INAC- 133254493
January 1, 2024	1.47%	INAC- 133668723

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

Proposed rate changes may vary by metallic tier and plan based on plan benefit changes.

**C. AVERAGE RATE CHANGE**

The average proposed rate change shown in Cell AC15 of Table 10 is 7.0%. The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2023 to calendar year 2025 are incorporated into the pricing and reflected in the Unified Rate Review Template.

The change in 21-year-old Non-Tobacco Premium PMPM calculated in Table 11, Cell AN13 is 7.0%.

**D. MEMBERSHIP COUNT**

Table 1 illustrates the Experience Period member-months, Current Period members as of February 1, 2024, and Projected Rating Period Member-months by ages.

**E. BENEFIT CHANGES**

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

**F. EXPERIENCE PERIOD CLAIMS AND PREMIUMS**

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

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

Experience period premium, claims, and member months are obtained from the company’s internal data warehouse. The claims data is collected for incurred dates from January through December 2023 and paid through February 2024. Earned premiums and member months are for January through December 2023. The data are for all direct-written small group business of KHPE in the Commonwealth of Pennsylvania, including out-of-network claims written by KHPE but paid by QCC for POS plans. No private reinsurance was applicable.

### **Projected Risk Adjustment PMPM**

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

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

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

The projected risk adjustment amounts for KHPE and Independence Blue Cross (QCC) are consistent with the projection made in the respective submissions. We also considered preliminary 2023 risk transfer results.

In the URRT v6.0, it is necessary to divide Risk Adjustment by the Paid to Allowed factor when it is used in calculations based on Allowed Claims to produce calculations that are consistent with the Actuarial Memo Rate Exhibit.

## **G. CREDIBILITY OF DATA**

The experience period data is considered 100% credible.

## **H. TREND IDENTIFICATION**

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

We populated the URRT with the Total Annual Trend calculated in cell G52 of Table 3. The URRT requires that factors are rounded to four decimal places which results in some small differences.

## **I. HISTORICAL EXPERIENCE**

Table 4 illustrates historical experience from 2019 through 2023 for the product line.

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

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

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

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

### **c. Rebates**

Rebate payments will be made as appropriate for 2023 for KHPE in Small Group. Rebate payments will be made if applicable for the 2024 policy period. We do not anticipate 2025 rebates for KHPE Small Group.

## **J. TERMINATED PLANS**



The following plans are being terminated during 2025:

33871PA0100020	Keystone HMO Platinum Preferred \$10/\$20/\$200
33871PA0100021	Keystone HMO Platinum Preferred \$20/\$40/\$250
33871PA0100022	Keystone HMO Gold Preferred \$40/\$80/\$650
33871PA0100023	Keystone HMO Gold Classic \$1,500/\$30/\$60/90%
33871PA0100024	Keystone HMO Silver Classic \$4,750/\$40/\$80/70%
33871PA0100025	Keystone HMO Silver Classic \$3,750/\$40/\$80/50%
33871PA0100026	Keystone HMO Bronze Essential \$7,500/\$70/\$140/\$700
33871PA0100044	Keystone HMO Gold Proactive
33871PA0100045	Keystone HMO Silver Proactive
33871PA0100049	Keystone HMO Silver Secure \$5,000/\$50/\$100/\$600
33871PA0100050	Keystone HMO Platinum Preferred \$30/\$60/\$400
33871PA0100052	Keystone HMO Silver Proactive Value
33871PA0100053	Keystone HMO Platinum Preferred \$5/\$15/\$500
33871PA0110011	Keystone DPOS Platinum Preferred \$10/\$20/\$200
33871PA0110012	Keystone DPOS Platinum Preferred \$20/\$40/\$250
33871PA0110013	Keystone DPOS Gold Preferred \$40/\$80/\$650
33871PA0110014	Keystone DPOS Gold Classic \$1,500/\$30/\$60/90%
33871PA0110019	Keystone DPOS Silver Classic \$3,750/\$40/\$80/50%

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

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

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

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

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

#### **Changes in Other Factors**

Experience period allowed claims are adjusted to account for differences in the single risk pool population underlying the experience and the anticipated population in the projection period pertaining

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

We incorporated the quarterly trend methodology from Table 5A into the URRT Part 1 Worksheet 1 Section II so that the calculated MAIR in the URRT was consistent with the MAIR calculated in the Actuarial Memo Rate Exhibits. The factor is also applied in the URRT Worksheet 2 Section 3, Plan Adjustment Factors, to correctly calculate the first quarter 2025 rates.

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

## B. RETENTION ITEMS

Table 6 illustrates the retention items, expressed as percentages of premium. Federal Income Tax is calculated by applying the tax rate to the sum of the HIF plus Profit/Contingency.

Administrative Expenses		15.24%
General and Claims	9.57%	
Agent/Broker Fees and Commissions	4.87%	
Quality Improvement Initiatives	0.80%	
Taxes and Fees		0.64%
Risk Adjustment User Fee	0.04%	
PCORI Fee	0.07%	
PA Premium Tax	0.00%	
Federal Income Tax	0.53%	
Health Insurance Providers Fee	0.00%	
Profit/Contingency		2.00%
Total Retention		17.88%

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

Table 7 compares the normalization factors used in this filing to those used in the 2024 filing. The changes in the factors reflect small differences from the projected populations in 2024 and 2025.

### D. COMPONENTS OF RATE CHANGE

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

Data in Table 9 is consistent with the 2024 and 2025 URRT with the exception of Risk Adjustment which was revised to project company-specific values.

### E. MLR DEMONSTRATION

Projected Claims PMPM (After Reinsurance)	\$501.22
Premium PMPM	\$610.34
Quality Improvement Expense PMPM	\$4.88
Exchange User Fee PMPM	\$0.00
HIF PMPM	\$0.00
Federal Income Tax PMPM	\$3.24
Premium Tax PMPM	\$0.00
Federal MLR	83.4%

### 3. PLAN RATE DEVELOPMENT

Table 10 is populated with plan information consistent with entries in the 2025 URRT. Plan mappings, where applicable, are illustrated in Column F of Table 10.

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

The factor "AV and Cost Sharing Design of Plan" in Worksheet 2 of the URRT is the product of the Pricing AV, the Benefit Richness Factors from the Actuarial Memo Rate Exhibit. We incorporated the first quarter factor from cell J34 of Table 5A of the Actuarial Memo Rate Exhibit. Again, please note that the URRT requires factors to be rounded to four decimal places, resulting in small differences.

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

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

## 5. PLAN FACTORS

Tables 12, 13, and 14 illustrate the factors used in pricing for age, tobacco, geographic rating area, and network. The tobacco factors match the previously approved tobacco factors from the 2024 filing.

## 6. ACTUARIAL CERTIFICATION

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

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

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

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

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

- All factor, benefit, and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
- New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
- The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2025 Rate Filing Justification.

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May 15, 2024

PA Rate Template Part I  
Data Relevant to the Rate Filing

Table 0. Identifying Information

Center Name:	Keystone Health Plan East
Product:	SMO
Market Segment:	Small Group
Rate Effective Date:	1/1/2025
Base Period Start Date:	1/1/2023
Date of Most Recent Membership:	3/1/2024

to 12/31/2025  
to 12/31/2023

Table 1. Number of Members

Experience Period	Member-months	Members	Member-months
	Experience Period	Current Period (as of 03/01/2024)	Projected Rating Period
Average Age	37.0	37.0	37.0
Total	1,688,029	86,118	1,057,416
18	170,460	13,576	162,912
19-24	30,500	2,366	28,134
25-29	103,811	6,690	103,080
30-34	115,208	6,343	112,116
35-39	105,186	6,077	106,214
40-44	88,881	6,126	87,512
45-49	82,171	5,211	80,580
50-54	65,000	7,628	60,136
55-59	106,510	6,442	101,304
60-63	81,889	6,037	79,664
64	13,272	2,968	11,176

Table 2. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & PHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$2,246,289.26	\$16,295,043.13	\$18,817,124.03	1,088,029	\$0.89	\$0,839,785.34	\$19,657,509.36	\$	\$110,027,074.76	\$	\$ 6,125,937.63	\$
Experience Period Total Allowed EHB Claims + EHB Capitation (PMPM) (net of prescription drug rebates)											
Loss Ratio											
* Express Prescription Drug Rebates as a negative number											

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand**	Composite Trend	Weight*
Inpatient Hospital	5.00%	4.93%	10.17%	10.17%	11.37%
Outpatient Hospital	4.70%	4.20%	9.20%	9.20%	21.84%
Professional	2.00%	4.20%	7.31%	7.31%	26.93%
Other Medical	2.90%	4.20%	7.31%	7.31%	0.90%
Capitation				3.53%	11.04%
Prescription Drugs	6.54%	4.20%	3.22%	3.22%	24.81%
Total Annual Trend				6.89%	100.00%
Months of Trend				24	
Total Annual Trend Projection Factor				1.141	

\* Express Cost, Utilization, Induced Utilization and Weight as percentages  
\*\* Should equal 0.00% Trend

Table 4. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factor*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + PHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-20	\$	\$ 17,771,803.90	1.0000	\$ 17,771,803.90	110,489	\$ 159.40	\$	\$ 12,800,208.44	\$ 42,627,011.41	\$ 385.73
Feb-20	\$	\$ 16,176,887.06	1.0000	\$ 16,176,887.06	110,299	\$ 147.09	\$	\$ 12,795,156.00	\$ 40,809,425.57	\$ 365.40
Mar-20	\$	\$ 19,877,395.81	1.0000	\$ 19,877,395.81	110,991	\$ 179.55	\$	\$ 12,792,640.91	\$ 36,540,900.91	\$ 333.61
Apr-20	\$	\$ 20,224,863.84	1.0000	\$ 20,224,863.84	108,849	\$ 186.29	\$	\$ 12,856,208.44	\$ 28,153,469.04	\$ 258.61
May-20	\$	\$ 20,515,914.47	1.0000	\$ 20,515,914.47	108,198	\$ 189.41	\$	\$ 12,833,706.02	\$ 33,000,386.28	\$ 305.28
Jun-20	\$	\$ 18,035,992.42	1.0000	\$ 18,035,992.42	107,100	\$ 168.45	\$	\$ 12,833,663.21	\$ 37,837,100.97	\$ 348.41
Jul-20	\$	\$ 15,616,002.50	1.0000	\$ 15,616,002.50	106,600	\$ 146.47	\$	\$ 12,841,500.94	\$ 39,165,498.81	\$ 367.47
Aug-20	\$	\$ 18,795,907.18	1.0000	\$ 18,795,907.18	106,196	\$ 176.94	\$	\$ 12,828,461.01	\$ 38,210,905.81	\$ 360.01
Sep-20	\$	\$ 16,779,832.56	1.0000	\$ 16,779,832.56	106,082	\$ 158.27	\$	\$ 12,839,186.48	\$ 39,238,826.44	\$ 373.60
Oct-20	\$	\$ 20,062,892.86	1.0000	\$ 20,062,892.86	106,816	\$ 188.04	\$	\$ 12,820,516.43	\$ 42,873,492.43	\$ 406.68
Nov-20	\$	\$ 16,527,791.21	1.0000	\$ 16,527,791.21	104,217	\$ 158.43	\$	\$ 12,854,410.80	\$ 39,803,893.57	\$ 382.71
Dec-20	\$	\$ 17,212,782.79	1.0000	\$ 17,212,782.79	103,726	\$ 166.97	\$	\$ 12,840,451.81	\$ 41,174,802.28	\$ 396.90
Jan-21	\$	\$ 18,147,082.29	1.0000	\$ 18,147,082.29	103,471	\$ 175.35	\$	\$ 12,858,546.78	\$ 41,848,120.41	\$ 404.61
Feb-21	\$	\$ 18,673,864.94	1.0000	\$ 18,673,864.94	103,112	\$ 180.94	\$	\$ 12,854,329.44	\$ 36,848,701.24	\$ 356.67
Mar-21	\$	\$ 21,648,054.22	1.0000	\$ 21,648,054.22	103,079	\$ 209.84	\$	\$ 12,847,332.33	\$ 47,881,291.61	\$ 454.51
Apr-21	\$	\$ 20,845,385.77	1.0000	\$ 20,845,385.77	102,467	\$ 203.39	\$	\$ 12,850,266.54	\$ 44,733,607.71	\$ 436.51
May-21	\$	\$ 19,548,402.21	1.0000	\$ 19,548,402.21	101,810	\$ 192.03	\$	\$ 12,848,727.86	\$ 42,729,252.21	\$ 419.20
Jun-21	\$	\$ 18,389,964.08	1.0000	\$ 18,389,964.08	101,261	\$ 181.52	\$	\$ 12,850,810.12	\$ 41,931,903.11	\$ 414.00
Jul-21	\$	\$ 16,151,632.63	1.0000	\$ 16,151,632.63	100,546	\$ 160.61	\$	\$ 12,846,146.44	\$ 38,403,881.40	\$ 381.61
Aug-21	\$	\$ 18,307,031.15	1.0000	\$ 18,307,031.15	100,031	\$ 182.55	\$	\$ 12,845,811.00	\$ 41,603,425.80	\$ 415.90
Sep-21	\$	\$ 19,818,854.47	1.0000	\$ 19,818,854.47	99,531	\$ 198.92	\$	\$ 12,851,811.01	\$ 39,479,751.11	\$ 398.61
Oct-21	\$	\$ 16,984,112.73	1.0000	\$ 16,984,112.73	99,034	\$ 171.45	\$	\$ 12,845,583.22	\$ 39,821,493.41	\$ 402.10
Nov-21	\$	\$ 17,013,707.19	1.0000	\$ 17,013,707.19	98,800	\$ 172.86	\$	\$ 12,847,528.00	\$ 39,468,136.41	\$ 399.61
Dec-21	\$	\$ 19,338,842.84	1.0000	\$ 19,338,842.84	98,447	\$ 196.40	\$	\$ 12,844,134.00	\$ 41,924,544.81	\$ 426.81
Jan-22	\$	\$ 16,366,909.00	1.0000	\$ 16,366,909.00	97,904	\$ 167.06	\$	\$ 12,866,466.07	\$ 38,131,088.41	\$ 369.41
Feb-22	\$	\$ 19,259,767.44	1.0000	\$ 19,259,767.44	97,651	\$ 196.44	\$	\$ 12,853,939.00	\$ 37,090,206.41	\$ 381.91
Mar-22	\$	\$ 18,427,422.96	1.0000	\$ 18,427,422.96	97,130	\$ 189.51	\$	\$ 12,851,422.13	\$ 41,702,760.11	\$ 427.01
Apr-22	\$	\$ 18,416,765.21	1.0000	\$ 18,416,765.21	97,194	\$ 188.30	\$	\$ 12,872,862.00	\$ 37,995,648.81	\$ 396.91
May-22	\$	\$ 17,067,019.65	1.0000	\$ 17,067,019.65	96,804	\$ 175.91	\$	\$ 12,857,253.08	\$ 39,813,376.31	\$ 411.21
Jun-22	\$	\$ 16,306,448.91	1.0000	\$ 16,306,448.91	96,711	\$ 168.11	\$	\$ 12,853,699.00	\$ 38,015,480.01	\$ 394.01
Jul-22	\$	\$ 19,261,498.64	1.0000	\$ 19,261,498.64	96,487	\$ 198.11	\$	\$ 12,870,011.11	\$ 37,490,718.11	\$ 391.01
Aug-22	\$	\$ 17,027,147.25	1.0000	\$ 17,027,147.25	95,344	\$ 178.33	\$	\$ 12,848,995.03	\$ 39,879,661.02	\$ 418.27
Sep-22	\$	\$ 19,245,000.00	1.0000	\$ 19,245,000.00	94,983	\$ 202.63	\$	\$ 12,835,155.00	\$ 43,077,173.71	\$ 459.80
Oct-22	\$	\$ 17,998,218.92	1.0000	\$ 17,998,218.92	94,485	\$ 190.11	\$	\$ 12,819,427.71	\$ 40,456,103.57	\$ 428.11
Nov-22	\$	\$ 16,177,103.01	1.0000	\$ 16,177,103.01	94,114	\$ 171.47	\$	\$ 12,814,206.80	\$ 38,708,167.21	\$ 411.01
Dec-22	\$	\$ 19,102,679.14	1.0000	\$ 19,102,679.14	94,089	\$ 203.14	\$	\$ 12,846,412.41	\$ 41,444,147.41	\$ 432.81
Jan-23	\$	\$ 19,489,125.12	1.0000	\$ 19,489,125.12	92,677	\$ 210.10	\$	\$ 12,812,810.13	\$ 38,460,730.37	\$ 414.90
Feb-23	\$	\$ 18,577,582.13	0.9984	\$ 18,577,582.13	92,195	\$ 201.61	\$	\$ 12,820,581.09	\$ 38,555,236.21	\$ 417.91
Mar-23	\$	\$ 20,101,240.87	0.9984	\$ 20,101,240.87	91,817	\$ 218.94	\$	\$ 12,813,257.52	\$ 43,566,440.18	\$ 472.21
Apr-23	\$	\$ 18,533,121.76	0.9979	\$ 18,533,121.76	91,167	\$ 202.91	\$	\$ 12,813,019.77	\$ 37,098,522.41	\$ 406.91
May-23	\$	\$ 19,300,922.01	0.9950	\$ 19,300,922.01	90,404	\$ 213.49	\$	\$ 12,815,862.86	\$ 42,842,844.61	\$ 473.20
Jun-23	\$	\$ 18,218,700.17	0.9982	\$ 18,218,700.17	90,345	\$ 201.39	\$	\$ 12,812,385.11	\$ 38,550,865.01	\$ 423.80
Jul-23	\$	\$ 18,983,461.63	0.9950	\$ 18,983,461.63	90,166	\$ 210.53	\$	\$ 12,822,205.23	\$ 36,541,408.71	\$ 404.91
Aug-23	\$	\$ 18,380,908.12	0.9918	\$ 18,380,908.12	89,693	\$ 203.91	\$	\$ 12,828,413.83	\$ 41,380,251.28	\$ 460.01
Sep-23	\$	\$ 18,000,022.15	0.9897	\$ 18,000,022.15	89,216	\$ 201.86	\$	\$ 12,827,517.75	\$ 36,353,088.81	\$ 406.21
Oct-23	\$	\$ 19,776,481.81	0.9881	\$ 19,776,481.81	88,446	\$ 223.60	\$	\$ 12,820,811.00	\$ 39,860,968.41	\$ 450.21
Nov-23	\$	\$ 17,530,968.44	0.9748	\$ 17,530,968.44	89,398	\$ 195.14	\$	\$ 12,817,418.81	\$ 40,853,987.54	\$ 457.41
Dec-23	\$	\$ 19,696,571.61	0.9861	\$ 19,696,571.61	89,544	\$ 220.90	\$	\$ 12,819,466.00	\$ 36,657,026.01	\$ 406.91

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

Carrier Name: Keystone Health Plan East  
 Product(s): HMO  
 Market Segment: Small Group  
 Rate Effective Date: 1/1/2025

Table 2b. Manual Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & DSH)	Allowed Claims (Non-Capitated)	Non-ENB portion of Allowed Claims	Total Prescription Drug Rebates**	Total ENB Capitation	Total Non-ENB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
1,148,429,241.44	112,449,204.13	112,449,204.13	1,499,742	181,864,922.42	1,124,945,092.47	1,124,945,092.47	1,104,206,757.911	124,978,824.51	12,339,085.19	114,215,087.41	574.01
Experience Period Total Allowed Enb Claims + ENB Capitation PMPM (net of prescription drug rebates)											574.01
Loss Ratio											78.51%

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

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Indexed Demand*	Composite Trend	Weight*
Inpatient Hospital	4.60%	4.20%		50.82%	15.37%
Outpatient Hospital	4.20%	4.20%		9.40%	21.44%
Professional	4.90%	4.20%		7.81%	26.50%
Other Medical	9.20%	4.20%		7.31%	0.00%
Capitation				3.51%	31.68%
Prescription Drugs	6.54%	4.20%		3.72%	24.82%
Total Annual Trend				6.80%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.481	

\*Express Cost, Utilization, Indexed Demand and Weight as percentages

Table 4b. Historical Manual Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factor*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member & DSH)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-20	\$	73,912,533.85	1.0000	73,912,533.85	186,371	396.57	\$	(5,397,814.50)	68,514,719.35	459.40
Feb-20	\$	71,179,245.06	1.0000	71,179,245.06	185,881	383.50	\$	(5,178,001.79)	66,001,243.27	435.81
Mar-20	\$	69,881,909.01	1.0000	69,881,909.01	185,874	376.01	\$	(5,193,138.44)	64,688,770.57	387.48
Apr-20	\$	69,269,183.75	1.0000	69,269,183.75	181,801	384.90	\$	(5,511,568.11)	63,757,615.64	388.99
May-20	\$	67,029,020.10	1.0000	67,029,020.10	181,601	374.58	\$	(4,475,707.01)	62,553,313.09	346.11
Jun-20	\$	68,101,161.46	1.0000	68,101,161.46	181,011	376.24	\$	(4,471,887.64)	63,629,273.82	417.08
Jul-20	\$	68,407,391.82	1.0000	68,407,391.82	180,881	381.29	\$	(4,581,221.64)	63,826,170.18	426.29
Aug-20	\$	69,071,181.52	1.0000	69,071,181.52	180,551	383.51	\$	(4,676,489.14)	64,394,692.38	426.11
Sep-20	\$	69,441,826.71	1.0000	69,441,826.71	178,426	388.66	\$	(4,431,149.41)	65,010,677.30	431.61
Oct-20	\$	70,149,525.78	1.0000	70,149,525.78	178,624	419.29	\$	(4,461,661.39)	65,687,864.39	469.29
Nov-20	\$	70,324,264.24	1.0000	70,324,264.24	177,464	396.27	\$	(4,761,431.76)	65,562,832.48	438.09
Dec-20	\$	71,139,391.18	1.0000	71,139,391.18	176,577	414.40	\$	(4,781,748.14)	66,357,643.04	456.94
2020	1,209,260,239.85	72,621,871.40	1.0000	72,621,871.40	1,749,481	414.40	109,629,140.99	(6,058,097.14)	66,563,774.26	405.11
Jan-21	\$	64,314,599.86	1.0000	64,314,599.86	176,307	364.79	\$	(6,307,840.71)	58,006,759.15	407.21
Feb-21	\$	62,148,339.87	1.0000	62,148,339.87	176,298	405.87	\$	(6,102,189.01)	56,046,150.86	529.77
Mar-21	\$	72,279,089.16	1.0000	72,279,089.16	175,731	439.74	\$	(6,096,211.64)	66,182,877.52	490.00
Apr-21	\$	73,707,022.43	1.0000	73,707,022.43	175,277	430.57	\$	(6,081,191.51)	67,625,830.92	462.71
May-21	\$	74,896,415.81	1.0000	74,896,415.81	174,511	434.83	\$	(6,055,381.17)	68,841,034.64	482.38
Jun-21	\$	67,322,995.17	1.0000	67,322,995.17	173,411	388.21	\$	(6,583,174.18)	60,739,821.00	432.39
Jul-21	\$	72,206,338.11	1.0000	72,206,338.11	173,098	416.96	\$	(6,516,866.41)	65,689,471.69	471.44
Aug-21	\$	72,510,425.52	1.0000	72,510,425.52	172,954	439.24	\$	(6,572,828.64)	65,937,596.88	458.01
Sep-21	\$	74,027,187.11	1.0000	74,027,187.11	172,799	434.67	\$	(6,678,911.56)	67,348,275.65	475.26
Oct-21	\$	74,027,441.17	1.0000	74,027,441.17	172,717	435.21	\$	(6,671,824.17)	67,355,616.99	465.84
Nov-21	\$	76,144,246.17	1.0000	76,144,246.17	172,809	442.24	\$	(6,640,139.66)	69,504,106.53	489.69
Dec-21	\$	75,513,718.54	1.0000	75,513,718.54	173,461	436.48	\$	(7,058,629.57)	68,455,088.97	487.53
2021	1,207,866,070.03	67,928,436.98	1.0000	67,928,436.98	1,743,014	384.84	172,099,099.01	(7,514,261.87)	60,413,175.11	437.10
Jan-22	\$	77,429,802.54	1.0000	77,429,802.54	173,829	430.60	\$	(7,117,665.79)	70,312,136.75	450.00
Feb-22	\$	76,121,809.17	1.0000	76,121,809.17	173,791	409.31	\$	(7,016,711.22)	69,105,097.95	450.11
Mar-22	\$	78,414,941.51	1.0000	78,414,941.51	171,461	437.11	\$	(7,001,098.82)	71,413,842.69	499.01
Apr-22	\$	74,589,774.96	1.0000	74,589,774.96	171,811	418.14	\$	(7,510,029.14)	67,079,745.82	476.36
May-22	\$	68,100,077.00	1.0000	68,100,077.00	171,011	404.10	\$	(7,112,384.11)	60,987,692.89	438.60
Jun-22	\$	76,997,981.46	1.0000	76,997,981.46	170,247	432.27	\$	(7,101,017.82)	69,896,963.64	487.82
Jul-22	\$	78,891,312.09	1.0000	78,891,312.09	169,761	461.21	\$	(7,091,439.12)	71,800,873.97	506.10
Aug-22	\$	75,248,528.67	1.0000	75,248,528.67	168,911	445.47	\$	(7,011,254.17)	68,237,274.50	485.42
Sep-22	\$	73,388,870.87	1.0000	73,388,870.87	168,581	435.31	\$	(7,010,107.81)	66,378,763.06	475.11
Oct-22	\$	74,610,668.90	1.0000	74,610,668.90	168,721	436.38	\$	(6,974,513.04)	67,636,155.86	472.88
Nov-22	\$	74,071,027.11	0.9914	74,147,686.35	167,159	443.59	\$	(6,616,399.29)	67,531,287.06	483.12
Dec-22	\$	74,909,059.58	0.9718	74,009,977.61	165,901	431.78	\$	(6,615,062.18)	67,394,915.43	487.11
2022	1,248,543,970.11	81,022,566.96	0.9861	81,349,432.87	1,662,927	409.12	189,864,923.64	(8,437,148.11)	72,907,284.76	511.22
Jan-23	\$	81,071,119.13	0.9813	79,395,194.81	165,481	421.64	\$	(8,442,261.43)	70,952,933.38	488.61
Feb-23	\$	81,817,211.92	0.9914	82,236,100.21	164,588	431.61	\$	(8,770,441.24)	73,465,659.00	542.51
Mar-23	\$	76,274,191.71	0.9914	76,824,140.14	164,424	431.62	\$	(8,761,170.44)	68,063,969.70	504.96
Apr-23	\$	74,011,064.13	0.9914	72,095,905.81	163,931	417.90	\$	(8,614,051.39)	63,481,854.42	474.18
May-23	\$	80,807,298.43	0.9894	81,872,070.64	163,971	432.08	\$	(8,620,444.72)	73,251,625.92	535.03
Jun-23	\$	74,661,806.41	0.9858	75,746,132.00	163,721	430.99	\$	(8,610,209.00)	67,135,923.00	493.04
Jul-23	\$	80,441,054.40	0.9819	82,125,085.56	161,480	436.28	\$	(8,717,207.84)	73,407,877.72	537.54
Aug-23	\$	80,314,599.86	0.9718	82,786,473.88	161,290	439.60	\$	(8,702,270.11)	74,084,203.77	537.84
2023	1,248,543,970.11	74,861,012.18	0.9814	75,174,901.81	1,616,611	431.18	189,864,923.64	(8,728,091.31)	74,756,112.46	490.11

\*Express Completion Factor as a percentage

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

PA Rate Template Part II  
Rate Development and Change

Center Name:  
Product(s):  
Market Segment:  
Rate Effective Date:

Hydrex Health Plan East  
HMO  
Small Group  
1/1/2025

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

Development of the Projected Index Rate	Actual Experience 2024	Annual Data
Total Allowed EIB Claims + EIB Closures PMPM (net of amortization due to volume) PMPM	\$ 142.12	\$ 174.25
Two year trend projection factor	1.343	1.143
Unadjusted Projected Allowed EIB Claims PMPM	\$ 617.39	\$ 655.93
<b>Market-Adjusted Allowance Factors</b>		
Change in Mortality - Impact of Reinsurance Program	1.000	1.000
Change in Mortality - All Other	1.000	1.000
Total Non-Mortality Changes	0.000	0.000
Change in Demographics	0.000	0.000
Change in Network	0.000	0.000
Change in Benefits	1.000	1.000
Change in Other	1.000	1.000
Total Adjusted Projected Allowed EIB Claims PMPM	\$ 617.39	\$ 655.93
Credibility Factors	0%	00%
Final Projected EIB Claims PMPM	\$ 617.39	\$ 655.93
<b>Development of the Market-Adjusted Index Rate and Total Allowed Claims</b>		
Adjusted Projected Allowed EIB Claims PMPM	\$ 617.39	Index Rate for Projection Period on UBR1
Projected Paid to Allowed Rate	0.216	
Projected Incurred EIB Claims PMPM	\$ 408.45	
<b>Market-Adjusted Factors</b>		
Projected Incurred Risk Adjustment PMPM	\$ (13.93)	
Projected Incurred Exchange User Fee PMPM	\$ 50.00	
Projected Incurred Reinsurance Recoveries PMPM	\$ 50.00	
Market-Adjusted Projected Incurred EIB Claims PMPM	\$ 494.52	
Market-Adjusted Projected Allowed EIB Claims PMPM	\$ 494.52	Market-Adjusted Index Rate
Projected Allowed Non-EIB Claims PMPM	\$ 6.22	
Catastrophic Eligibility Adjustment	1.000	
Market-Adjusted Projected Incurred Total Claims PMPM	\$ 494.52	
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 494.52	

\* Actual Experience PMPM should be consistent with the Index Rate for Experience Period on UBR1

For Informational Purposes only - No input required.

Blended Base Period (Unadjusted) Claims before Normalization	\$ 134.06	= Index Rate of Experience Period on UBR1
Blended Earned Premium	\$ 1,268,242,910.15	
Blended Loss Ratio	78.92%	

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

Effective Date	1/1/2025	4/1/2025	7/1/2025	10/1/2025	Total Small Group
# of Member Months Remaining in Quarter	387,790	226,794	186,018	283,212	1,083,814
Adjusted Projected Allowed EIB Claims PMPM	\$ 627.40	\$ 627.40	\$ 627.40	\$ 627.40	\$ 627.40
Months of Trend	3	3	3	3	3
Annual Trend	6.24%	4.86%	4.56%	4.86%	6.24%
Single Risk Pool Projected Allowed Claims	\$ 627.40	\$ 636.82	\$ 646.38	\$ 656.04	\$ 646.32
Quarterly Trend Factor	1.000	1.001	1.001	1.004	1.003

Table 6. Retention

Retention Items	Percentage	PMPM Amounts
Administrative Expenses	11.24%	293.08
General and Claims	9.37%	577.57
Agent/Broker Fee and Commissions	8.80%	225.28
Quality Improvement Initiatives	0.80%	\$4.81
Taxes and Fees	0.44%	\$3.97
Risk Adjustment User Fee	0.07%	\$0.60
PCRM Fee	0.00%	\$0.00
PA, Payor and Other Taxes (if applicable)	0.00%	\$0.00
Federal Income Tax	0.00%	\$0.00
Health Insurance Provider Fee (Prorated for Small Groups only)	0.00%	\$0.00
Profit/Contingency (after tax)	2.00%	\$12.02
Total Retention	27.84%	\$1,027.34
Projected Required Revenue PMPM		\$ 601.74

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2024	2025
Normalizer Age Factor	1.000	1.000
Average Geographic Factor	1.000	1.000
Average Tobacco Status	1.000	1.000
Average Benefit Richness (Induced demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 494.52	\$ 494.52
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 408.45	\$ 408.45

Table 8. Components of Rate Change

Rate Components	2024	2025	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$ 375.59	\$ 402.01	26.42	7.0%
B. Base period allowed claims before normalization	\$ 525.21	\$ 574.04	48.83	13.0%
C. Normalization factor component of change	\$ (182.39)	\$ (195.99)	\$ (13.60)	-7.5%
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 342.82	\$ 378.05	35.23	9.4%
D2. UBR1 Trend	\$ 43.97	\$ 53.92	9.95	2.8%
D3. UBR1 Mortality	\$ -	\$ -	\$ -	0.0%
D4. UBR1 Other	\$ (13.53)	\$ (18.78)	\$ (5.25)	-1.9%
D5. Normalized UBR1 Risk Adjustment on an allowed basis	\$ 23.67	\$ 17.94	\$ (5.73)	-2.6%
D6. Normalized Exchange User Fee on an allowed basis	\$ -	\$ -	\$ -	0.0%
D7. Normalized Reinsurance Recoveries on an allowed basis	\$ -	\$ -	\$ -	0.0%
D8. Subtotal - Sum(D1-D7)	\$ 400.93	\$ 430.14	\$ 29.20	7.9%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ -	\$ 0.00	\$ 0.00	0.0%
E2. Pricing Act	\$ (88.82)	\$ (108.86)	\$ (20.04)	-2.8%
E3. Benefit Richness	\$ 0.00	\$ 0.02	\$ 0.02	0.0%
E4. Catastrophic Eligibility	\$ -	\$ -	\$ -	0.0%
E5. Benefits in Addition to EIB	\$ 2.80	\$ 3.09	\$ 0.29	0.1%
E6. Subtotal - Sum(E1-E5)	\$ (95.92)	\$ (105.75)	\$ (9.83)	-2.9%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 57.39	\$ 61.38	\$ 3.99	1.0%
F2. Taxes and Fees	\$ 2.38	\$ 2.28	\$ (0.10)	0.1%
F3. Profit and/or Contingency	\$ 7.11	\$ 8.61	\$ 1.50	0.3%
F4. Subtotal - Sum(F1-F3)	\$ 67.88	\$ 72.27	\$ 4.39	1.2%
G. Change in Miscellaneous Items	\$ -	\$ -	\$ -	0.0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 372.22	\$ 397.25	\$ 25.03	6.7%

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

	2024	2025
Paid-to-Allowed	0.754	0.748
UBR1 Trend (Total Applied Trend Factor)	1.128	1.143
UBR1 Mortality	1.000	1.000
UBR1 "Other"	0.910	0.902
Risk Adjustment	\$ 29.44	\$ 33.93
Exchange User Fee	\$ -	\$ -
Reinsurance Recoveries	\$ -	\$ -
Capitation	\$ -	\$ -
Network	1.000	1.000
Pricing Act	0.794	0.768
Benefit Richness	1.000	1.000
Catastrophic Eligibility	1.000	1.000
Benefits in Addition to EIB	1.002	1.002
Administrative Expenses	10.28%	11.24%
Taxes and Fees	16.81%	16.46%
Profit/Contingency	2.00%	2.00%

\* For 2024 in cell B1, please include a factor equal to the product of the average Pricing Act and the Non-Funding of CSR Adjuster













**PA Rate Template Part VI - Rate Change Summary**

**Table 15. Rate Change Summary Information**

**Overview**

Initial Requested Average Rate Change:	7.01%
Revised Requested Average Rate Change:	7.01%
Minimum Requested Rate Change:	2.83%
Maximum Requested Rate Change:	7.72%
Mapped Members:	98,118
Available in Rating Areas:	Rating Area 8

Carrier Name:	Keystone Health Plan East
Product(s):	MMO
Market Segment:	Small Group
Rate Effective Date:	1/1/2025

Rating Area	Active Rating Areas	Count of Remaining Active Rating Areas	Text
1			1
2			1
3			1
4			1
5			1
6			1
7			1
8	8		1 8
9			0

**Key Information**

Jan. 2023 - Dec. 2023 Financial Experience	
Premium	\$ 612,834,368.87
Claims	\$ 513,197,211.82
Administrative Expenses	\$ 20,751,173.00
Taxes & Fees	\$ 75,389,561.00
Company Made After Taxes	\$ 3,505,403.05

**How It Plans to Spend Your Premium**

This is how the company plans to spend the premium it collects in 2025:	
Claims:	83%
Administrative Expenses:	12%
Taxes & Fees:	3%
Profit:	2%

The company expects its annual medical costs to increase: **6.89%**

Explanation of requested rate change: **Premium rates for health care insurance are increasing** as the cost of health care service rise.

**Table 16. Risk Adjustment Calculation**

Component	Statewide	Insurer Specific
State Average Monthly Premium Before Adjustment	675.98	
Administrative Cost Adjustment	0.86	
State Average Monthly Premium	581.34	
Actuarial Value (AV)	0.78	0.76
Plan Liability Risk Score (PLRS)	1.26	1.19
Allowable Rating Factor (ARF)	1.50	1.51
Induced Demand Factor (IDF)	1.07	1.06
Geographic Cost Factor (GCF)	0.97	0.98
Factors Including Risk Score	1.31	1.25
Factors Excluding Risk Score	1.22	1.20
Risk Adjustment Transfer PMPM		(19.93)
Insurer Specific Manual Adjustment PMPM		
High Cost Risk Pool Adjustment PMPM		
Total Risk Adjustment Transfer		(19.93)

<-- Negative implies payer of RA

<-- Please provide explanation and calculation if value provided.





**Keystone Health Plan East, Inc.**  
**Small Group**  
**Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
33871PA0100055	Keystone HMO Platinum Preferred \$10/\$20/\$200	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1	<b>Unified Rate Review v6.0</b>																		To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P. To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L. To validate, select the Validate button or Ctrl + Shift + I. To finalize, select the Finalize button or Ctrl + Shift + F.
2																			
3	Company Legal Name:	Keystone Health Plan East																	
4	HIOS Issuer ID:	33871	State:	PA															
5	Effective Date of Rate Change(s):	1/1/2025	Market:	Small Group															
6																			
7																			
8	<b>Market Level Calculations (Same for all Plans)</b>																		
9																			
10																			
11	<b>Section I: Experience Period Data</b>																		
12	Experience Period:	1/1/2023	to	12/31/2023															
13			Total		PMPM														
14	Allowed Claims		\$594,036,997.16		\$545.95														
15	Reinsurance		\$0.00		\$0.00														
16	Incurred Claims in Experience Period		\$513,197,211.82		\$471.65														
17	Risk Adjustment		-\$29,405,919.38		-\$27.03														
18	Experience Period Premium		\$642,240,288.26		\$590.25														
19	Experience Period Member Months		1,088,079																
20																			
21	<b>Section II: Projections</b>																		
22		Experience Period Index Rate PMPM	Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims PMPM												
23	Benefit Category		Cost	Utilization	Cost	Utilization													
24	Inpatient Hospital	\$83.05	1.056	1.043	1.056	1.043		\$100.75											
25	Outpatient Hospital	\$117.98	1.048	1.043	1.048	1.043		\$140.96											
26	Professional	\$145.49	1.029	1.043	1.029	1.043		\$167.58											
27	Other Medical	\$0.00	1.029	1.043	1.029	1.043		\$0.00											
28	Capitation	\$59.66	1.000	1.035	1.000	1.035		\$63.91											
29	Prescription Drug	\$134.13	0.995	1.043	0.995	1.043		\$144.46											
30	Total	\$540.31						\$617.66											
31																			
32	Morbidity Adjustment				1.000														
33	Demographic Shift				0.999														
34	Plan Design Changes				1.000														
35	Other				0.999														
36	Adjusted Trended EHB Allowed Claims PMPM for	1/1/2025			\$616.43														
37																			
38	Manual EHB Allowed Claims PMPM				\$627.40														
39	Applied Credibility %				0.00%														
40																			
41	<b>Projected Period Totals</b>																		
42	Projected Index Rate for	1/1/2025			\$627.40	\$663,422,798.40													
43	Reinsurance				\$0.00	\$0.00													
44	Risk Adjustment Payment/Charge				-\$26.64	-\$28,169,562.24													
45	Exchange User Fees				0.00%	\$0.00													
46	Market Adjusted Index Rate				\$654.04	\$691,592,360.64													
47																			
48	Projected Member Months				1,057,416														
49																			
50	<b>Information Not Releasable to the Public Unless Authorized by Law:</b> This information has not been publically disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.																		
51																			



**Rating Area Data Collection**

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

Rating Area	Rating Factor
Rating Area 8	1.0000

## **GENERAL OVERVIEW**

### **PURPOSES**

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

### **GENERAL INFORMATION**

#### **COMPANY IDENTIFYING INFORMATION**

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

**State:** Pennsylvania

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

**Market:** Small Group

**Effective Date(s):** 1/1/2025 – 3/31/2025, 4/1/2025 – 6/30/2025, 7/1/2025 – 9/30/2025,  
10/1/2025 – 12/31/2025

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

#### **COMPANY CONTACT INFORMATION**

**Primary Contact Name:** [REDACTED]

**Primary Contact Telephone Number:** [REDACTED]

**Primary Contact Email Address:** [REDACTED]

### **PROPOSED RATE INCREASE**

The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2023 to calendar year 2025 were incorporated into the pricing and reflected in the Unified Rate Review Template. The changes are driven by factors including: changes in market-wide population risk morbidity and covered services, increasing unit costs for medical services, increasing utilization of medical services, increasing fees and taxes imposed by the federal government, anticipated costs to administer the plan, and anticipated revenue or payments due to market-wide risk adjustment.

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

We are projecting that claims will increase by 6.9% in 2025. More than half of the change in health care service costs is driven by changes to health care provider fees.

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

The weighted average increase across KHPE plans based on projected membership, inclusive of the impact of benefit and cost sharing changes, is 7.0%. The minimum increase is 2.9% and the maximum increase is 7.8%.

## **WORKSHEET 1: MARKET EXPERIENCE**

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

#### **SINGLE RISK POOL**

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

#### **PAID THROUGH DATE**

Experience period premium, claims, and member months are obtained from the company's internal data warehouse. The claims data is collected for incurred dates from January through December 2023 and paid through February 2024. Earned premiums and member months are for January through December 2023. The data are for all direct-written small group business of KHPE in the Commonwealth of Pennsylvania.

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

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

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

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

Insurer fee-for-service claims expenses and member liabilities for dates of service in January 2023 through December 2023 and paid through February 2024 are sourced from the IBCFOC's internal data



warehouse. The claims and member liabilities are completed with incurred but not reported (IBNR) adjustments to develop ultimate incurred insurer fee-for-service claims expenses and member liabilities for the January through December 2023 period. Capitation amounts are also sourced from the internal data warehouse for the January through December 2023 period but they are not adjusted for IBNR.

### **Allowed Claims**

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

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

### **IBNR Development**

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

The completion factors are developed annually in the 2Q – 3Q period. We do not believe our IBNR is unusually high or unusually low for incurred 2023 paid through February 2024.

### **Experience Period Index Rate**

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

## **SECTION II: PROJECTIONS**

### **BENEFIT CATEGORIES**

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

### **PROJECTION FACTORS**

The estimated incurred claims experience on an allowed basis for January 2023 through December 2023 is projected to the future rating period by several factors.

### **Morbidity Adjustment**

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

### **Demographic Shift**

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

### **Plan Design Changes**

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

### **Other Changes**

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

### **Trend Factors**

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

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

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

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

#### **c. Quarterly Premium Trend**

Rates for second, third and fourth quarters increase by 1.5% each quarter.

### **CREDIBILITY MANUAL RATE DEVELOPMENT**

We combined the experience period data for KHPE with the experience period data for QCC Insurance Company ("QCC"). This should provide a more stable basis for projecting the Index Rate. We consider the combined experience data to be fully credible.

## **RISK ADJUSTMENT AND REINSURANCE**

### **Projected Risk Adjustment PMPM**

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

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

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

The projected risk adjustment amounts for KHPE and Independence Blue Cross (QCC) are consistent with the projection made in the respective submissions. We also considered preliminary 2023 risk transfer results.

### **MARKET ADJUSTED INDEX RATE**

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

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

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

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

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

### **AV METAL VALUES**

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

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

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

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

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

### **PLAN ADJUSTED INDEX RATE**

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

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

#### **Administrative Expense Load**

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

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

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

#### **Taxes and Fees**

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

### **CALIBRATION**

The plan adjusted index rate is projected for all products using the same anticipated age distribution and the mandated age curve. Therefore the consumer adjusted premium rate is the plan adjusted index

rate divided by the average age, geographic and tobacco factors for the expected distribution. The average age of the combined small group risk pool population is 37.

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

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

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

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

## **MEMBERSHIP PROJECTIONS**

Enrollment is projected based on current and anticipated enrollment by plan. Items impacting these projections include changes in the size of the market due to guarantee issue requirements and the individual mandate changes. The enrollment is our February 2024 enrollment.

## **LOSS RATIO**

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

## **INDEX RATE**

The Index Rate is defined as the EHB portion of projected allowed claims divided by all projected single risk pool lives. The Index Rate is the same value for all non-grandfathered plans for KHPE Small Group Plans in Pennsylvania. The Index Rate reflects the twelve month projection for calendar year 2025. It has been developed following the specifications of 45 CFR § 156.80(d)(1).

## **TERMINATED PLANS**

The following plans are being terminated during 2025:

33871PA0100020	Keystone HMO Platinum Preferred \$10/\$20/\$200
33871PA0100021	Keystone HMO Platinum Preferred \$20/\$40/\$250
33871PA0100022	Keystone HMO Gold Preferred \$40/\$80/\$650
33871PA0100023	Keystone HMO Gold Classic \$1,500/\$30/\$60/90%
33871PA0100024	Keystone HMO Silver Classic \$4,750/\$40/\$80/70%

33871PA0100025	Keystone HMO Silver Classic \$3,750/\$40/\$80/50%
33871PA0100026	Keystone HMO Bronze Essential \$7,500/\$70/\$140/\$700
33871PA0100044	Keystone HMO Gold Proactive
33871PA0100045	Keystone HMO Silver Proactive
33871PA0100049	Keystone HMO Silver Secure \$5,000/\$50/\$100/\$600
33871PA0100050	Keystone HMO Platinum Preferred \$30/\$60/\$400
33871PA0100052	Keystone HMO Silver Proactive Value
33871PA0100053	Keystone HMO Platinum Preferred \$5/\$15/\$500
33871PA0110011	Keystone DPOS Platinum Preferred \$10/\$20/\$200
33871PA0110012	Keystone DPOS Platinum Preferred \$20/\$40/\$250
33871PA0110013	Keystone DPOS Gold Preferred \$40/\$80/\$650
33871PA0110014	Keystone DPOS Gold Classic \$1,500/\$30/\$60/90%
33871PA0110019	Keystone DPOS Silver Classic \$3,750/\$40/\$80/50%

### **WORKSHEET 3: RATING AREAS**

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

### **ACTUARIAL CERTIFICATION**

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

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

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

- The projected index rate is:
  - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102);
  - Developed in compliance with applicable Actuarial Standards of Practice;
  - Reasonable in relation to the benefits provided and the population anticipated to be covered; and

—Neither excessive nor deficient.

- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
- Geographic rating factors reflect only differences in the costs of delivery of and do not include differences for population morbidity by geographic area.
- The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans, unless an alternate methodology was required. When an alternate methodology was used to calculate the AV Metal Value a copy of the actuarial certification required by 45 CFR Part 156, §156.135 was included.

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May 15, 2024







Year	Month	Day	Time	Location	Activity	Remarks
2017	Jan	1	08:00	...	...	...
2017	Jan	2	08:00	...	...	...
2017	Jan	3	08:00	...	...	...
2017	Jan	4	08:00	...	...	...
2017	Jan	5	08:00	...	...	...
2017	Jan	6	08:00	...	...	...
2017	Jan	7	08:00	...	...	...
2017	Jan	8	08:00	...	...	...
2017	Jan	9	08:00	...	...	...
2017	Jan	10	08:00	...	...	...
2017	Jan	11	08:00	...	...	...
2017	Jan	12	08:00	...	...	...
2017	Jan	13	08:00	...	...	...
2017	Jan	14	08:00	...	...	...
2017	Jan	15	08:00	...	...	...
2017	Jan	16	08:00	...	...	...
2017	Jan	17	08:00	...	...	...
2017	Jan	18	08:00	...	...	...
2017	Jan	19	08:00	...	...	...
2017	Jan	20	08:00	...	...	...
2017	Jan	21	08:00	...	...	...
2017	Jan	22	08:00	...	...	...
2017	Jan	23	08:00	...	...	...
2017	Jan	24	08:00	...	...	...
2017	Jan	25	08:00	...	...	...
2017	Jan	26	08:00	...	...	...
2017	Jan	27	08:00	...	...	...
2017	Jan	28	08:00	...	...	...
2017	Jan	29	08:00	...	...	...
2017	Jan	30	08:00	...	...	...
2017	Jan	31	08:00	...	...	...
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2017	Feb	2	08:00	...	...	...
2017	Feb	3	08:00	...	...	...
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2017	Feb	5	08:00	...	...	...
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2017	Feb	9	08:00	...	...	...
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2017	Feb	14	08:00	...	...	...
2017	Feb	15	08:00	...	...	...
2017	Feb	16	08:00	...	...	...
2017	Feb	17	08:00	...	...	...
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2017	Feb	22	08:00	...	...	...
2017	Feb	23	08:00	...	...	...
2017	Feb	24	08:00	...	...	...
2017	Feb	25	08:00	...	...	...
2017	Feb	26	08:00	...	...	...
2017	Feb	27	08:00	...	...	...
2017	Feb	28	08:00	...	...	...
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2017	Mar	26	08:00	...	...	...
2017	Mar	27	08:00	...	...	...
2017	Mar	28	08:00	...	...	...
2017	Mar	29	08:00	...	...	...
2017	Mar	30	08:00	...	...	...
2017	Mar	31	08:00	...	...	...
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2017	Apr	25	08:00	...	...	...
2017	Apr	26	08:00	...	...	...
2017	Apr	27	08:00	...	...	...
2017	Apr	28	08:00	...	...	...
2017	Apr	29	08:00	...	...	...
2017	Apr	30	08:00	...	...	...
2017	Apr	30	08:00	...	...	...



























# Cover Page

**HIOS Issuer ID:** 33871

**HIOS Product ID:** 33871PA010, 33871PA011

# Unique Plan Design Supporting Documentation and Justification

## ACTUARIAL MEMORANDUM

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**HIOS Issuer ID:** 33871

**HIOS Product IDs:** 33871PA010, 33871PA011

**Applicable HIOS Plan IDs (Standard Component):** 33871PA0100055, 33871PA0110021, 33871PA0100056, 33871PA0110022, 33871PA0100057, 33871PA0100058, 33871PA0100059, 33871PA0110023, 33871PA0100060, 33871PA0110024, 33871PA0100066, 33871PA0100067, 33871PA0100062, 33871PA0100063, 33871PA0100064, 33871PA0110025, 33871PA0100068, 33871PA0100069, 33871PA0100065

### **Purpose of document:**

The purpose of this document is to provide CMS with a justification of the methods used in calculating the actuarial value for unique plan designs offered in the individual or small group market for the plan year beginning 1/1/2025. As prescribed by law, the AV calculation was based on the AV calculator to the full extent possible. The AV is meant to represent the average percent of costs paid by the insurer for a standard population and may vary from actual member experience. The resulting AV was based on prescribed methodology and, therefore, may not reasonably reflect the actuary's estimate of the portion of allowed costs covered by the health insurance plan. The AV was determined based on the plan's benefits and coverage data, the standard population, and utilization and continuance tables published by HHS for purposes of the valuation of AV. This actuarial analysis is not appropriate for any other purposes.

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

The cost-sharing for inpatient hospital services for a subset of these plans differs by facility and professional claims. Inpatient hospital services account for about 16% of allowed costs in the AV calculation.

The outpatient facility fee cost-sharing for a subset of these plans varies by site of service. Services have different copays or coinsurances for a free-standing facility setting and a hospital setting. Outpatient facility fee accounts for about 13% of allowed costs in the AV calculation.

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

The cost-sharing for specialist care for these plans is a combination of copays for office visits in person and virtual care. Specialist services account for about 8% of allowed costs in the AV calculation.

The cost-sharing for Outpatient Mental Health and Substance Abuse for these plans varies between



Office visits and All Other services. Outpatient Mental Health and Substance Abuse accounts for about 4% of allowed costs in the AV calculation.

The cost-sharing for Generic Drugs for these plans varies between low-cost Generics and normal Generics. Generic Drugs accounts for about 4% of allowed costs in the AV calculation.

A subset of these plans has a three-tier benefit design structure. Plans 33871PA0100066 and 33871PA0100067 have expected utilization of 45% in the third tier. Plans 33871PA0100068 and 33871PA0100069 have expected utilization of 40% in the third tier.

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

Method 156.135(b)(2) was used for inpatient hospital, outpatient facility, primary care, specialist care, outpatient mental health and substance abuse, and generic drugs cost-sharing.

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

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

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

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

For the inpatient hospital utilization, we considered our commercial PPO and HMO data incurred between January 2023 and December 2023.

For the freestanding and hospital utilization data for outpatient facility, we considered our commercial PPO and HMO data incurred between January 2023 and December 2023.

For the primary care and specialist utilization, we used our commercial PPO and HMO data incurred between January 2023 and December 2023.

For the outpatient mental health and substance abuse utilization, we used our commercial HMO data incurred between January 2023 and December 2023. For average cost per unit, we used our commercial PPO and HMO data incurred between January 2023 and December 2023.

For the generic drugs utilization, we used our commercial PPO and HMO data incurred between January 2023 and December 2023.

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

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

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

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

The average cost per admit was divided by the average length of stay to calculate the average cost per day. Based on our data, we assumed that 85% of the cost was from facility claims and the remaining 15% was from professional claims.

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

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

HIOS IDs	33871PA0100065	33871PA0100066, 33871PA0100067	33871PA0100066, 33871PA0100067	33871PA0100068, 33871PA0100069	33871PA0100068, 33871PA0100069
<b>IP Cost Sharing</b>					
Facility	\$700	\$700	\$1,100	\$900	\$1,300
Professional	50%	20%	30%	5%	10%
<b>AVC Continuance Table</b>					
	Bronze	Gold	Gold	Silver	Silver
PMPY for IP	\$855	\$1,321	\$1,321	\$1,057	\$1,057
Admit PMPY	0.03	0.05	0.05	0.04	0.04
Claim per Admit	\$26,054	\$27,080	\$27,080	\$26,960	\$26,960
Average LOS (days)	1.6	1.6	1.6	1.6	1.6
Effective Copay Factor for 5 days	0.43	0.41	0.41	0.43	0.43
<b>Assumption from Data</b>					
% Facility Cost	85%	85%	85%	85%	85%
% Professional Cost	15%	15%	15%	15%	15%
<b>Calculations</b>					
Professional Claim per Admit	\$3,908	\$4,062	\$4,062	\$4,044	\$4,044
Professional Claim per Day	\$2,426	\$2,476	\$2,476	\$2,578	\$2,578
Equiv. Copay per Day no max	\$1,213	\$495	\$743	\$129	\$258
Equiv. Copay per Day, 5-day max	\$2,831	\$1,217	\$1,826	\$299	\$598
Total Copay per Day, 5-day max	<b>\$3,531</b>	<b>\$1,917</b>	<b>\$2,926</b>	<b>\$1,199</b>	<b>\$1,898</b>

***Primary Care Copay Differential***

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

HIOS_ID	Cost - sharing		AV Input
	PCP	Virtual PCP	
33871PA0100055, 33871PA0110021	\$10	\$5	\$ 9.25
33871PA0100056, 33871PA0110022	\$20	\$15	\$ 19.25
33871PA0100057	\$25	\$20	\$ 24.25
33871PA0100058	\$5	\$0	\$ 4.25
33871PA0100059, 33871PA0110023	\$40	\$30	\$ 38.50
33871PA0100060, 33871PA0110024	\$30	\$20	\$ 28.50
Tier 1: 33871PA0100066	\$15	\$10	\$ 14.25
Tier 2: 33871PA0100066	\$30	\$20	\$ 28.50
Tier 3: 33871PA0100066	\$45	\$30	\$ 42.75
Tier 1: 33871PA0100067	\$15	\$10	\$ 14.25
Tier 2: 33871PA0100067	\$30	\$20	\$ 28.50
Tier 3: 33871PA0100067	\$45	\$30	\$ 42.75
33871PA0100062	\$45	\$30	\$ 42.75
33871PA0100063	\$50	\$35	\$ 47.75
33871PA0100064, 33871PA0110025	\$40	\$30	\$ 38.50
Tier 1: 33871PA0100068	\$40	\$30	\$ 38.50
Tier 2: 33871PA0100068	\$70	\$50	\$ 67.00
Tier 3: 33871PA0100068	\$80	\$55	\$ 76.25
Tier 1: 33871PA0100069	\$40	\$30	\$ 38.50
Tier 2: 33871PA0100069	\$70	\$50	\$ 67.00
Tier 3: 33871PA0100069	\$80	\$55	\$ 76.25
33871PA0100065	\$70	\$50	\$ 67.00

### *Specialist Copay Differential*

For specialist visits, our recent data indicated that 95% of utilization came from office visits in person and 5% from virtual care. The cost-sharing entered into the AV calculator is a weighted average of copays based on utilization at each site.

HIOS_ID	Cost - sharing		AV Input
	SP	Virtual SP	
33871PA0100055, 33871PA0110021	\$20	\$10	\$ 19.50
33871PA0100056, 33871PA0110022	\$40	\$25	\$ 39.25
33871PA0100057	\$50	\$35	\$ 49.25
33871PA0100058	\$15	\$10	\$ 14.75
33871PA0100059, 33871PA0110023	\$80	\$55	\$ 78.75
33871PA0100060, 33871PA0110024	\$60	\$40	\$ 59.00
Tier 1: 33871PA0100066	\$40	\$30	\$ 39.50
Tier 2: 33871PA0100066	\$60	\$40	\$ 59.00
Tier 3: 33871PA0100066	\$80	\$55	\$ 78.75
Tier 1: 33871PA0100067	\$40	\$30	\$ 39.50
Tier 2: 33871PA0100067	\$60	\$40	\$ 59.00
Tier 3: 33871PA0100067	\$80	\$55	\$ 78.75
33871PA0100062	\$90	\$55	\$ 88.25
33871PA0100063	\$100	\$70	\$ 98.50
33871PA0100064, 33871PA0110025	\$80	\$55	\$ 78.75
Tier 1: 33871PA0100068	\$90	\$65	\$ 88.75
Tier 2: 33871PA0100068	\$140	\$100	\$ 138.00
Tier 3: 33871PA0100068	\$150	\$105	\$ 147.75
Tier 1: 33871PA0100069	\$90	\$65	\$ 88.75
Tier 2: 33871PA0100069	\$140	\$100	\$ 138.00
Tier 3: 33871PA0100069	\$150	\$105	\$ 147.75
33871PA0100065	\$140	\$95	\$ 137.75

### ***Combination of Cost-sharing for Outpatient Facility Fee***

For the outpatient facility site of service cost-sharing, our recent data indicated that 55% of outpatient facility utilization came from the hospital setting. This assumption was used for plans with copay cost-sharing for outpatient facility. Our recent data indicated that 80% of outpatient facility claims came from the hospital setting. This assumption was used for plans with coinsurance cost-sharing for outpatient facility. The cost-sharing entered into the AV calculator is a blend of the copay or coinsurance in a hospital setting and the copay or coinsurance in an ambulatory surgery center.

HIOS ID	Service Type	Cost-sharing		AV Input
		ASC	Hospital	
33871PA0100055, 33871PA0110021	OP Fac.	\$50	\$100	\$77.50
33871PA0100056, 33871PA0110022	OP Fac.	\$50	\$100	\$77.50
33871PA0100057	OP Fac.	\$50	\$100	\$77.50
33871PA0100058	OP Fac.	\$80	\$160	\$124.00
33871PA0100059, 33871PA0110023	OP Fac.	\$400	\$750	\$592.50
33871PA0100060, 33871PA0110024	OP Fac.	\$400	\$750	\$592.50
33871PA0100062	OP Fac.	\$500	\$1,000	\$775.00

***Combination of Cost-sharing for Outpatient Mental Health and Substance Abuse***

For the outpatient mental health and substance abuse cost-sharing, our recent data indicated that 75% of outpatient mental health utilization came from office visits. The cost-sharing entered into the AV calculator is a blend of the cost-sharing for outpatient mental health office visits and the cost-sharing for all other outpatient mental health services.

HIOS_ID	Cost - sharing		AV Input
	MH/SA Office	MH/SA Other	
33871PA0100055, 33871PA0110021	\$20	\$20	\$ 20.00
33871PA0100056, 33871PA0110022	\$40	\$40	\$ 40.00
33871PA0100057	\$50	\$50	\$ 50.00
33871PA0100058	\$15	\$15	\$ 15.00
33871PA0100059, 33871PA0110023	\$80	\$80	\$ 80.00
33871PA0100060, 33871PA0110024	\$60	\$60	\$ 60.00
33871PA0100066	\$40	\$40	\$ 40.00
33871PA0100067	\$40	\$40	\$ 40.00
33871PA0100062	\$90	\$90	\$ 90.00
33871PA0100063	\$100	\$100	\$ 100.00
33871PA0100064, 33871PA0110025	\$80	\$80	\$ 80.00
33871PA0100068	\$90	\$90	\$ 90.00
33871PA0100069	\$90	\$90	\$ 90.00
33871PA0100065	\$140	\$140	\$ 140.00

### ***Generic Drugs Copay Differential***

For generic drugs, our recent data indicated that 40% of utilization came from low-cost generic drugs. The cost-sharing entered into the AV calculator is a weighted average of copays based on utilization for low-cost generic drugs and normal generic drugs.

<b>HIOS_ID</b>	<b>Cost - sharing</b>		<b>AV Input</b>
	<b>Low-Cost Generic</b>	<b>Generic</b>	
33871PA0100055, 33871PA0110021	\$3	\$10	\$ 7.20
33871PA0100056, 33871PA0110022	\$3	\$10	\$ 7.20
33871PA0100057	\$3	\$10	\$ 7.20
33871PA0100058	\$3	\$10	\$ 7.20
33871PA0100059, 33871PA0110023	\$3	\$15	\$ 10.20
33871PA0100060, 33871PA0110024	\$3	\$20	\$ 13.20
33871PA0100066	\$3	\$25	\$ 16.20
33871PA0100067	\$5	\$25	\$ 17.00
33871PA0100062	\$5	\$25	\$ 17.00
33871PA0100063	\$5	\$25	\$ 17.00
33871PA0100064, 33871PA0110025	\$5	\$25	\$ 17.00
33871PA0100068	\$7	\$30	\$ 20.80
33871PA0100069	\$7	\$30	\$ 20.80
33871PA0100065	\$7	\$30	\$ 20.80



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

Using the AV calculator and the methods described above, we calculated the AV for each tier in each plan, as follows. Based on the average actual tier utilization experience over the past three years of data (2021, 2022, and 2023), we projected expected utilization by tier for the plans. The final AV for the plan was then calculated by taking the weighted average of the tier AVs using the utilization by tier. The following exhibits details this calculation.

Utilization	Tier 1	Tier 2	Tier 3	Total
33871PA0100066, 33871PA0100067	45%	10%	45%	<b>100%</b>
33871PA0100068, 33871PA0100069	50%	10%	40%	<b>100%</b>

	Actuarial Value			
HIOS ID	Tier 1	Tier 2	Tier 3	Average
33871PA0100066	83.66%	79.06%	77.71%	<b>80.52%</b>
33871PA0100067	83.57%	78.77%	77.85%	<b>80.51%</b>
33871PA0100068	72.08%	68.67%	68.25%	<b>70.21%</b>
33871PA0100069	70.61%	68.67%	68.25%	<b>69.47%</b>

**Certification Language:**

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

The analysis was

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

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

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

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

**Date:** \_\_\_\_\_ 4/29/2024

AV screenshots redacted.

No adjustment was made for the impact of COVID in the Experience Period that we do not expect to recur in the Projection Period.

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

The change in the average age was measured by comparing the average age factor calculated in this filing, based on February 2024 enrollments, to the average age factor calculated for the prior annual filing.

	2024	2025	
	Filing	Filing	Change
Age Factor	1.520	1.507	0.991
Geographic Factor	1.000	1.000	1.000
Tobacco Factor	1.008	1.008	1.000
Total change			0.991

No changes were assumed for this filing.

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

The network factor used for Keystone HMO was 1.100.

The network factor used for Proactive was 1.000.

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

Table 10 factors:	HMO	1.053
	Proactive	0.958

## REDACTION JUSTIFICATION – KHPE SMALL GROUP

### DOCUMENT

#### URRT Part III – Federal Actuarial Memorandum

Redacted Name of opining actuary (pages 8 and 9)

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

#### PA Actuarial Memorandum

Redacted Name of opining actuary (pages 8 and 9)

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

#### Cover Letter

Redacted names and contact information (page 2)

#### AV Screenshots

Entire File Redacted

#### Unique AV Justification file

Redacted name of opining actuary (page 12)

Redacted AV Screenshots (all)





## Responses to Section E, Standard Questions

1. Membership: a. If the projected membership for plan year 2025 significantly differs from the current 2/1/2024 membership, please explain why.

We do not project that 2025 membership will differ significantly from the current membership.

2. a. Experience Period Claims: a. Please confirm that all claims which are capitated have been removed from the experience period claims.

We confirm that capitated claims have been removed.

b. Please confirm that all non-EHB claims have been removed from the experience period claims.

We confirm that non-EHB claims have been removed.

c. How are drug rebates projected to change from the base period to the rating period? How has this change been reflected in the rate development?

We work with our PBM to forecast rx rebate increases from the base period to the rating period. These projected increases are fully reflected in the trend component of the rate development.

3. COVID: a. Please confirm that Tables 2-4 of the PAAM Exhibits do not have any COVID adjustment. Additionally, please confirm that any COVID adjustment factor in the filing is reflected in Table 5 of the PAAM Exhibits.

We confirm there is no COVID adjustment in Tables 2-4. No COVID adjustment was made in Table 5.

4. Trend

a. [SG. Only] If the Total Annual Trend in Table 3 (weighted by credibility) and the Annual Trend used to calculate quarterly rates in Table 5A differ, please provide an explanation and exhibit in support of the variation.

We have used a quarterly trend of 1.5% in Table 5A which is slightly below the Annual Trend in Table 3. We believe that this more moderate trend will be reflective of trend going from 2025 to 2026.

b. [SG. Only] In Table 5A, if cells K32:M32 are left to equal J32, please explain why that is a reasonable assumption.

These cells are equal to cell J32. We are anticipating relatively smooth increases to the Index rate going from 2025 to 2026 for these plans.

5. Table 6 – Retention

- a. Please confirm that the federal income tax is calculated using a Federal Income Tax Rate of 21%. If other adjustments were made in Table 6, cell C57, please provide a demonstration of how this number was calculated and an explanation of the other adjustments included in the calculation.

We confirm that we used a Federal Income Tax rate of 21% in this calculation.

- b. Please confirm that the Risk Adjustment User Fee PMPM is consistent with HHS Final Notice of Benefit and Payment Parameters for plan year 2025.

We confirm that these factors are consistent.

- c. Please provide an exhibit showing the commission PMPM amount to be paid to brokers in the following situations: Open-Enrollment Enrollee – Renewing, Open Enrollment Enrollee – New, Special Enrollment Period Enrollee – New, Special Enrollment Enrollee – Renewing. If the commission PMPM is not consistent between the four options above, please provide a detailed explanation as to the reason for the difference.

We confirm that the commission PMPM is consistent between the four options. Open Enrollment and Special Enrollment are consumer concepts and do not apply to small group business.

6. Pricing AVs

- a. Please confirm that the Pricing AVs were calculated using a single risk pool (i.e., claims experience is not separated by metal level).

We confirm that the Pricing AV's were calculated using a single risk pool.

- b. Please identify and support any differences between the company's metallic AV calculator results and the corresponding Pricing AVs.

Metal AV is a national average AV which is not intended for pricing purposes per CMS Guidance (noted below). Please see attached model for Pricing AV calculation. The metal AV is based on the AV calculator which is calibrated to national average costs. The Philadelphia market is significantly more expensive than the national average from a cost of services standpoint. The same deductible or copay is worth significantly less as a percentage of total allowed cost in the Philadelphia market compared to the national average. This leads to different Pricing AVs for the same metal level.

Pricing based on local data should give a more accurate result than pricing using national data. Our pricing model is using data that is more aligned with of how members buying these plans in this area will use them than another model which relies on national data.

In addition, CMS continues to state that "the AV Calculator is intended to establish a comparison tool and was not developed for pricing purposes" in its Actuarial Calculator Methodology.

This is further supported by the Society of Actuaries paper, "A Summary of the 2020 Actuarial Value Calculator", which states " It is important to remember that the AV calculator was designed to determine if specific benefit designs meet the de minimis criteria and not for plan pricing."

7. Expanded Bronze Plans

a. Please provide an exhibit which demonstrates that the criteria for expanded bronze plans have been met.

Please see the attached "EBP" exhibit.

8. PAAM Exhibits – Consumer Factors

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

The proposed geographic area rating factors shown in Tab V are the same as those used in the previous year.

b. Please provide quantitative and qualitative support for the proposed network factors, if different from the previous year.

The proposed network factors shown in Tab V are the same as those used in the previous year. Within Table 10, they are normalized using the membership in Table 10 to result in a composite factor of 1.000.

9. MLR Exhibit

a. Please complete table below which summarizes the most recent three years of complete MLR information. i. Actual is the final information which was filed for the specified calendar year  
ii. Pricing is the information which was projected in the final annual filing for the given year (i.e., 2021 pricing information is from the plan year 2021 annual filing submitted in 2020)

a. Please complete table below which summarizes the most recent three years of complete MLR information.

i. Actual is the final information which was filed for the specified calendar year  
ii. Pricing is the information which was projected in the final annual filing for the given year (i.e., 2020 pricing information is from the plan year 2020 annual filing submitted in 2019)

Calendar Year	MLR		Member Months	
	Actual	Pricing	Actual	Pricing
2020	77.9%	82.3%	1,285,783	1,316,820
2021	77.2%	82.9%	1,211,793	1,323,036
2022	75.9%	83.4%	1,153,076	1,239,816

10. Plan of Withdrawal:

a. Please confirm that a Plan of Withdrawal has been submitted if any plans are being discontinued.

The plan has been submitted.

11. Transitional Plans:

- a. Starting in October 2024, the PID will discontinue the non-enforcement policy for individual transitional plans (the non-enforcement policy for small group transitional plans will continue until further notice, or until the federal government discontinues its non-enforcement policy). If applicable, please discuss the migration of individual transitional members into ACA-compliant plans effective January 1, 2025.

There are no transitional plans.

12. Copay Adjustment Programs

- a. Does the company use a copay adjustment program (also known as a copay accumulator program)?

Yes, IBX has copay card maximizer and accumulator adjustment programs in place.

- b. How does the company handle copay assistance coupons? For example, does the coupon apply to the MOOP?

The manufacturer coupon programs are used to reduce/eliminate the member cost share and save on the cost of the medication. Because they are not an out of pocket expense for the member they do not count towards MOOP.

- c. If any change to such a program has resulted in a pricing impact, please include a detailed quantitative exhibit supporting the pricing impact.

We reduced our pharmacy trend by 0.7%. This was based on guidance provided to us by our PBM rather than an internal study.

Please provide an exhibit which demonstrates that the criteria for the expanded bronze plans have been met.

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

KHPE	<u>HIOS IDs</u>	<u>Plan Marketing Name</u>	<u>FDC Primary Care Services</u>	<u>FDC Specialist Visit</u>
	33871PA0100065	Keystone HMO Bronze Essential \$7,500/\$70/\$140/\$700	X	X

## Completeness and Redaction Justification Checklist

Issuer Name: Keystone Health Plan East  
 Market: Small Group HMO  
 SERFF ID: INAC-134056078

TOC #	Description	Completed (Mark with "X")	Redaction Justification		
			Redacted (Y/N)	Page # in Public PDF	Justification submitted (Y/NA)
<b>Federal Documents Required to Be Filed with PID</b>					
A.2.	RFJ Part I - Unified Rate Review Template	X			
	RFJ Part II – Consumer Friendly Justification				
	RFJ Part III – Actuarial Memorandum	X	Y	38-46	Y
	Federal Rates Template	X			
<b>Summary Documents/Confirmation of HIOS &amp; SERFF Submissions</b>					
A.2.B.	HIOS Submission	X			
A.2.C.	SERFF Submission	X			
A.2.D.	SERFF Rate/Rule Schedule Tab	X			
B.	Cover Letter & PA Bulletin Information	X			
<b>PA Actuarial Memorandum and Rate Exhibits</b>					
D.1.A.	Company Information	X	Y	4	Y
D.1.B.	Rate History & Proposed Variation in Rate Changes	X	N	5	N/A
D.1.C.	Average Rate Change	X	N	5	N/A
D.1.D.	Membership Count	X	N	5	N/A
	<i>PA Act. Exhibits Table 1</i>	X	N	13	N/A
D.1.E.	Benefit Changes	X	N	5	N/A
D.1.F.	Experience Period Claims & Premium	X	N	5-6	N/A
	<i>PA Act. Exhibits Table 2</i>	X	N	13	N/A
D.1.G.	Credibility of Data	X	N	6	N/A
	<i>PA Act. Exhibits Tables 2b, 3b, 4b (if applicable)</i>	X	N	14	N/A
D.1.H.	Trend Identification	X	N	7	N/A
	<i>PA Act. Exhibits Table 3</i>	X	N	13	N/A
D.1.I.	Historical Experience	X	N	7	N/A
	<i>PA Act. Exhibits Table 4</i>	X	N	13	N/A
D.2.A.	Development of PAIR, MAIR and Total Allowed Claims	X	N	8	N/A
	<i>PA Act. Exhibits Table 5</i>	X	N	15	N/A
D.2.B.	Retention Items	X	N	9	N/A
	<i>PA Act. Exhibits Table 6</i>	X	N	15	N/A
D.2.C.	Normalized Market-Adjusted Projected Allowed Total Claims	X	N	9	N/A
	<i>PA Act. Exhibits Table 7</i>	X	N	15	N/A
D.2.D.	Components of Rate Change	X	N	10	N/A
	<i>PA Act. Exhibits Table 8</i>	X	N	15	N/A
	<i>PA Act. Exhibits Table 9</i>	X	N	15	N/A
D.3.	Plan Rate Development	X	N	10	N/A
	<i>PA Act. Exhibits Table 10</i>	X	N	17	N/A
D.4.	Plan Premium Development for 21-Year-Old Non-Tobacco User	X	N	10-11	N/A
	<i>PA Act. Exhibits Table 11</i>	X	N	18-19	N/A
D.5.A.	Age and Tobacco Factors	X	N	11	N/A
	<i>PA Act. Exhibits Table 12</i>	X	N	20	N/A
D.5.B.	Geographic Factors	X	N	11	N/A
	<i>PA Act. Exhibits Table 13</i>	X	N	20	N/A
D.5.C.	Network Factors	X	N	11	N/A
	<i>PA Act. Exhibits Table 14</i>	X	N	20	N/A
D.5.D.	<i>Rate Change Request Summary</i>	X	N	21	N/A
	<i>PA Act. Exhibits Table 15</i>	X	N	21	N/A
D.5.E.	Service Area Composition	X	N	11	N/A
D.5.F.	Composite Rating	X	N	11	N/A
D.6.	Actuarial Certifications	X	Y	11-12	Y
<b>Additional Exhibits</b>					
E.	Department Plan Design Summary & Rate Tables	X	N	23-34	N/A
	Service Area Map	X	N	80	N/A
Summary Documents/Confirmation of HIOS & SERFF Submissions		X			Y