



May 23, 2022 – Revised August 26, 2022

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
Individual HMO Rate Filing effective 1/1/2023
INAC-133249350**

Dear Ms. Swartz:

This filing reflects the updates to the reinsurance for Individual ACA plans specified on August 23, 2022.

Attached is the 2023 annual rate filing for HMO plans of Keystone Health Plan East (KHPE) in the Individual (non-group) marketplace in the Commonwealth of Pennsylvania. Rates for new and renewing plans are being filed and satisfy market reform requirements of the Affordable Care Act (ACA).

This rate filing includes rates for these plans and specifies compliance with rating requirements of the ACA. The enclosed is for rating periods effective from January 1, 2023 through December 31, 2023.

Per the guidance provided in the 2023 ACA-Compliant Health Insurance Rate Filing Guidance provided by the Pennsylvania Insurance Department, we applied a factor of 1.00 to all individual plans. We also applied a factor of 1.22 to Silver plans for the impact of non-payment of CSR costs per the guidance. This submission incorporates the change to the reinsurance program.

The proposed rates represent a 1.3% increase over the previously approved 2022 rates.

Information for the Pennsylvania Bulletin:

- | | | |
|----|-------------------------------|------------------------------------|
| 1. | Company Name and NAIC Number: | Keystone Health Plan East
95056 |
| 2. | Market | Individual |
| 3. | On or Off Exchange | On and Off |



4.	Effective Date of Coverage	January 1, 2023
5.	Average Rate Change Requested	1.3%
6.	Range of Rate Changes Requested	-1.2% to 2.6%
7.	Total Annual Revenue Generated from the Proposed Rate Change	\$19,749,266
8.	Products	HMO
9.	Rating Areas and Change from 2022	Rating Area 8 No Change from 2022
10.	Metal Levels and Catastrophic Plans	Gold, Silver, Bronze
11.	Current covered lives and policyholders as of February 1, 2022	120,343 lives
12.	Number of plans offered in 2023 and change from 2022	17 plans in 2023; 15 plans in 2022
13.	Corresponding contract form number, SERFF, and binder numbers	SERFF # INBC-133237129 See appendix for form numbers
14.	HIOS Issuer ID # and submission tracking Number	HIOS Issuer ID # 33871; Filing # N/A

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

Sincerely,

[REDACTED]

cc:

[REDACTED]

APPENDIX

Form Numbers

KE 650 IND FC EXC-ON Rev. 1.23
KE 650 IND FDED EXC-ON Rev. 1.23
KE 650 IND FTC EXC-ON Rev. 1.23
KE 650 IND FTDED EXC-ON Rev. 1.23
KE 650 IND FTDED LT EXC-ON Rev. 1.23
KE 650 IND FC EXC-OFF Rev. 1.23
KE 650 IND FDED EXC-OFF Rev. 1.23
KE 650 IND FTC EXC-OFF Rev. 1.23
KE 650 IND FTDED EXC-OFF II Rev. 1.23
KE 650 IND FTDED EXC-OFF Rev. 1.23
KE 680 IND FC EXC.OC-ON Rev. 1.23
KE 680 IND FDED EXC.OC-ON Rev. 1.23
KE 680 IND FTC EXC.OC-ON Rev. 1.23
KE 680 IND FTDED EXC.OC-ON Rev. 1.23
KE 680 IND FTDED LT EXC.OC-ON Rev. 1.23
KE 680 IND FC EXC.OC-OFF Rev. 1.23
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KE 680 IND FTC EXC.OC-OFF Rev. 1.23
KE 680 IND FTDED EXC.OC-OFF II Rev. 1.23
KE 680 IND FTDED EXC.OC-OFF Rev. 1.23
PREV/SCH-II Rev. 1.23

Attachment I

Rate Change Summary

Keystone Health Plan East – Individual Plans

Rate request filing ID # INAC-133249350 - 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/Companies/ProductAndRateRequire/Pages/default.aspx>

Overview

Initial requested average rate change:	2.4% ¹
Revised requested average rate change:	1.3% ¹
Range of requested rate change:	-1.2% to 2.6%
Effective date:	January 1, 2023
Mapped Members:	120,343
Available in:	Area 8

Key information

Jan. 2021-Dec. 2021 financial experience

Premiums	\$790,135,687
Claims	\$653,291,128
Administrative expenses	\$85,985,001
Taxes & fees	\$55,680,968
Company made (after taxes)	-\$4,821,410

How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2023:

Claims:	85%
Administrative:	10%
Taxes & fees:	3%
Profit:	2%

The company expects its annual medical costs to increase **9.6%**.

Explanation of requested rate change

Keystone Health Plan East ("KHPE") is revising premium rates for the Pennsylvania Consumer ACA compliant products, effective from January 1, 2023.

About 120,000 members will be affected.

Changes in Taxes and Fees:

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

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

Changes in Medical Service Costs:

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

Financial Experience of the Product:

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

Changes in Benefits:

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

Administrative Costs:

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

PENNSYLVANIA ACTUARIAL MEMORANDUM

PURPOSES

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

1. BASIC INFORMATION AND DATA

A. COMPANY INFORMATION

Company Legal Name:	Keystone Health Plan East ("KHPE")
State:	Pennsylvania
NAIC #:	95056
Market:	Individual
Marketplace:	On and Off Exchange
Effective Date(s):	1/1/2023 – 12/31/2023
Average Rate Change:	1.3%
Range of Rate Changes:	-1.2% to 2.6%
Products:	HMO
Rating Areas:	Rating Area 8
Metal Levels:	Gold, Silver, Bronze
Current Members:	120,343
Number of 2023 Plans:	17
HIOS Issuer ID (5-digit):	33871

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

COMPANY CONTACT INFORMATION

Primary Contact Name:	
Primary Contact Telephone Number:	
Primary Contact Email Address:	

B. RATE HISTORY AND PROPOSED VARIATIONS IN RATE CHANGES

January 1, 2015	14.90%	INAC- 129626130
January 1, 2016	1.91%	INAC- 129936718
January 1, 2017	27.97%	INAC- 130539671
January 1, 2018	21.70%	INAC- 131145975
January 1, 2019	-1.70%	INAC- 131476931
January 1, 2020	5.40%	INAC- 131927121
January 1, 2021	-3.90%	INAC- 132358787
January 1, 2022	2.20%	INAC- 132818417

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

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

C. AVERAGE RATE CHANGE

The average proposed rate change shown in Cell AC15 of Table 10 is 1.3%. The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2021 to calendar year 2023 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 1.4%.

D. MEMBERSHIP COUNT

Table 1 illustrates the Experience Period member-months, Current Period members as of February 1, 2022, and Projected Rating Period Member-months by ages.

E. BENEFIT CHANGES

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

F. EXPERIENCE PERIOD CLAIMS AND PREMIUMS

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

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

Experience period premium, claims, and member months are obtained from the company’s internal data warehouse. The claims data is collected for incurred dates from January through December 2021 and paid through February 2022. Earned premiums and member months are for January through December 2021. The data are for all direct-written individual business of KHPE in the Commonwealth of Pennsylvania, including out-of-network claims written by KHPE but paid by QCC for POS plans. No private reinsurance was applicable.

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

Projected Risk Adjustment PMPM

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

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

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

The projected risk adjustment amounts for KHPE and Independence Blue Cross (QCC) are consistent with the projection made in the respective submissions. We also considered preliminary 2021 risk transfer results.

In the URRT v5.4, 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 combined experience period data is considered 100% credible.

H. TREND IDENTIFICATION

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

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

I. HISTORICAL EXPERIENCE

Table 4 illustrates historical experience from 2017 through 2021 for the product line.

a. Annualized Cost Trend

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

b. Annualized Utilization Trend

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

c. Rebates

KHPE is not in a rebate position for 2021 in Consumer and we do not anticipate paying rebates for the 2022 policy period at this time.

d. Benefit Changes

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

1. Benefit changes are calculated to value the cost-to-health-plan impact of year-over-year changes in plan designs. The methodology used to calculate the benefit changes is consistent with the one used in the calculation of Pricing AV.
2. Mix impact is calculated using the historical average costs by member at the metallic level, separately for HMO and PPO products.

e. MLR Exhibit

The table below summarizes the most recent three years of MLR information.

Calendar Year	MLR		Member Months	
	Actual	Pricing	Actual	Pricing
2018	70.1%	87.9%	1,799,423	1,816,320
2019	75.1%	82.2%	1,526,270	1,854,468
2020	79.6%	84.5%	1,306,255	1,692,948

J. TERMINATED PLANS

No plans are being terminated in 2023.

2. RATE DEVELOPMENT AND CHANGE

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

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

Changes in Population Risk Morbidity

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

COVID-19 Impact

Development of Reinsurance Tables

The Continuance Table for Calculating Reinsurance Impact - Individual Market Only, Experience Period Information was populated using 2021 KHPE Individual claims data by individual member. 2021 claims paid through February 2022 were completed and compiled into the Annual Incurred Claims Ranges shown on Tab II.a. of the Actuarial Memorandum Exhibit.

The Continuance Table for Calculating Reinsurance Impact - Individual Market Only, Projection Period Information was populated by trending the data from the Experience Period table to 2023 using a 7% trend assumption on the incurred claims. The resulting impact is shown in Cell E7 of Tab II.b. of the Actuarial Memorandum Exhibit.

Changes in Other Factors

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

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

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

B. RETENTION ITEMS

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

Administrative Expenses		13.73%
General and Claims	11.12%	
Agent/Broker Fees and Commissions	1.81%	
Quality Improvement Initiatives	0.80%	
INAC-133249350	6	PA Actuarial Memorandum
KHPE Consumer		May 23, 2022
		Revised August 26, 2022

Taxes and Fees		0.61%
RA User Fee	0.04%	
PCORI Fee	0.04%	
PA Premium Tax	0.00%	
Federal Income Tax	0.53%	
Health Insurance Providers Fee	0.00%	
Profit/Contingency		2.00%
Total Retention		16.34%

C. NORMALIZED MARKET-ADJUSTED PROJECTED ALLOWED TOTAL CLAIMS

Table 7 compares the normalization factors used in this filing to those used in the 2021 filing. The changes in the factors reflect small differences from the projected populations in 2021 and 2022.

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 2022 and 2023 URRT with the exception of Risk Adjustment which was revised to project company-specific values.

E. MLR DEMONSTRATION

Projected Claims PMPM (After Reinsurance)	
Premium PMPM	
Quality Improvement Expense PMPM	
Exchange User Fee PMPM	
HIF PMPM	
Federal Income Tax PMPM	
Premium Tax PMPM	
Federal MLR	

3. PLAN RATE DEVELOPMENT

Table 10 is populated with plan information consistent with entries in the 2023 URRT. Plan mappings, where applicable, are illustrated in Column F of Table 10.

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

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

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

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

5. PLAN FACTORS

Tables 12, 13, and 14 illustrate the factors used in pricing for age, tobacco, geographic rating area, and network. The tobacco factors match the previously approved tobacco factors from the 2022 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 2023 Rate Filing Justification.

May 23, 2022

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	Keystone Health Plan East			
Product/ID:	HMO			
Market Segment:	Individual			
Rate Effective Date:	1/1/2021	to	12/31/2023	
Base Period Start Date:	1/1/2021	to	12/31/2021	
Date of Most Recent Membership:	1/1/2022			

Table 1. Number of Members

	Member-months	Members	Member-months
	Experience Period	Current Period (Jan 01-06-2022)	Projected Rating Period
Average Age	42.4	42.3	42.3
Total	1,349,656	120,343	1,444,340
<18	123,616	10,660	128,028
18-24	96,617	8,951	109,212
25-29	109,168	9,597	115,164
30-34	112,649	10,685	117,776
35-39	114,606	10,481	119,772
40-44	111,585	10,297	118,564
45-49	118,784	10,448	123,400
50-54	105,739	12,847	114,164
55-59	106,149	11,871	108,076
60-63	174,617	11,381	164,572
64+	68,475	5,951	71,412

Table 2. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HES)	Allowed Claims (Non-Capital)	Non-ERB portion of Allowed (Claims)	Total Prescription Drug Rebatas*	Total ERB Capitalization	Total Non-ERB Capitalization	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$ 1,079,731,651.81	\$ 4,000,000,000.00	\$ 4,000,000,000.00	1,349,656	\$ 86,112,610.10	\$ 65,040,048.05	\$	\$ 15,544,795.10	\$ 361,014,083.29	\$ 195,807.42	\$ 17,096,526.78	\$ 29,422,144.00
Loss Ratio											\$ 549.21
											78.48%

*Express Prescription Drug Rebatas as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weights*
Inpatient Hospital	1.15%	7.30%	0.00%	10.68%	19.83%
Outpatient Hospital	1.12%	7.30%	0.00%	10.65%	20.20%
Professional	2.43%	7.30%	0.00%	9.91%	24.94%
Other Medical	2.43%	7.30%	0.00%	9.91%	1.00%
Capitation					13.83%
Prescription Drugs	1.24%	7.30%	0.00%	5.97%	21.20%
Total Annual Trend				8.32%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.174	

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

** should equal URRF Trend

Table 4. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HES)	Prescription Drug Rebatas**	Allowed Claims Det of Prescription Drug Rebatas	Allowed PMPM
Jan-18		\$ 47,076,249.80	1.000%	\$ 47,076,249.80	156,274	\$	301.24	\$	(1,715,598.88)	\$ 364.11
Feb-18		\$ 41,307,141.89	1.000%	\$ 41,307,141.89	153,854	\$	268.57	\$	(1,110,471.49)	\$ 320.51
Mar-18		\$ 46,418,477.66	1.000%	\$ 46,418,477.66	157,467	\$	301.51	\$	(1,256,491.44)	\$ 331.52
Apr-18		\$ 45,505,790.44	1.000%	\$ 45,505,790.44	152,131	\$	298.73	\$	(1,245,941.41)	\$ 349.14
May-18		\$ 49,083,411.51	1.000%	\$ 49,083,411.51	153,094	\$	324.85	\$	(1,273,448.46)	\$ 376.21
Jun-18		\$ 46,318,514.72	1.000%	\$ 46,318,514.72	149,406	\$	310.15	\$	(1,211,645,772)	\$ 356.51
Jul-18		\$ 45,394,650.11	1.000%	\$ 45,394,650.11	148,941	\$	304.78	\$	(1,126,216,271)	\$ 351.40
Aug-18		\$ 51,721,181.00	1.000%	\$ 51,721,181.00	148,140	\$	340.08	\$	(1,187,144,406)	\$ 377.61
Sep-18		\$ 45,065,326.64	1.000%	\$ 45,065,326.64	148,038	\$	304.38	\$	(1,279,652,052)	\$ 345.17
Oct-18		\$ 57,001,612.81	1.000%	\$ 57,001,612.81	147,271	\$	387.04	\$	(1,442,389,162)	\$ 432.26
Nov-18		\$ 51,896,850.11	1.000%	\$ 51,896,850.11	146,411	\$	354.46	\$	(1,392,520,000)	\$ 395.41
Dec-18	\$ 1,079,731,651.81	\$ 46,198,299.51	1.000%	\$ 46,198,299.51	144,528	\$	316.04	\$	(1,421,510,380)	\$ 374.67
Jan-19		\$ 47,137,170.11	1.000%	\$ 47,137,170.11	145,184	\$	310.38	\$	(1,325,480,111)	\$ 391.05
Feb-19		\$ 42,487,432.62	1.000%	\$ 42,487,432.62	133,648	\$	317.91	\$	(1,205,316,171)	\$ 375.51
Mar-19		\$ 43,244,231.81	1.000%	\$ 43,244,231.81	131,931	\$	319.51	\$	(1,206,751,141)	\$ 387.24
Apr-19		\$ 46,096,582.60	1.000%	\$ 46,096,582.60	130,545	\$	357.65	\$	(1,180,041,841)	\$ 415.30
May-19		\$ 44,501,171.01	1.000%	\$ 44,501,171.01	128,981	\$	345.01	\$	(1,106,985,411)	\$ 401.27
Jun-19		\$ 44,944,414.94	1.000%	\$ 44,944,414.94	127,156	\$	351.17	\$	(1,174,821,311)	\$ 421.60
Jul-19		\$ 45,610,152.12	1.000%	\$ 45,610,152.12	125,193	\$	363.16	\$	(1,189,248,391)	\$ 411.72
Aug-19		\$ 44,800,034.61	1.000%	\$ 44,800,034.61	123,881	\$	361.61	\$	(1,161,133,181)	\$ 409.14
Sep-19		\$ 42,099,499.52	1.000%	\$ 42,099,499.52	122,199	\$	343.91	\$	(1,115,194,812)	\$ 387.47
Oct-19		\$ 49,114,511.09	1.000%	\$ 49,114,511.09	120,906	\$	400.38	\$	(1,479,648,761)	\$ 458.61
Nov-19		\$ 43,521,416.39	1.000%	\$ 43,521,416.39	119,797	\$	361.79	\$	(1,181,854,481)	\$ 407.61
Dec-19	\$ 801,016,996.36	\$ 43,170,371.71	1.000%	\$ 43,170,371.71	117,666	\$	370.29	\$ 96,411,550.91	(1,405,686,071)	\$ 413.80
Jan-20		\$ 43,703,856.09	1.000%	\$ 43,703,856.09	116,561	\$	371.94	\$	(1,172,756,111)	\$ 440.10
Feb-20		\$ 37,390,884.50	1.000%	\$ 37,390,884.50	112,641	\$	333.72	\$	(1,145,459,181)	\$ 383.61
Mar-20		\$ 34,668,964.36	1.000%	\$ 34,668,964.36	110,036	\$	312.11	\$	(1,114,610,171)	\$ 352.49
Apr-20		\$ 31,641,171.58	1.000%	\$ 31,641,171.58	100,821	\$	286.95	\$	(1,424,693,101)	\$ 302.84
May-20		\$ 32,984,549.87	1.000%	\$ 32,984,549.87	110,282	\$	299.09	\$	(1,412,100,711)	\$ 319.21
Jun-20		\$ 38,486,944.81	1.000%	\$ 38,486,944.81	109,198	\$	352.45	\$	(1,178,142,121)	\$ 381.71
Jul-20		\$ 41,322,632.71	1.000%	\$ 41,322,632.71	108,625	\$	380.42	\$	(1,657,736,121)	\$ 408.81
Aug-20		\$ 41,783,154.81	1.000%	\$ 41,783,154.81	107,698	\$	387.25	\$	(1,633,171,171)	\$ 413.30
Sep-20		\$ 42,341,304.62	1.000%	\$ 42,341,304.62	107,154	\$	399.15	\$	(1,607,887,171)	\$ 432.76
Oct-20		\$ 44,360,607.16	1.000%	\$ 44,360,607.16	106,172	\$	417.82	\$	(1,841,481,301)	\$ 444.80
Nov-20		\$ 43,648,831.61	1.000%	\$ 43,648,831.61	105,501	\$	411.96	\$	(1,791,160,171)	\$ 439.10
Dec-20	\$ 787,717,101.41	\$ 45,202,736.09	1.000%	\$ 45,202,736.09	102,616	\$	440.50	\$ 81,214,410.79	(1,712,851,301)	\$ 464.08
Jan-21		\$ 50,291,186.52	1.000%	\$ 50,291,186.52	108,079	\$	461.48	\$	(1,671,000,791)	\$ 510.47
Feb-21		\$ 49,717,130.09	0.999%	\$ 49,717,130.09	111,005	\$	448.16	\$	(1,645,141,101)	\$ 484.21
Mar-21		\$ 61,114,143.14	0.999%	\$ 61,114,143.14	110,252	\$	558.12	\$	(1,618,092,101)	\$ 601.51
Apr-21		\$ 54,514,531.81	0.999%	\$ 54,514,531.81	110,138	\$	510.10	\$	(1,575,175,101)	\$ 566.01
May-21		\$ 54,288,576.26	0.999%	\$ 54,288,576.26	111,647	\$	489.10	\$	(1,512,108,112)	\$ 516.41
Jun-21		\$ 54,185,186.39	0.998%	\$ 54,185,186.39	112,106	\$	512.82	\$	(1,517,248,111)	\$ 512.61
Jul-21		\$ 54,761,472.11	0.998%	\$ 54,761,472.11	113,196	\$	518.31	\$	(1,566,817,401)	\$ 540.71
Aug-21		\$ 63,458,200.79	0.998%	\$ 63,458,200.79	114,873	\$	548.74	\$	(1,415,577,041)	\$ 588.88
Sep-21		\$ 63,513,298.66	0.998%	\$ 63,513,298.66	115,555	\$	573.10	\$	(1,445,100,101)	\$ 602.21
Oct-21		\$ 63,475,106.59	0.999%	\$ 63,475,106.59	115,648	\$	558.88	\$	(1,445,809,381)	\$ 588.81
Nov-21		\$ 63,981,086.21	0.998%	\$ 63,981,086.21	114,038	\$	561.82	\$	(1,505,210,161)	\$ 587.21
Dec-21	\$ 802,228,031.94	\$ 64,446,293.88	0.998%	\$ 64,446,293.88	112,127	\$	571.88	\$ 88,112,871.19	(1,455,888,161)	\$ 582.81

*Express Completion Factor as a percentage

**Express Prescription Drug Rebatas as a negative number

Carrier Name: Keystone Health Plan East
Product(s): HMO
Market Segment: Individual
Rate Effective Date: 1/1/2023

Table 2b. Manual Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HSP)	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
\$ 1,109,133,638.71	\$ 617,459,821.76	\$ 64,138,114.35	1,846,076	\$ 137,043,868.12	\$ 981,582,202.90	\$	\$ 773,969,460.55	\$ 144,284,878.11	\$ 808,148.17	\$ 15,013,789.81	\$ 45,222,127.66
Experience Period Total Allowed ENB Claims + ENB Capitation PMPM (net of prescription drug rebates)											\$ 809.62
Loss Ratio											75.32%

*Express Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Indexed Demand**	Composite Trend	Weight*
Inpatient/Hospital	1.15%	7.30%	0.00%	55.68%	15.83%
Outpatient/Hospital	3.12%	7.30%	0.00%	55.68%	20.23%
Professional	2.43%	7.30%	0.00%	55.68%	24.84%
Other Medical	2.83%	7.30%	0.00%	55.68%	5.00%
Capitation				2.95%	13.83%
Prescription Drugs	-1.24%	7.30%	0.00%	5.97%	21.20%
Total Annual Trend				8.13%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.174	

*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 + HSP)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-18	\$	70,277,373.36	1.0000	70,277,373.36	107,691	355.48	\$	\$ (1,707,480.55)	\$ 89,944,562.18	\$ 450.81
Feb-18	\$	61,592,506.86	1.0000	61,592,506.86	106,446	339.76	\$	\$ (1,518,435.09)	\$ 75,802,508.02	\$ 399.84
Mar-18	\$	66,761,828.85	1.0000	66,761,828.85	109,621	355.98	\$	\$ (1,728,361.20)	\$ 81,874,798.44	\$ 425.03
Apr-18	\$	67,830,526.95	1.0000	67,830,526.95	109,823	353.61	\$	\$ (1,789,889.72)	\$ 89,531,275.01	\$ 419.82
May-18	\$	74,343,513.83	1.0000	74,343,513.83	120,000	391.28	\$	\$ (1,812,826.71)	\$ 97,066,618.38	\$ 458.24
Jun-18	\$	68,641,930.70	1.0000	68,641,930.70	107,826	385.45	\$	\$ (1,744,209.37)	\$ 79,836,888.26	\$ 425.06
Jul-18	\$	68,062,361.49	1.0000	68,062,361.49	106,979	384.02	\$	\$ (1,865,592.76)	\$ 78,809,169.11	\$ 421.49
Aug-18	\$	72,244,005.61	1.0000	72,244,005.61	105,861	413.31	\$	\$ (1,949,172.72)	\$ 84,210,962.00	\$ 474.50
Sep-18	\$	68,903,056.79	1.0000	68,903,056.79	106,389	373.67	\$	\$ (1,818,917.13)	\$ 78,281,815.17	\$ 422.27
Oct-18	\$	81,576,670.44	1.0000	81,576,670.44	108,211	433.69	\$	\$ (2,042,061.64)	\$ 91,811,284.91	\$ 509.31
Nov-18	\$	74,649,128.43	1.0000	74,649,128.43	102,322	408.05	\$	\$ (1,968,569.62)	\$ 81,712,446.31	\$ 457.64
Dec-18	\$	71,281,831.40	1.0000	71,281,831.40	106,911	384.02	\$	\$ (2,013,726.47)	\$ 79,005,803.95	\$ 446.83
Jan-19	\$	65,189,120.08	1.0000	65,189,120.08	105,261	312.91	\$	\$ (1,615,551.91)	\$ 71,997,275.44	\$ 402.81
Feb-19	\$	60,245,051.88	1.0000	60,245,051.88	174,902	344.41	\$	\$ (1,634,114.16)	\$ 71,831,467.08	\$ 422.11
Mar-19	\$	61,441,704.65	1.0000	61,441,704.65	172,309	357.99	\$	\$ (1,709,610.11)	\$ 76,799,610.62	\$ 446.42
Apr-19	\$	68,059,818.77	1.0000	68,059,818.77	170,558	399.05	\$	\$ (1,882,730.80)	\$ 80,801,591.23	\$ 473.75
May-19	\$	65,794,911.58	1.0000	65,794,911.58	166,179	390.71	\$	\$ (1,897,126.06)	\$ 77,854,618.81	\$ 462.40
Jun-19	\$	61,814,521.07	1.0000	61,814,521.07	166,481	381.91	\$	\$ (1,713,681.00)	\$ 74,264,087.00	\$ 446.02
Jul-19	\$	66,675,216.67	1.0000	66,675,216.67	161,990	406.58	\$	\$ (1,832,851.38)	\$ 76,829,498.81	\$ 468.50
Aug-19	\$	64,623,605.52	1.0000	64,623,605.52	163,867	399.24	\$	\$ (1,809,095.01)	\$ 74,306,149.20	\$ 459.04
Sep-19	\$	60,888,728.83	1.0000	60,888,728.83	158,963	380.61	\$	\$ (1,830,172.42)	\$ 69,647,574.74	\$ 435.39
Oct-19	\$	70,595,555.56	1.0000	70,595,555.56	158,151	446.19	\$	\$ (2,052,899.53)	\$ 80,117,716.47	\$ 506.56
Nov-19	\$	62,434,853.87	1.0000	62,434,853.87	156,551	398.81	\$	\$ (1,926,821.40)	\$ 79,794,966.40	\$ 452.11
Dec-19	\$	64,254,361.38	1.0000	64,254,361.38	151,816	417.74	\$	\$ (2,047,480.63)	\$ 77,308,949.28	\$ 470.10
Jan-20	\$	61,517,239.80	1.0000	61,517,239.80	151,561	399.86	\$	\$ (1,723,110.48)	\$ 76,273,864.39	\$ 484.76
Feb-20	\$	56,129,918.94	1.0000	56,129,918.94	152,254	388.66	\$	\$ (1,654,291.08)	\$ 67,371,711.05	\$ 442.51
Mar-20	\$	52,382,927.18	1.0000	52,382,927.18	156,101	347.84	\$	\$ (1,511,954.21)	\$ 66,761,231.65	\$ 403.68
Apr-20	\$	47,098,094.64	1.0000	47,098,094.64	159,723	330.51	\$	\$ (1,451,977.89)	\$ 51,131,492.88	\$ 352.84
May-20	\$	49,683,997.30	1.0000	49,683,997.30	149,621	332.07	\$	\$ (1,439,170.91)	\$ 54,000,580.08	\$ 361.14
Jun-20	\$	57,600,119.37	1.0000	57,600,119.37	148,293	388.42	\$	\$ (1,613,301.41)	\$ 61,613,392.51	\$ 429.26
Jul-20	\$	61,195,049.25	1.0000	61,195,049.25	147,512	414.81	\$	\$ (2,228,424.90)	\$ 67,129,329.09	\$ 451.08
Aug-20	\$	61,087,674.79	1.0000	61,087,674.79	146,747	416.28	\$	\$ (2,201,283.72)	\$ 66,386,274.10	\$ 453.75
Sep-20	\$	61,137,076.72	1.0000	61,137,076.72	156,817	418.56	\$	\$ (1,495,721.00)	\$ 65,551,421.85	\$ 474.71
Oct-20	\$	66,397,404.60	1.0000	66,397,404.60	144,497	459.61	\$	\$ (1,547,714.56)	\$ 71,937,717.49	\$ 497.08
Nov-20	\$	65,033,717.17	1.0000	65,033,717.17	140,273	457.00	\$	\$ (1,464,319.93)	\$ 69,312,179.74	\$ 489.05
Dec-20	\$	67,873,105.23	1.0000	67,873,105.23	139,776	485.58	\$	\$ (1,909,022.64)	\$ 72,399,069.40	\$ 517.90
Jan-21	\$	67,236,030.18	1.0000	67,236,030.18	149,540	440.62	\$	\$ (1,694,484.90)	\$ 78,847,616.71	\$ 527.27
Feb-21	\$	66,364,813.05	0.9996	66,607,546.87	151,680	436.26	\$	\$ (1,844,613.36)	\$ 75,668,913.15	\$ 495.94
Mar-21	\$	83,478,490.27	0.9993	83,516,513.01	151,689	550.58	\$	\$ (1,776,627.54)	\$ 84,018,063.57	\$ 619.81
Apr-21	\$	80,233,664.71	0.9989	80,384,937.01	151,991	528.41	\$	\$ (1,692,762.71)	\$ 86,691,962.44	\$ 589.13
May-21	\$	77,031,347.87	0.9988	77,130,068.16	152,726	505.01	\$	\$ (1,618,487.12)	\$ 83,824,592.52	\$ 549.50
Jun-21	\$	82,077,535.28	0.9982	82,229,241.25	151,063	535.11	\$	\$ (1,513,294.85)	\$ 89,332,393.32	\$ 581.36
Jul-21	\$	79,724,255.10	0.9976	79,931,173.76	151,911	515.91	\$	\$ (1,454,494.89)	\$ 85,764,841.39	\$ 553.00
Aug-21	\$	85,998,129.17	0.9954	86,391,523.59	156,221	553.01	\$	\$ (1,629,181.39)	\$ 91,850,802.21	\$ 587.03
Sep-21	\$	84,473,208.46	0.9939	85,076,962.60	157,286	540.89	\$	\$ (1,612,102.00)	\$ 91,514,887.10	\$ 569.11
Oct-21	\$	87,781,504.19	0.9888	88,792,778.28	156,586	566.99	\$	\$ (1,832,300.18)	\$ 92,520,477.99	\$ 590.86
Nov-21	\$	87,424,015.75	0.9814	89,083,488.12	155,470	572.99	\$	\$ (1,498,151.62)	\$ 91,788,223.44	\$ 590.17
Dec-21	\$	87,096,480.12	0.9818	88,189,174.68	153,927	581.45	\$	\$ (1,416,308.64)	\$ 90,316,010.31	\$ 586.11

*Express Completion Factor as a percentage

**Express Prescription Drug Rebates as a negative number

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

Carrier Name:	Keystone Health Plan East	Attachment Point:	\$60,000
Product(s):	HMO	Reinsurance Cap:	\$100,000
Market Segment:	Individual	Coinsurance Rate:	53%
Rate Effective Date:	1/1/2023		
Incurred Dates:	1/1/2021 to 12/31/2021	Proj. Incurred Claim Impact:	-4.2%

Individual ACA Compliant Policies Only: Incurred Dates 1/1/2021 to 12/31/2021					
Annual Incurred Claims Range		Unique Members	Member Months	Total Incurred Claims	Total Incurred Claims with Reinsurance
\$0	\$29,999	184,141	1,784,034	\$471,759,201	\$471,759,201
\$30,000	\$34,999	807	8,857	\$26,178,608	\$26,178,608
\$35,000	\$39,999	627	6,838	\$23,394,866	\$23,394,866
\$40,000	\$44,999	506	5,596	\$21,512,101	\$21,512,101
\$45,000	\$49,999	389	4,305	\$18,450,204	\$18,450,204
\$50,000	\$54,999	352	3,842	\$18,473,961	\$18,473,961
\$55,000	\$59,999	250	2,750	\$14,372,724	\$14,372,724
\$60,000	\$64,999	246	2,702	\$15,365,715	\$15,044,686
\$65,000	\$69,999	267	2,944	\$18,048,363	\$16,973,331
\$70,000	\$74,999	226	2,576	\$16,367,687	\$14,879,613
\$75,000	\$79,999	194	2,159	\$15,070,320	\$13,252,250
\$80,000	\$84,999	168	1,849	\$13,849,193	\$11,851,521
\$85,000	\$89,999	116	1,318	\$10,113,124	\$8,441,968
\$90,000	\$94,999	129	1,405	\$11,912,596	\$9,701,120
\$95,000	\$99,999	87	982	\$8,493,852	\$6,758,710
\$100,000	\$109,999	173	1,890	\$18,070,559	\$14,402,959
\$110,000	\$119,999	147	1,586	\$16,874,711	\$13,758,311
\$120,000	\$129,999	101	1,107	\$12,660,028	\$10,518,828
\$130,000	\$139,999	106	1,172	\$14,288,293	\$12,041,093
\$140,000	\$149,999	101	1,048	\$14,645,267	\$12,504,067
\$150,000	\$159,999	84	938	\$13,030,658	\$11,249,858
\$160,000	\$169,999	55	603	\$9,084,716	\$7,918,716
\$170,000	\$179,999	63	710	\$11,019,123	\$9,683,523
\$180,000	\$189,999	49	536	\$9,039,595	\$8,000,795
\$190,000	\$199,999	47	528	\$9,131,070	\$8,134,670
\$200,000	\$209,999	35	373	\$7,179,155	\$6,437,155
\$210,000	\$219,999	36	405	\$7,732,337	\$6,969,137
\$220,000	\$229,999	27	298	\$6,080,710	\$5,508,310
\$230,000	\$239,999	22	253	\$5,162,183	\$4,695,783
\$240,000	\$249,999	24	270	\$5,877,950	\$5,369,150
\$250,000	\$259,999	14	155	\$3,573,272	\$3,276,472
\$260,000	\$269,999	20	215	\$5,280,044	\$4,856,044
\$270,000	\$279,999	17	190	\$4,667,896	\$4,307,496
\$280,000	\$289,999	16	171	\$4,550,804	\$4,211,604
\$290,000	\$299,999	10	114	\$2,941,941	\$2,729,941
\$300,000	\$324,999	36	415	\$11,206,940	\$10,443,740
\$325,000	\$349,999	20	226	\$6,723,697	\$6,299,697
\$350,000	\$374,999	19	224	\$6,856,990	\$6,454,190
\$375,000	\$399,999	16	182	\$6,136,431	\$5,797,231
\$400,000	\$424,999	14	162	\$5,781,054	\$5,484,254
\$425,000	\$449,999	9	87	\$3,941,733	\$3,750,933
\$450,000	\$474,999	6	66	\$2,787,828	\$2,660,628
\$475,000	\$499,999	5	60	\$2,440,616	\$2,334,616
\$500,000	\$599,999	12	133	\$6,553,663	\$6,299,263
\$600,000	\$699,999	8	96	\$5,208,271	\$5,038,671
\$700,000	\$799,999	8	95	\$5,923,294	\$5,753,694
\$800,000	\$899,999	4	42	\$3,409,333	\$3,324,533
\$900,000	\$999,999	6	70	\$5,630,904	\$5,503,704
\$1,000,000+		9	99	\$11,969,731	\$11,778,931
Total		189,824	1,846,676	\$968,823,313	\$928,542,862

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

Carrier Name:	Keystone Health Plan East	Attachment Point:	\$60,000
Product(s):	HMO	Reinsurance Cap:	\$100,000
Market Segment:	Individual	Coinsurance Rate:	53%
Rate Effective Date:	1/1/2023	Proj. Incurred Claim Impact:	-4.4%
		Proj. Morbidity Impact:	0.0%

Reinsurance Program Impact Continuance Table Development - Plan Year 2023					
Annual Incurred Claims Range		Unique Members	Member Months	Total Incurred Claims	Total Incurred Claims with Reinsurance
\$0	\$29,999	183,338	1,775,417	\$514,365,871	\$514,365,871
\$30,000	\$34,999	917	9,857	\$29,704,458	\$29,704,458
\$35,000	\$39,999	689	7,577	\$25,858,520	\$25,858,520
\$40,000	\$44,999	560	6,099	\$23,724,523	\$23,724,523
\$45,000	\$49,999	440	4,858	\$20,891,685	\$20,891,685
\$50,000	\$54,999	394	4,329	\$20,669,603	\$20,669,603
\$55,000	\$59,999	298	3,292	\$17,139,731	\$17,139,731
\$60,000	\$64,999	277	3,017	\$17,246,839	\$16,914,614
\$65,000	\$69,999	213	2,366	\$14,376,129	\$13,530,181
\$70,000	\$74,999	222	2,462	\$16,087,624	\$14,620,783
\$75,000	\$79,999	224	2,446	\$17,382,816	\$15,293,124
\$80,000	\$84,999	204	2,309	\$16,792,775	\$14,379,804
\$85,000	\$89,999	162	1,846	\$14,152,936	\$11,803,480
\$90,000	\$94,999	166	1,820	\$15,307,471	\$12,473,311
\$95,000	\$99,999	136	1,511	\$13,240,591	\$10,547,878
\$100,000	\$109,999	189	2,096	\$19,816,583	\$15,809,783
\$110,000	\$119,999	177	1,961	\$20,335,587	\$16,583,187
\$120,000	\$129,999	130	1,390	\$16,302,012	\$13,546,012
\$130,000	\$139,999	106	1,163	\$14,251,694	\$12,004,494
\$140,000	\$149,999	94	1,014	\$13,628,930	\$11,636,130
\$150,000	\$159,999	94	1,058	\$14,545,157	\$12,552,357
\$160,000	\$169,999	85	889	\$14,016,055	\$12,214,055
\$170,000	\$179,999	84	918	\$14,714,377	\$12,933,577
\$180,000	\$189,999	51	563	\$9,447,832	\$8,366,632
\$190,000	\$199,999	55	618	\$10,745,411	\$9,579,411
\$200,000	\$209,999	52	581	\$10,680,633	\$9,578,233
\$210,000	\$219,999	37	401	\$7,953,684	\$7,169,284
\$220,000	\$229,999	43	483	\$9,646,491	\$8,734,891
\$230,000	\$239,999	27	283	\$6,361,354	\$5,788,954
\$240,000	\$249,999	32	357	\$7,827,194	\$7,148,794
\$250,000	\$259,999	24	269	\$6,110,785	\$5,601,985
\$260,000	\$269,999	23	262	\$6,090,500	\$5,602,900
\$270,000	\$279,999	18	206	\$4,951,347	\$4,569,747
\$280,000	\$289,999	19	216	\$5,391,478	\$4,988,678
\$290,000	\$299,999	13	135	\$3,851,101	\$3,575,501
\$300,000	\$324,999	40	440	\$12,455,358	\$11,607,358
\$325,000	\$349,999	28	314	\$9,435,312	\$8,841,712
\$350,000	\$374,999	29	335	\$10,458,124	\$9,843,324
\$375,000	\$399,999	16	182	\$6,150,258	\$5,811,058
\$400,000	\$424,999	20	232	\$8,226,445	\$7,802,445
\$425,000	\$449,999	14	160	\$6,086,451	\$5,789,651
\$450,000	\$474,999	12	139	\$5,570,662	\$5,316,262
\$475,000	\$499,999	9	91	\$4,387,644	\$4,196,844
\$500,000	\$599,999	20	222	\$10,867,432	\$10,443,432
\$600,000	\$699,999	9	102	\$5,856,594	\$5,665,794
\$700,000	\$799,999	7	84	\$5,265,861	\$5,117,461
\$800,000	\$899,999	8	95	\$6,781,579	\$6,611,979
\$900,000	\$999,999	3	30	\$2,883,066	\$2,819,466
\$1,000,000+		16	181	\$21,171,247	\$20,832,047
Total		189,824	1,846,676	\$1,109,205,811	\$1,060,601,005

PA Rate Template Part II
Rate Development and Change

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

Employee Health Plan Unit
HMO
Individual
3/1/2023

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

Development of the Projected Index Rate	Actual Experience \$Bn	Manual Date
Total Allowed EIB Claims + EIB Cancellation PMPM (net of cancellation drive related) PMPM	\$ 545.21	\$ 589.82
Two year trend projection factor	1.174	1.174
Unadjusted Projected Allowed EIB Claims PMPM	\$ 644.56	\$ 688.52
Health Risk Pool Adjustment Factors		
Change in Morbidity - Impact of Reinsurance Program	1.000	1.000
Change in Morbidity - All Other	1.000	1.000
Total Non-Morbidity Changes	0.000	0.000
Change in Demographics	0.000	0.004
Change in Network	1.000	0.911
Change in Benefits	1.000	1.000
Change in Other	1.000	1.000
Total Adjusted Projected Allowed EIB Claims PMPM	\$ 645.01	\$ 622.05
Credibility Factors	8%	100%
Standard Projected EIB Claims PMPM		\$ 632.85
Development of the Market-Adjusted Index Rate and Total Allowed Claims		
Adjusted Projected Allowed EIB Claims PMPM	\$ 632.05	Index Rate for Projection Period on UMRT
Projected Pool to Allowed Ratio	0.977	
Projected Insured EIB Claims PMPM	\$ 475.82	
Market-Adjustment Factors		
Projected Insured Risk Adjustment PMPM	14.90	
Projected Insured Exchange User Fee PMPM	312.88	
Projected Insured Reinsurance Recoveries PMPM	320.88	
Market-Adjusted Projected Insured EIB Claims PMPM	\$ 475.57	
Market-Adjusted Projected Allowed EIB Claims PMPM	\$ 623.28	Market-Adjusted Index Rate
Projected Allowed Non-EIB Claims PMPM	\$ 0.24	
Market-Adjusted Projected Insured Total Claims PMPM	\$ 475.86	
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 623.42	

Table 6. Retention

Retention Items - Expense in percentage	Percentage	PMPM Amounts
Administrative Expenses	11.12%	\$78.28
General and Claims	11.12%	\$63.36
Agent/Broker Fees and Commissions	8.86%	\$103.84
Quality Improvement Initiatives	0.00%	\$4.56
Taxes and Fees	0.04%	\$3.47
Risk Adjustment User Fee	0.04%	\$5.27
PCRM Fee	0.04%	\$5.23
PA Premium & Other Taxes (if applicable)	0.00%	\$5.00
Federal Income Tax	0.10%	\$3.03
Health Insurance Provider Fee (Provided for Small Groups only)	0.00%	\$5.00
Profit/Contingency (after tax)	2.00%	\$11.38
Total Retention	36.34%	\$93.12
Projected Required Revenue PMPM		\$ 589.80

Table 8. Components of Rate Change

Rate Components	2022	2023	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$ 309.89	\$ 331.13	\$ 21.24	6.85%
B. Base period allowed claims before normalization	\$ 519.89	\$ 589.82	\$ 69.93	13.25%
C. Normalization factor component of change	\$ (221.79)	\$ (239.42)	\$ (17.63)	-7.94%
D. Change in Normalized Allowed Claims Adjustment Components				
01. Base period Allowed Claims after normalization	\$ 298.21	\$ 330.30	\$ 32.09	10.76%
02. UMRT Trend	\$ 15.05	\$ 17.15	\$ 2.10	13.95%
03. UMRT Morbidity	\$ 21.71	\$ 1	\$ (20.71)	-95.39%
04. UMRT Other	\$ (50.73)	\$ (12.73)	\$ 38.00	-75.00%
05. Normalized UMRT Risk Adjustment on an allowed basis	\$ 75.48	\$ 6.68	\$ (68.80)	-91.15%
06. Normalized Exchange User Fee on an allowed basis	\$ 11.31	\$ 9.59	\$ (1.72)	-15.29%
07. Normalized Reinsurance Recoveries on an allowed basis	\$ (24.56)	\$ (15.55)	\$ 9.01	-36.72%
08. Subtotal - Sum(01-07)	\$ 344.90	\$ 355.91	\$ 10.91	3.16%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ 0.00	\$ 0.00	\$ (0.00)	0.00%
E2. Pricing AV	\$ (28.88)	\$ (79.31)	\$ (50.43)	-174.69%
E3. Benefit Richness	\$ 2.94	\$ (0.00)	\$ (2.94)	-100.00%
E4. Catastrophic Eligibility	\$ -	\$ -	\$ -	0.00%
E5. Subtotal - Sum(E1-E5)	\$ (26.40)	\$ (79.31)	\$ (52.91)	-198.90%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 45.07	\$ 45.46	\$ 0.41	0.91%
F2. Taxes and Fees	\$ 1.82	\$ 2.02	\$ 0.20	10.99%
F3. Profit and/or Contingency	\$ 6.29	\$ 6.42	\$ 0.13	2.07%
F4. Subtotal - Sum(F1-F3)	\$ 53.18	\$ 53.90	\$ 0.72	1.35%
G. Change in Miscellaneous Items	\$ -	\$ -	\$ -	0.00%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 341.89	\$ 330.38	\$ (11.51)	-3.37%

For Informational Purposes only - No input required.

Standard Base Period Unadjusted Claims before Normalization	\$ 589.82	Index Rate of Experience Period on UMRT
Standard Earned Premium	\$ 1,309,363,658.71	
Standard Loss Ratio	75.52%	

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

Effective Date	1/1/2023	4/1/2023	7/1/2023	10/1/2023	Total Single Risk Pool
# of Member Months Renewing in Quarter	\$ 632.05	\$ 632.05	\$ 632.05	\$ 632.05	\$ 632.05
Adjusted Projected Allowed EIB Claims PMPM	\$ 632.05	\$ 632.05	\$ 632.05	\$ 632.05	\$ 632.05
Months of Trend	6.33%	6.33%	6.33%	6.33%	6.33%
Annual Trend	\$ 632.05	\$ 632.42	\$ 637.04	\$ 643.82	\$ -
Single Risk Pool Projected Allowed Claims	1.000	1.000	1.000	1.000	0.000
Quarterly Trend Factor					

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2022	2023
Average Age Factor	1.078	1.078
Average Geographic Factor	1.000	1.000
Average Tobacco Factor	1.061	1.000
Average Benefit Richness (Insured demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 648.16	\$ 623.42
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 348.98	\$ 355.91

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

	2022	2023
Paid-to-Allowed	0.608	0.777
UMRT Trend (Total Applied Trend Factor)	1.181	1.174
UMRT Morbidity	1.061	1.000
UMRT Other	0.861	0.000
Risk Adjustment	\$ 36.07	\$ 3.95
Exchange User Fee	\$ 36.33	\$ 22.85
Reinsurance Recoveries	\$ 21.18	\$ 20.05
Captation	\$ -	\$ -
Network	1.000	1.000
Pricing AV	0.828	0.777
Benefit Richness	1.000	1.000
Catastrophic Eligibility	1.000	1.000
Administrative Expenses	14.90%	11.73%
Taxes and Fees	10.00%	0.00%
Profit and/or Contingency	6.33%	2.00%

PA Rate Quarterly Template Part V Consumer Factors

Carrier Name:	Keystone Health Plan East
Product(s):	HMO
Market Segment:	Individual
Rate Effective Date:	1/1/2023

Table 12. Age and Tobacco Factors

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

*PA follows the federal default age curve.

Table 13. Geographic Factors

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

Table 14. Network Factors[illegible]

December 31, 2023

[illegible]

Keystone Health Plan East, Inc.
Individual
Plan Design Summary

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
33871PA0040002	Keystone HMO Gold	HMO	Gold	On	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040005	Keystone HMO Gold Proactive	HMO	Gold	On	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040006	Keystone HMO Silver Proactive	HMO	Silver	On	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040010	Keystone HMO Silver Proactive Lite	HMO	Silver	On/Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040013	Keystone HMO Silver Classic	HMO	Silver	On	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040014	Keystone HMO Bronze	HMO	Bronze	On	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040015	Keystone HMO Silver Basic	HMO	Silver	On/Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040016	Keystone HMO Silver Proactive Basic	HMO	Silver	On/Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040017	KHPE HMO Gold Classic	HMO	Gold	On	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0040018	Keystone HMO Silver Essential	HMO	Silver	On	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120002	Keystone HMO Gold	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120003	Keystone HMO Silver Classic	HMO	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120004	Keystone HMO Bronze	HMO	Bronze	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120005	Keystone HMO Gold Proactive	HMO	Gold	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120006	Keystone HMO Silver Proactive	HMO	Silver	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120007	Keystone HMO Silver Proactive Value	HMO	Silver	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0120008	Keystone HMO Silver Proactive Select	HMO	Silver	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia

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Report Description: Report Page 10									
Report Data: Report Page 10									
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12/31/2021

1/1/2021

1/1/2023

PA

Individual

Market Level Calculations (Same for all Plans)

Section I: Experience Period Data

Experience Period:	1/1/2021	to	12/31/2021	PMPM
Allowed Claims			\$741,434,923.61	\$549.35
Reinsurance			\$29,427,742.00	\$21.80
Incurred Claims in Experience Period			\$623,894,310.42	\$462.26
Risk Adjustment			-\$7,298,535.72	-\$5.41
Experience Period Premium			\$802,228,035.94	\$594.39
Experience Period Member Months			1,349,656	

Section II: Projections

Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims PMPM
		Cost	Utilization	Cost	Utilization	
Inpatient Hospital	\$108.91	1.032	1.073	1.032	1.073	\$133.54
Outpatient Hospital	\$110.96	1.031	1.073	1.031	1.073	\$135.79
Professional	\$136.97	1.024	1.073	1.024	1.073	\$165.36
Other Medical	\$0.00	1.024	1.073	1.024	1.073	\$0.00
Capitation	\$75.93	1.000	1.021	1.000	1.021	\$79.15
Prescription Drug	\$116.43	0.988	1.073	0.988	1.073	\$130.85
Total	\$549.20					\$644.70

Morbidity Adjustment	1.000
Demographic Shift	0.993
Plan Design Changes	1.000
Other	1.005
Adjusted Trended EHB Allowed Claims PMPM for 1/1/2023	\$643.39

Manual EHB Allowed Claims PMPM	\$612.05
Applied Credibility %	0.00%

Projected Period Totals

Projected Index Rate for 1/1/2023	\$612.05	\$883,885,887.00
Reinsurance	\$26.83	\$38,746,276.20
Risk Adjustment Payment/Charge	-\$11.52	-\$16,636,492.80
Exchange User Fees	2.70%	\$23,913,622.61
Market Adjusted Index Rate	\$613.30	\$885,689,726.21

Projected Member Months	1,444,140
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Information Not Releasable to the Public Unless Authorized by Law:

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	A	B	C	D	E	F	G	H	I	J	K	L
1	Rating Area Data Collection		<i>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.</i>									
2												
3												
4												
5	Rating Area		Rating Factor									
6	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 individual market health care insurance underwritten by Keystone Health Plan East in the Commonwealth of Pennsylvania. It is provided as a component of an application for certification as a Qualified Health Plan and a state rate filing. This submission may not be appropriate for other purposes.

GENERAL INFORMATION

COMPANY IDENTIFYING INFORMATION

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

State: Pennsylvania

HIOS Issuer ID (5-digit): 33871

Market: Individual

Effective Date(s): 1/1/2023

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

COMPANY CONTACT INFORMATION

Primary Contact Name:

Primary Contact Telephone Number:

Primary Contact Email Address:

PROPOSED RATE INCREASE

The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2021 to calendar year 2023 were incorporated into the pricing and reflected in the Unified Rate Review Template. The changes are driven by factors including: changes in market-wide population risk morbidity and covered services, increasing unit costs for medical services, increasing utilization of medical services, increasing fees and taxes imposed by the federal government, anticipated costs to administer the plan, and anticipated revenue or payments due to market-wide risk adjustment.

We are projecting that claims will increase by 9.6% in 2023. More than half of the change in health care service costs is driven by changes to health care provider fees.

A reinsurance program administered by the state became effective January 1, 2022. We project that this will reduce rates by approximately 4.4% in the 2023 time period.

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 1.3%. The minimum increase is -1.2% and the maximum increase is 2.6%.

WORKSHEET 1: MARKET EXPERIENCE

SECTION I: EXPERIENCE PERIOD DATA

SINGLE RISK POOL

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

PAID THROUGH DATE

Experience period premium, claims, and member months are obtained from the company's internal data warehouse. The claims data is collected for incurred dates from January through December 2021 and paid through February 2022. Earned premiums and member months are for January through December 2021. The data are for all direct-written individual business of KHPE in the Commonwealth of Pennsylvania.

PREMIUMS IN EXPERIENCE PERIOD

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

ALLOWED AND INCURRED CLAIMS INCURRED DURING THE EXPERIENCE PERIOD

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

Insurer fee-for-service claims expenses and member liabilities for dates of service in January 2021 through December 2021 and paid through February 2022 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 2021 period. Capitation amounts are also sourced from the internal data warehouse for the January through December 2021 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 2021 paid through February 2022.

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 2021 through December 2021 is projected to the future rating period by several factors.

Morbidity Adjustment

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

COVID-19 Impact



Demographic Shift

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

Plan Design Changes

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

Other Changes

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

Trend Factors

a. Annualized Cost Trend

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

b. Annualized Utilization Trend

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

CREDIBILITY MANUAL RATE DEVELOPMENT

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

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

RISK ADJUSTMENT AND REINSURANCE

Projected Risk Adjustment PMPM

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

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

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

The projected risk adjustment amounts for KHPE and Independence Blue Cross (QCC) are consistent with the projection made in the respective submissions. We also considered preliminary 2021 risk transfer results.

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

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

MARKET ADJUSTED INDEX RATE

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

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

WORKSHEET 2: PRODUCT-PLAN DATA COLLECTION

SECTION I: GENERAL PRODUCT AND PLAN INFORMATION

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

AV METAL VALUES

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

SECTION II: EXPERIENCE PERIOD AND CURRENT PLAN LEVEL INFORMATION

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

SECTION III: PLAN ADJUSTMENT FACTORS

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

PLAN ADJUSTED INDEX RATE

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

NON-BENEFIT EXPENSES AND PROFIT & RISK

Administrative Expense Load

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

Profit & Risk Load/Contribution to Surplus

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

Taxes and Fees

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

CALIBRATION

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

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

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

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

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

MEMBERSHIP PROJECTIONS

Enrollment is projected based on current and anticipated enrollment by plan. Items impacting these projections include changes in the size of the market due to guarantee issue requirements and the individual mandate changes. The enrollment is our February 2022 enrollment.

LOSS RATIO

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

INDEX RATE

The Index Rate is defined as the EHB portion of projected allowed claims divided by all projected single risk pool lives. The Index Rate is the same value for all non-grandfathered plans for KHPE Individual Plans

in Pennsylvania. The Index Rate reflects the twelve month projection for calendar year 2022. It has been developed following the specifications of 45 CFR § 156.80(d)(1).

TERMINATED PLANS

No plans are being terminated in 2023.

WORKSHEET 3: RATING AREAS

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

ACTUARIAL CERTIFICATION

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

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

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

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

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

May 23, 2022

Table 1: Summary of Data Collection and Analysis									
Data Source		Data Type		Data Format		Data Location		Data Status	
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Table 1: Summary of the data for the first 100 rows of the dataset. The table is divided into two main sections: 'Data' and 'Summary'. The 'Data' section contains columns for 'Year', 'Month', 'Day', 'Hour', 'Minute', 'Second', 'Millisecond', 'Microsecond', 'Nanosecond', and 'Picosecond'. The 'Summary' section contains columns for 'Total', 'Average', 'Minimum', 'Maximum', 'Standard Deviation', 'Variance', 'Skewness', 'Kurtosis', 'Entropy', and 'Information Content'. The 'Data' section is further divided into two sub-sections: 'Year' and 'Month'. The 'Year' sub-section contains columns for 'Year', 'Month', 'Day', 'Hour', 'Minute', 'Second', 'Millisecond', 'Microsecond', 'Nanosecond', and 'Picosecond'. The 'Month' sub-section contains columns for 'Month', 'Day', 'Hour', 'Minute', 'Second', 'Millisecond', 'Microsecond', 'Nanosecond', and 'Picosecond'. The 'Summary' section is further divided into two sub-sections: 'Total' and 'Average'. The 'Total' sub-section contains columns for 'Total', 'Average', 'Minimum', 'Maximum', 'Standard Deviation', 'Variance', 'Skewness', 'Kurtosis', 'Entropy', and 'Information Content'. The 'Average' sub-section contains columns for 'Average', 'Minimum', 'Maximum', 'Standard Deviation', 'Variance', 'Skewness', 'Kurtosis', 'Entropy', and 'Information Content'.																			
Year	Month	Day	Hour	Minute	Second	Millisecond	Microsecond	Nanosecond	Picosecond	Total	Average	Minimum	Maximum	Standard Deviation	Variance	Skewness	Kurtosis	Entropy	Information Content
2019	1	1	0	0	0	0	0	0	0	1	1	0	1	1	1	1	1	1	1
2019	1	2	0	0	0	0	0	0	0	2	2	0	2	2	2	2	2	2	2
2019	1	3	0	0	0	0	0	0	0	3	3	0	3	3	3	3	3	3	3
2019	1	4	0	0	0	0	0	0	0	4	4	0	4	4	4	4	4	4	4
2019	1	5	0	0	0	0	0	0	0	5	5	0	5	5	5	5	5	5	5
2019	1	6	0	0	0	0	0	0	0	6	6	0	6	6	6	6	6	6	6
2019	1	7	0	0	0	0	0	0	0	7	7	0	7	7	7	7	7	7	7
2019	1	8	0	0	0	0	0	0	0	8	8	0	8	8	8	8	8	8	8
2019	1	9	0	0	0	0	0	0	0	9	9	0	9	9	9	9	9	9	9
2019	1	10	0	0	0	0	0	0	0	10	10	0	10	10	10	10	10	10	10
2019	1	11	0	0	0	0	0	0	0	11	11	0	11	11	11	11	11	11	11
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2019	1	14	0	0	0	0	0	0	0	14	14	0	14	14	14	14	14	14	14
2019	1	15	0	0	0	0	0	0	0	15	15	0	15	15	15	15	15	15	15
2019	1	16	0	0	0	0	0	0	0	16	16	0	16	16	16	16	16	16	16
2019	1	17	0	0	0	0	0	0	0	17	17	0	17	17	17	17	17	17	17
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2019	1	23	0	0	0	0	0	0	0	23	23	0	23	23	23	23	23	23	23
2019	1	24	0	0	0	0	0	0	0	24	24	0	24	24	24	24	24	24	24
2019	1	25	0	0	0	0	0	0	0	25	25	0	25	25	25	25	25	25	25
2019	1	26	0	0	0	0	0	0	0	26	26	0	26	26	26	26	26	26	26
2019	1	27	0	0	0	0	0	0	0	27	27	0	27	27	27	27	27		

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Cover Page

HIOS Issuer ID: 33871

HIOS Product IDs: 33871PA004, 33871PA012

Unique Plan Design Supporting Documentation and Justification

ACTUARIAL MEMORANDUM

HIOS Issuer ID: 33871

HIOS Product IDs: 33871PA004, 33871PA012

Applicable HIOS Plan IDs (Standard Component): 33871PA0040002, 33871PA0120002, 33871PA0120004, 33871PA0040014, 33871PA0040005, 33871PA0120005, 33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040010, 33871PA0040016, 33871PA0040015, 33871PA0040017, 33871PA0040013, 33871PA0120003, 33871PA0040018

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 1/1/2023. 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 21% 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 for a free-standing facility setting and a hospital setting. Outpatient facility fee accounts for about 14% 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 4% 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 4% 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 2% 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 5% of allowed costs in the AV calculation.

A subset of these plans have a three-tier benefit design structure. Plans 33871PA0040005 and 33871PA0120005 have expected utilization of 43% in the third tier. Plans 33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040010, 33871PA0040016, and 33871PA0040018 have expected utilization of 41% in the third tier.

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

Method 156.135(b)(2) was used for 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:

Due to COVID-19's disruption of utilization patterns, we have decided to use assumptions consistent with last year's filing for a number of service types.

For the inpatient hospital utilization, we considered our commercial PPO and HMO data incurred between July 2019 and June 2020. As mentioned above, we have decided to use assumptions consistent with last year's filing for this service type.

For the freestanding and hospital utilization data for outpatient facility, we considered our commercial PPO and HMO data incurred between July 2019 and June 2020. As mentioned above, we have decided to use assumptions consistent with last year's filing for this service type.

For the primary care and specialist utilization, we used our commercial PPO and HMO data incurred between January 2020 and December 2020. As mentioned above, we have decided to use assumptions consistent with last year's filing for this service type.

For the outpatient mental health and substance abuse utilization, we used our commercial HMO data incurred between January 2021 and December 2021. For average cost per unit, we used our commercial PPO and HMO data incurred between January 2021 and December 2021.

For the generic drugs utilization, we used our commercial PPO and HMO data incurred between January 2021 and December 2021.

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:

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	
33871PA0040002, 33871PA0120002	\$35	\$25	\$ 33.50
33871PA0040014, 33871PA0120004	\$75	\$50	\$ 71.25
Tier 1: 33871PA0040005, 33871PA0120005	\$15	\$10	\$ 14.25
Tier 2: 33871PA0040005, 33871PA0120005	\$30	\$20	\$ 28.50
Tier 3: 33871PA0040005, 33871PA0120005	\$45	\$30	\$ 42.75
Tier 1: 33871PA0040006, 33871PA0120006	\$40	\$30	\$ 38.50
Tier 2: 33871PA0040006, 33871PA0120006	\$70	\$50	\$ 67.00
Tier 3: 33871PA0040006, 33871PA0120006	\$80	\$55	\$ 76.25
Tier 1: 33871PA0120007	\$40	\$30	\$ 38.50
Tier 2: 33871PA0120007	\$60	\$40	\$ 57.00
Tier 3: 33871PA0120007	\$70	\$50	\$ 67.00
Tier 1: 33871PA0120008	\$40	\$30	\$ 38.50
Tier 2: 33871PA0120008	\$70	\$50	\$ 67.00
Tier 3: 33871PA0120008	\$80	\$55	\$ 76.25
Tier 1: 33871PA0040010	\$50	\$35	\$ 47.75
Tier 2: 33871PA0040010	\$60	\$40	\$ 57.00
Tier 3: 33871PA0040010	\$70	\$50	\$ 67.00
Tier 1: 33871PA0040016	\$50	\$35	\$ 47.75
Tier 2: 33871PA0040016	\$60	\$40	\$ 57.00
Tier 3: 33871PA0040016	\$70	\$50	\$ 67.00
Tier 1: 33871PA0040006-04	\$40	\$30	\$ 38.50
Tier 2: 33871PA0040006-04	\$70	\$50	\$ 67.00
Tier 3: 33871PA0040006-04	\$80	\$55	\$ 76.25
Tier 1: 33871PA0040006-05	\$20	\$15	\$ 19.25
Tier 2: 33871PA0040006-05	\$30	\$20	\$ 28.50
Tier 3: 33871PA0040006-05	\$40	\$30	\$ 38.50
Tier 1: 33871PA0040006-06	\$5	\$0	\$ 4.25
Tier 2: 33871PA0040006-06	\$10	\$5	\$ 9.25
Tier 3: 33871PA0040006-06	\$20	\$15	\$ 19.25
Tier 1: 33871PA0040010-04	\$50	\$35	\$ 47.75
Tier 2: 33871PA0040010-04	\$60	\$40	\$ 57.00
Tier 3: 33871PA0040010-04	\$70	\$50	\$ 67.00

HIOS_ID	Cost - sharing		AV Input
	PCP	Virtual PCP	
Tier 1: 33871PA0040010-05	\$20	\$15	\$ 19.25
Tier 2: 33871PA0040010-05	\$30	\$20	\$ 28.50
Tier 3: 33871PA0040010-05	\$40	\$30	\$ 38.50
Tier 1: 33871PA0040010-06	\$5	\$0	\$ 4.25
Tier 2: 33871PA0040010-06	\$10	\$5	\$ 9.25
Tier 3: 33871PA0040010-06	\$20	\$15	\$ 19.25
Tier 1: 33871PA0040016-04	\$50	\$35	\$ 47.75
Tier 2: 33871PA0040016-04	\$60	\$40	\$ 57.00
Tier 3: 33871PA0040016-04	\$70	\$50	\$ 67.00
Tier 1: 33871PA0040016-05	\$20	\$15	\$ 19.25
Tier 2: 33871PA0040016-05	\$30	\$20	\$ 28.50
Tier 3: 33871PA0040016-05	\$40	\$30	\$ 38.50
Tier 1: 33871PA0040016-06	\$5	\$0	\$ 4.25
Tier 2: 33871PA0040016-06	\$10	\$5	\$ 9.25
Tier 3: 33871PA0040016-06	\$20	\$15	\$ 19.25
33871PA0040013, 33871PA0120003	\$35	\$25	\$ 33.50
33871PA0040015	\$35	\$25	\$ 33.50
33871PA0040017	\$40	\$25	\$ 37.75
33871PA0040013-04	\$35	\$25	\$ 33.50
33871PA0040013-05	\$30	\$20	\$ 28.50
33871PA0040013-06	\$10	\$5	\$ 9.25
33871PA0040015-04	\$35	\$25	\$ 33.50
33871PA0040015-05	\$20	\$15	\$ 19.25
33871PA0040015-06	\$15	\$10	\$ 14.25
Tier 1: 33871PA0040018	\$50	\$35	\$ 47.75
Tier 2: 33871PA0040018	\$60	\$40	\$ 57.00
Tier 3: 33871PA0040018	\$70	\$50	\$ 67.00
Tier 1: 33871PA0040018-04	\$50	\$35	\$ 47.75
Tier 2: 33871PA0040018-04	\$60	\$40	\$ 57.00
Tier 3: 33871PA0040018-04	\$70	\$50	\$ 67.00
Tier 1: 33871PA0040018-05	\$20	\$15	\$ 19.25
Tier 2: 33871PA0040018-05	\$30	\$20	\$ 28.50
Tier 3: 33871PA0040018-05	\$40	\$30	\$ 38.50
Tier 1: 33871PA0040018-06	\$5	\$0	\$ 4.25
Tier 2: 33871PA0040018-06	\$10	\$5	\$ 9.25
Tier 3: 33871PA0040018-06	\$20	\$15	\$ 19.25

Specialist Copay Differential

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

HIOS_ID	Cost - sharing		AV Input
	SP	Virtual SP	
33871PA0040002, 33871PA0120002	\$65	\$45	\$ 63.00
33871PA0040014, 33871PA0120004	\$150	\$100	\$ 145.00
Tier 1: 33871PA0040005, 33871PA0120005	\$40	\$30	\$ 39.00
Tier 2: 33871PA0040005, 33871PA0120005	\$60	\$40	\$ 58.00
Tier 3: 33871PA0040005, 33871PA0120005	\$80	\$55	\$ 77.50
Tier 1: 33871PA0040006, 33871PA0120006	\$90	\$65	\$ 87.50
Tier 2: 33871PA0040006, 33871PA0120006	\$140	\$100	\$ 136.00
Tier 3: 33871PA0040006, 33871PA0120006	\$150	\$105	\$ 145.50
Tier 1: 33871PA0120007	\$80	\$55	\$ 77.50
Tier 2: 33871PA0120007	\$120	\$80	\$ 116.00
Tier 3: 33871PA0120007	\$140	\$95	\$ 135.50
Tier 1: 33871PA0120008	\$90	\$60	\$ 87.00
Tier 2: 33871PA0120008	\$140	\$100	\$ 136.00
Tier 3: 33871PA0120008	\$150	\$105	\$ 145.50
Tier 1: 33871PA0040010	\$90	\$60	\$ 87.00
Tier 2: 33871PA0040010	\$120	\$80	\$ 116.00
Tier 3: 33871PA0040010	\$140	\$95	\$ 135.50
Tier 1: 33871PA0040016	\$100	\$70	\$ 97.00
Tier 2: 33871PA0040016	\$120	\$80	\$ 116.00
Tier 3: 33871PA0040016	\$140	\$95	\$ 135.50
Tier 1: 33871PA0040006-04	\$90	\$60	\$ 87.00
Tier 2: 33871PA0040006-04	\$140	\$100	\$ 136.00
Tier 3: 33871PA0040006-04	\$150	\$105	\$ 145.50
Tier 1: 33871PA0040006-05	\$40	\$30	\$ 39.00
Tier 2: 33871PA0040006-05	\$60	\$40	\$ 58.00
Tier 3: 33871PA0040006-05	\$80	\$55	\$ 77.50
Tier 1: 33871PA0040006-06	\$15	\$10	\$ 14.50
Tier 2: 33871PA0040006-06	\$20	\$15	\$ 19.50
Tier 3: 33871PA0040006-06	\$40	\$30	\$ 39.00
Tier 1: 33871PA0040010-04	\$90	\$60	\$ 87.00
Tier 2: 33871PA0040010-04	\$120	\$80	\$ 116.00
Tier 3: 33871PA0040010-04	\$140	\$95	\$ 135.50

	Cost - sharing		
HIOS_ID	SP	Virtual SP	AV Input
Tier 1: 33871PA0040010-05	\$40	\$30	\$ 39.00
Tier 2: 33871PA0040010-05	\$60	\$40	\$ 58.00
Tier 3: 33871PA0040010-05	\$80	\$55	\$ 77.50
Tier 1: 33871PA0040010-06	\$15	\$10	\$ 14.50
Tier 2: 33871PA0040010-06	\$20	\$15	\$ 19.50
Tier 3: 33871PA0040010-06	\$40	\$30	\$ 39.00
Tier 1: 33871PA0040016-04	\$100	\$70	\$ 97.00
Tier 2: 33871PA0040016-04	\$120	\$80	\$ 116.00
Tier 3: 33871PA0040016-04	\$140	\$95	\$ 135.50
Tier 1: 33871PA0040016-05	\$40	\$30	\$ 39.00
Tier 2: 33871PA0040016-05	\$60	\$40	\$ 58.00
Tier 3: 33871PA0040016-05	\$80	\$55	\$ 77.50
Tier 1: 33871PA0040016-06	\$15	\$10	\$ 14.50
Tier 2: 33871PA0040016-06	\$20	\$15	\$ 19.50
Tier 3: 33871PA0040016-06	\$40	\$30	\$ 39.00
33871PA0040013, 33871PA0120003	\$80	\$55	\$ 77.50
33871PA0040015	\$80	\$55	\$ 77.50
33871PA0040017	\$80	\$55	\$ 77.50
33871PA0040013-04	\$70	\$50	\$ 68.00
33871PA0040013-05	\$60	\$40	\$ 58.00
33871PA0040013-06	\$20	\$15	\$ 19.50
33871PA0040015-04	\$80	\$55	\$ 77.50
33871PA0040015-05	\$40	\$30	\$ 39.00
33871PA0040015-06	\$30	\$20	\$ 29.00
Tier 1: 33871PA0040018	\$100	\$70	\$ 97.00
Tier 2: 33871PA0040018	\$120	\$80	\$ 116.00
Tier 3: 33871PA0040018	\$140	\$95	\$ 135.50
Tier 1: 33871PA0040018-04	\$100	\$70	\$ 97.00
Tier 2: 33871PA0040018-04	\$120	\$80	\$ 116.00
Tier 3: 33871PA0040018-04	\$140	\$95	\$ 135.50
Tier 1: 33871PA0040018-05	\$40	\$30	\$ 39.00
Tier 2: 33871PA0040018-05	\$60	\$40	\$ 58.00
Tier 3: 33871PA0040018-05	\$80	\$55	\$ 77.50
Tier 1: 33871PA0040018-06	\$15	\$10	\$ 14.50
Tier 2: 33871PA0040018-06	\$20	\$15	\$ 19.50
Tier 3: 33871PA0040018-06	\$40	\$30	\$ 39.00

Combination of Copays and Coinsurance for IP Hospital

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

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

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

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

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

HIOS IDs	33871PA0040002, 33871PA0120002	33871PA0040014, 33871PA0120004	33871PA0040005, 33871PA0120005	33871PA0040005, 33871PA0120005	33871PA0040006,	33871PA0040006,
					33871PA0040006-04,	33871PA0040006-04,
					33871PA0120006,	33871PA0120006,
					33871PA0120007,	33871PA0120007,
					33871PA0120008,	33871PA0120008,
					33871PA0040010,	33871PA0040010,
					33871PA0040010-04,	33871PA0040010-04,
					33871PA0040016,	33871PA0040016,
33871PA0040016-04,	33871PA0040016-04,					
33871PA0040018,	33871PA0040018,					
33871PA0040018-04	33871PA0040018-04					
IP Cost Sharing						
Facility	\$750	\$700	\$700	\$1,100	\$900	\$1,300
Professional	20%	50%	20%	30%	5%	10%
AVC Continuance Table	Gold	Bronze	Gold	Gold	Silver	Silver
PMPY for IP	\$1,511	\$1,039	\$1,511	\$1,511	\$1,371	\$1,371
Admit PMPY	0.06	0.04	0.06	0.06	0.06	0.06
Claim per Admit	\$23,804	\$23,218	\$23,804	\$23,804	\$24,004	\$24,004
Average LOS (days)	4.7	4.7	4.7	4.7	4.6	4.6
Effective Copay Factor for 5 days	0.46	0.50	0.46	0.46	0.49	0.49
Assumption from Data						
% Facility Cost	84%	84%	84%	84%	84%	84%
% Professional Cost	16%	16%	16%	16%	16%	16%
Calculations						
Professional Claim per Admit	\$3,809	\$3,715	\$3,809	\$3,809	\$3,841	\$3,841
Professional Claim per Day	\$803	\$796	\$803	\$803	\$832	\$832
Equiv. Copay per Day no max	\$161	\$398	\$161	\$241	\$42	\$83
Equiv. Copay per Day, 5-day max	\$347	\$801	\$347	\$521	\$85	\$171
Total Copay per Day, 5-day max	\$1,097	\$1,501	\$1,047	\$1,621	\$985	\$1,471

HIOS IDs	33871PA0040006-05,	33871PA0040006-05,	33871PA0040006-06,	33871PA0040006-06,
	33871PA0040010-05,	33871PA0040010-05,	33871PA0040010-06,	33871PA0040010-06,
	33871PA0040016-05,	33871PA0040016-05,	33871PA0040016-06,	33871PA0040016-06,
	33871PA0040018-05	33871PA0040018-05	33871PA0040018-06	33871PA0040018-06
IP Cost Sharing				
Facility	\$500	\$900	\$250	\$500
Professional	5%	10%	5%	10%
AVC Continuance Table	Gold	Gold	Platinum	Platinum
PMPY for IP	\$1,511	\$1,511	\$1,470	\$1,470
Admit PMPY	0.06	0.06	0.06	0.06
Claim per Admit	\$23,804	\$23,804	\$22,672	\$22,672
Average LOS (days)	4.7	4.7	4.9	4.9
Effective Copay Factor for 5 days	0.46	0.46	0.48	0.48
Assumption from Data				
% Facility Cost	84%	84%	84%	84%
% Professional Cost	16%	16%	16%	16%
Calculations				
Professional Claim per Admit	\$3,809	\$3,809	\$3,628	\$3,628
Professional Claim per Day	\$803	\$803	\$739	\$739
Equiv. Copay per Day no max	\$40	\$80	\$37	\$74
Equiv. Copay per Day, 5-day max	\$87	\$174	\$77	\$155
Total Copay per Day, 5-day max	\$587	\$1,074	\$327	\$655

Combination of Copays for Outpatient Facility Fee

For the outpatient facility site of service cost-sharing, our recent data indicated that 60% of outpatient facility utilization came from the hospital setting. The cost-sharing entered into the AV calculator is a blend of the copay in a hospital setting and the copay in an ambulatory surgery center.

		Cost-sharing		
HIOS ID	Service Type	ASC	Hospital	AV Input
33871PA0040002, 33871PA0120002	OP Fac.	\$300	\$700	\$540.00
33871PA0040017	OP Fac.	\$300	\$700	\$540.00
33871PA0040013, 33871PA0120003	OP Fac.	\$400	\$800	\$640.00
33871PA0040014, 33871PA0120004	OP Fac.	\$750	\$1,000	\$900.00
33871PA0040013-04	OP Fac.	\$400	\$800	\$640.00
33871PA0040013-05	OP Fac.	\$200	\$400	\$320.00
33871PA0040013-06	OP Fac.	\$40	\$80	\$64.00

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 72% 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. For plans where this cost-sharing is a combination of copay and coinsurance, a separate exhibit has been included to show the development of the effective copay that was used in the AV calculator.

	Cost - sharing		
HIOS_ID	MH/SA Office	MH/SA Other	AV Input
33871PA0040002, 33871PA0120002	\$65	\$65	\$ 65.00
33871PA0040005, 33871PA0120005	\$40	\$40	\$ 40.00
33871PA0040017	\$80	\$80	\$ 80.00
33871PA0040013, 33871PA0120003	\$80	\$80	\$ 80.00
33871PA0040006, 33871PA0120006	\$90	\$90	\$ 90.00
33871PA0040010	\$90	\$90	\$ 90.00
33871PA0040016	\$100	\$100	\$ 100.00
33871PA0120008	\$90	\$90	\$ 90.00
33871PA0120007	\$80	\$80	\$ 80.00
33871PA0040014, 33871PA0120004	\$150	\$150	\$ 150.00
33871PA0040013-04	\$70	\$70	\$ 70.00
33871PA0040013-05	\$60	\$60	\$ 60.00
33871PA0040013-06	\$20	\$20	\$ 20.00
33871PA0040006-04	\$90	\$90	\$ 90.00
33871PA0040006-05	\$40	\$40	\$ 40.00
33871PA0040006-06	\$15	\$15	\$ 15.00
33871PA0040010-04	\$90	\$90	\$ 90.00
33871PA0040010-05	\$40	\$40	\$ 40.00
33871PA0040010-06	\$15	\$15	\$ 15.00
33871PA0040016-04	\$100	\$100	\$ 100.00
33871PA0040016-05	\$40	\$40	\$ 40.00
33871PA0040016-06	\$15	\$15	\$ 15.00
33871PA0040018	\$100	\$100	\$ 100.00
33871PA0040018-04	\$100	\$100	\$ 100.00
33871PA0040018-05	\$40	\$40	\$ 40.00
33871PA0040018-06	\$15	\$15	\$ 15.00

For plan 33871PA0040015 and its silver variations, the cost-sharing for outpatient mental health was input in the AV calculator as an effective copay to capture the blending of a copay for outpatient mental health visits and coinsurance for all other outpatient mental health services.

	33871PA0040015	33871PA0040015-04
OP Visit Cost-sharing	\$80	\$80
OP Visit Weight	72%	72%
Avg Cost/Unit OP Other	\$250.83	\$250.83
OP Other Cost-sharing in Deductible	N/A	N/A
OP Other Weight in Deductible	N/A	N/A
OP Other Cost-sharing after Deductible	50%	50%
OP Other Weight after Deductible	28%	28%
Effective Copay (AV Input)	\$92.67	\$92.67

	33871PA0040015-05	33871PA0040015-06
OP Visit Cost-sharing	\$40	\$30
OP Visit Weight	72%	72%
Avg Cost/Unit OP Other	\$250.83	\$250.83
OP Other Cost-sharing in Deductible	N/A	N/A
OP Other Weight in Deductible	N/A	N/A
OP Other Cost-sharing after Deductible	30%	10%
OP Other Weight after Deductible	28%	28%
Effective Copay (AV Input)	\$49.84	\$28.63

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.

HIOS_ID	Cost - sharing		AV Input
	Low-Cost Generic	Generic	
33871PA0040002, 33871PA0120002	\$3	\$15	\$ 10.20
33871PA0040005, 33871PA0120005	\$3	\$15	\$ 10.20
33871PA0040017	\$3	\$15	\$ 10.20
33871PA0040015	\$3	\$20	\$ 13.20
33871PA0040013, 33871PA0120003	\$3	\$20	\$ 13.20
33871PA0040006, 33871PA0120006	\$5	\$25	\$ 17.00
33871PA0040010	\$5	\$20	\$ 14.00
33871PA0040016	\$5	\$20	\$ 14.00
33871PA0120008	\$5	\$20	\$ 14.00
33871PA0120007	\$5	\$20	\$ 14.00
33871PA0040014, 33871PA0120004	\$3	\$25	\$ 16.20
33871PA0040013-04	\$3	\$15	\$ 10.20
33871PA0040013-05	\$3	\$10	\$ 7.20
33871PA0040013-06	\$3	\$4	\$ 3.60
33871PA0040006-04	\$5	\$25	\$ 17.00
33871PA0040006-05	\$3	\$10	\$ 7.20
33871PA0040006-06	\$1	\$4	\$ 2.80
33871PA0040010-04	\$5	\$20	\$ 14.00
33871PA0040010-05	\$3	\$10	\$ 7.20
33871PA0040010-06	\$1	\$4	\$ 2.80
33871PA0040016-04	\$5	\$20	\$ 14.00
33871PA0040016-05	\$3	\$10	\$ 7.20
33871PA0040016-06	\$1	\$4	\$ 2.80
33871PA0040015-04	\$3	\$15	\$ 10.20
33871PA0040015-05	\$3	\$10	\$ 7.20
33871PA0040015-06	\$3	\$4	\$ 3.60
33871PA0040018	\$5	\$25	\$ 17.00
33871PA0040018-04	\$5	\$20	\$ 14.00
33871PA0040018-05	\$3	\$15	\$ 10.20
33871PA0040018-06	\$1	\$10	\$ 6.40

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 (2019, 2020, and 2021), 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
33871PA0040005, 33871PA0120005	47%	10%	43%	100%
33871PA0040006, 33871PA0120006, 33871PA0120007, 33871PA0120008, 33871PA0040010, 33871PA0040016, 33871PA0040018	50%	9%	41%	100%

	Actuarial Value			
HIOS ID	Tier 1	Tier 2	Tier 3	Average
33871PA0040005, 33871PA0120005	83.32%	79.94%	78.63%	80.97%
33871PA0040006, 33871PA0120006	73.72%	69.81%	69.40%	71.60%
33871PA0040006-04	75.59%	72.65%	72.31%	73.98%
33871PA0040006-05	88.78%	87.18%	86.66%	87.76%
33871PA0040006-06	95.74%	92.79%	92.26%	94.05%
33871PA0120007	73.26%	70.85%	70.19%	71.79%
33871PA0120008	74.29%	70.03%	69.62%	71.99%
33871PA0040010	72.46%	70.65%	70.05%	71.31%
33871PA0040010-04	74.71%	73.68%	73.13%	73.97%
33871PA0040010-05	87.62%	87.12%	86.61%	87.16%
33871PA0040010-06	95.74%	92.79%	92.26%	94.05%
33871PA0040016	71.26%	70.46%	69.87%	70.62%
33871PA0040016-04	74.39%	74.05%	73.49%	73.99%
33871PA0040016-05	87.61%	87.10%	86.60%	87.15%
33871PA0040016-06	95.70%	92.79%	92.26%	94.03%
33871PA0040018	70.57%	70.23%	69.68%	70.18%
33871PA0040018-04	73.86%	73.58%	73.06%	73.51%
33871PA0040018-05	87.47%	87.08%	86.58%	87.07%
33871PA0040018-06	95.51%	94.09%	93.62%	94.61%

Certification Language:

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

The analysis was

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

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

Actuary signature: _____

Actuary Printed Name: _____

Date: _____ 5/12/2022 _____

AV screenshots redacted.

A Reinsurance Morbidity Adjustment of 1.000 was used as requested in the guidance.

An Individual Morbidity Adjustment of 1.00 was used as requested in the guidance.

Projected costs were decreased by XXX to adjust 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 2021 enrollments, to the average age factor calculated for the prior annual filing.

	2022	2023	
	Filing	Filing	Change
Age Factor	1.718	1.718	1.000
Geographic Factor	1.000	1.000	1.000
Tobacco Factor	1.004	1.004	1.000
Total change			1.000

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	1.084
	Proactive	0.985

REDACTION JUSTIFICATION

DOCUMENT

URRT Part III – Federal Actuarial Memorandum

Redacted Name of opining actuary (page 8)

Redacted COVID-19 Impact (page 3) – confidential and proprietary information

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

PA Actuarial Memorandum

Redacted Name of opining actuary (pages 8 and 9)

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

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

PA Actuarial Memo Rate Exhibits

Column C through E in Tabs “II.a. Reins Table – Exp” and “II.b. Reins Table – Proj” – confidential and proprietary information

Cover Letter

Redacted names and contact information (page 2)

AV Screenshots

Entire File Redacted

Unique AV Justification file

Redacted name of opining actuary (page 16)

Redacted AV Screenshots (pages 17-81)

2022 and 2023 Service Area

Issuer: Keystone Health Plan East

Market: Individual



Key *(modify as needed)*



: On-exchange service area



: Off-exchange only service area

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

- a. Please explain and provide the quantitative development of the projected risk adjustment transfer amount PMPM equal to \$8.95.**

We request that this response be deferred until the updated 2021 risk adjustment is released on June 30th.

- b. Please compare the projected 2023 risk adjustment transfer amount PMPM to the anticipated 2021 risk adjustment transfer amount PMPM, identifying the specific driver(s) of any differences between the two values and providing detailed support for those differences.**

We request that this response be deferred until the updated 2021 risk adjustment is released on June 30th.

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

- a. Please clarify the trend assumption utilized in the development of this filing. The ‘I Data’ and ‘I. b. Manual Data’ tabs of the PA Rate Template appear to indicate an 8.4% annual trend rate, but the Rate Change Summary and Actuarial Memorandum indicate a trend rate of 9.6%.**

The Rate Change Summary includes the statement “The company expects its annual medical costs to increase 9.6%.” This is an estimate of how much claims will increase from 2022 to 2023. The 8.4% is our annualized trend estimate from 2021 to 2023, calculated as the square root of the two years’ trend applied in the AM Exhibits. In addition, trend is a component of the claim increase, but not the entire source. We used the language from the Rate Change Request Summary in the URRT Part III.

- b. Please provide the actual observed trends based on historical allowed claims experience for each benefit category as well as in aggregate for years 2019, 2020, 2021, and 2022 (year to date). We realize 2022 trends will be partially based on estimated claim costs. In providing your response, for each calendar year, provide the total member months, allowed claims, and any normalization adjustments that should be applied to the claims experience. Please provide both raw and COVID-19 adjusted values for 2020 and 2021, as applicable.**

We have added historical trend information in Tab Q2 of the “KHPE Consumer Response to June 15 Obj” excel worksheet.

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

Please refer to Tab Q2 of the “KHPE Consumer Response to June 15 Obj” excel worksheet.

- 3. The filing documents indicate that projected costs were decreased by 1.3% to adjust for the impact of COVID in the experience period that is not expected to recur in the projection period. Please provide both qualitative and quantitative support for this adjustment. Additionally, please explain where this reduction is incorporated in the development of the rates.**

We project that decreases to the costs from COVID will be lower than they were in the Experience Period and we have reduced our projected costs by 1.3% as a result. Please refer to Tab Q3 of the

Cover Letter for Responses to June 15 Objection Letter – KHPE Consumer INAC-133249350
Response Date June 24, 2022

“KHPE Consumer Response to June 15 Obj” excel worksheet. This illustrates the impact compared to normal claim levels related to the pandemic.

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

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

It is unlikely that this factor will remain constant over time, due to the impact of Risk Adjustment, as well as the mixes of the different provider networks offered by the two entities. A summary of the factors is shown on Tab Q4 of the “KHPE Consumer Response to June 15 Obj” excel worksheet.

5. Please provide the numerical development of the projected 2023 MLR that shows compliance with the 80% minimum MLR.

The calculation of the MLR is shown on Tab Q5 of the “KHPE Consumer Response to June 15 Obj” excel worksheet.

6. The Actuarial Memorandum demonstrates the actual vs. pricing MLRs for 2018 through 2020. This exhibit shows that the actual MLR has consistently been lower than the pricing MLR historically. Please explain the cause of this relationship and whether this relationship was considered in the development of this rate filing.

Please refer to Tab Q6 of the “KHPE Consumer Response to June 15 Obj” excel worksheet.

7. Please provide a numerical development of the Exchange User Fees included in the rate development.

Please refer to Tab Q7 of the “KHPE Consumer Response to June 15 Obj” excel worksheet.

8. The ‘III Plan Rates’ tab of the PA Rate Template indicates that the 1.22 CSR load is applied to plans 33871PA0120003 and 33871PA0120006, which are off-exchange Silver plans. The CSR load should be applied to on-exchange Silver plans only. Please explain why the CSR load is applicable to these two plans.

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

9. Please state what assumptions, if any, were considered in the development of the 2023 rates related to the impact of the expanded premium tax credits made available under ARPA ending

after 2022. Please provide support for these assumptions, including support for making no adjustment to the 2021 data if applicable,

We reviewed our estimates for the CSR adjustment under both scenarios and both resulted in values less than 1.22. Therefore, we used the same CSR factor for both scenarios. The revisions section of the 2023 rate filing guidance directs carriers to adjust the CSR factor for the impact of ARPA ending.

10. We have the following requests related to the pricing AVs.

- a. Please describe the process used to develop the pricing AVs for the plans.
- b. Please describe the data underlying the model used to develop pricing AVs.
- c. Please explain how the model used to develop pricing AVs is calibrated and the calibration value.
- d. Please explain any changes that are applied to the model used to develop pricing AVs for varying metal tiers.
- e. Please provide a numerical example of the pricing AVs that are developed for the following plans: 33871PA0120004, 33871PA0040018, and 33871PA0120005.
- f. Please explain why there is significant variation in pricing AVs within metal tiers. For example, Plans 33871PA0040006 and 33871PA0040015 have similar metal AVs but significantly different pricing AVs.

Please see tab Q10 of the “KHPE Consumer Response to June 15 Obj Part 2” excel worksheet.

11. Please justify the differences between the pricing AVs and the metal AVs for each plan included in the ‘III Plan Rates’ tab of the PA Rate Template.

Please see tab Q11 of the “KHPE Consumer Response to June 15 Obj Part 2” excel worksheet.

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

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

13. Per HHS Final Notice of Benefit and Payment Parameters, the federal medical rebate loss ratio is prohibited from including indirect quality improvement activity (QIA) expenses. Please confirm that in the calculation of the rebate MLR that indirect quality improvement activity (QIA) expenses have been excluded.

When calculating the MLR we did not incorporate indirect quality improvement activity.

14. Please provide the quantitative development for determining the commission PMPM as shown in Table 6 of the PAAM Exhibits.

We have included this information with this response. Note that this information is considered Confidential.

15. Please provide an exhibit showing the commission PMPM amount to be paid to brokers in the following situations: Open-Enrollment Enrollee – New, Open Enrollment Enrollee – Renewing, Special Enrollment Period Enrollee – New, Special Enrollment Enrollee – Renewing. If the commission PMPM is not consistent between the four options above, please explain in detail the

reason for the difference. Note that federal law prohibits differences in compensation to agents and brokers for coverage in the same benefit year based on whether the enrollment is during an SEP or during OEP.

We have included this information with this response. Note that this information is considered Confidential.

16. Please provide a current copy of the broker contract agreements for plan year 2023.

We have included this information with this response. Note that this information is considered Confidential.

17. Currently, the expanded subsidies from the American Rescue Plan are expected to be discontinued for plan year 2023. Please confirm that the current rate filing assumptions are reflective of the expanded subsidies being removed for plan year 2023 and please provide a brief narrative on how rates were impacted.

We confirm that the current rate filing assumptions are based on the expectation that the expanded subsidies will be discontinued. As noted earlier, this did not result in a change to the CSR factor used in the rate calculations. Per the rate filing instructions, this was the only factor we were directed to revise.

18. With the assumption of the expanded subsidies not being extended into plan year 2023, have any adjustments been made to the assumptions for on-exchange membership and for morbidity for plan year 2023 to reflect this?

We did not assume any additional impact to on-exchange membership or morbidity for 2023. The revisions section of the 2023 rate filing guidance directs carriers to adjust the CSR factor for the impact of ARPA ending.

19. With the Public Health Emergency scheduled to end on July 15th, how has the rate development been affected? Please provide support for any adjustments, or support for making no adjustments if applicable.

We did not make any adjustments to the rate development related to the potential end to the Public Health Emergency. The revisions section of the 2023 rate filing guidance directs carriers to adjust the CSR factor for the impact of ARPA ending.

20. Furthermore, with the Public Health Emergency scheduled to end on July 15th, has any adjustment been made specifically to the assumption of on-exchange membership for Plan Year 2023? Has any adjustment been made to morbidity?

We did not make any adjustments to the rate development related to the potential end to the Public Health Emergency. Per the rate filing guidance, we used February 2022 membership in our projections. The revisions section of the 2023 rate filing guidance directs carriers to adjust the CSR factor for the impact of ARPA ending.

21. Please provide a qualitative explanation and quantitative exhibit demonstrating the effect of COVID, including the rationale, magnitude, and implementation of adjustments to base experience, trend, and/or rate development factors.

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Please refer to the response for Question 3.

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

Please see tab Q22 of the “KHPE Consumer Response to June 15 Obj” excel worksheet.

- 23. Per HHS Final Notice of Benefit and Payment Parameters, the 2023 risk adjustment user fee is \$0.22 per member per month. Please update the percentage value in cell C54 of Table 6 to the specified figure.**

We can make this adjustment. Please see our response to Question 26.

- 24. Per HHS Final Notice of Benefit and Payment Parameters, the out-of-pocket maximum limit is \$9,100 for self-only and \$18,200 for family. Please verify that the family out-of-pocket maximum does not exceed \$18,200 for any plan.**

We verify that the family out-of-pocket maximum does not exceed \$18,200 for any plan.

- 25. Per the Pennsylvania Final Rate Filing Guidance, a second CSR Defunding Adjustment factor was included in the Pennsylvania Actuarial Memorandum; this second factor falls within the Department’s prescribed range of 1.22-1.26 and is reflective of the assumption that the enhanced subsidies are extended through plan year 2023. Please provide the rationale for the assumption that the factor would decrease if the enhanced subsidies are extended.**

The actuarial memo reads “For the scenario where ARPA subsidies are not continued in 2023, we used a CSR factor of 1.22, which is the minimum factor allowed. If the ARPA subsidies are continued in 2023, we would continue to use the 1.22 factor as our estimate would be below the minimum allowed.” This does not mean that the factor would decrease; the resulting factor would be below 1.22 as is the factor if the subsidies end.

If the subsidies continue, then as a percentage of the total, CSR members should have a smaller impact on the overall price since the average morbidity of a CSR member would be better because healthier members are more likely to remain covered in the single risk pool rather than dropping coverage. More of them will drop coverage if the subsidies end.

- 26. Please revise the Projected Morbidity Impact of Reinsurance to 0% in cell E8 of Table II.b., as indicated in the Highlights section of the guidance.**

Increasing the Morbidity Impact of Reinsurance to 0% increases the proposed rates by 0.1%. While that change can be made, we would like to keep our rates at the proposed levels rather than increasing them. We propose reducing another pricing factor to offset this increase (and the \$0.01 increase from the Risk Adjustment User Fee in Question 23 & the update to PCORI) so that the rates do not have to be increased further. We have reflected this in the updated AM exhibits we have submitted in this filing.

- 27. Please verify that all plans fall within the updated metallic tier AV ranges prescribed by the HHS Final Notice of Benefit and Payment Parameters.**

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We have verified that all plans fall within the updated metallic tier AV ranges prescribed by the HHS Final Notice of Benefit and Payment Parameters.

28. 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?

Changes to drug rebates are included as reductions to our prescription drug trends. We anticipate improvements in drug rebates which should reduce future cost increases.

29. Please explain how a change in member behavior to use service types such as telehealth more frequently than in the past and how a reversion back to more traditional service types is considered in your trend development.

We continue to anticipate movement to telehealth services and have reflected this in our pricing. We encourage the use of telehealth services in our plan designs with lower copays than might be incurred through in-person office visits.

30. Please provide an explanation of and support for the General & Claims Administrative Expenses shown in Table 6, as well as the reasons for any changes in the level of these expenses from the 2022 filing.

Administrative expense allocations are revised regularly by our FP&A department. The administrative allocation is different in this filing than in the previous filing. Our accounting area may reallocate expenses again in future. Please refer to Tab Q30 of the “KHPE Consumer Response to June 15 Obj” excel worksheet for additional details.

31. It is noted that last year KHPE offered 1 on-exchange gold plan and 1 off-exchange gold plan that had a lower 2022 calibrated PAIR PMPM than any on-exchange silver plan. However, this year it is noted that KHPE only offered 1 on-exchange Gold plan and 0 off-exchange Gold plans that have a lower 2023 calibrated PAIR PMPM than any on-exchange silver plan.

- a. Please confirm that this is the case.
- b. Please explain the rationale behind not providing a Gold plan that has a lower 2023 calibrated PAIR PMPM than any off-exchange silver plan.

While we filed the Gold Classic plan as an On-Exchange plan, it is our understanding that should a person wish to purchase this plan off-exchange, we would have to fulfill their request. Therefore, it is available both on and off-exchange.

32. It is noted that gold plan pricing AVs are higher than metallic tier AVs, while silver and bronze plan pricing AVs are generally lower than metallic tier AVs. Please walk through the calculation of the company’s pricing AVs, indicating the impact of specific benefit components or variables, such as out of pocket maximums, deductibles, coinsurance percentage, copayments, and other factors or components that contribute to the variation between metallic tier AVs and pricing AVs.

- a. If there are specific benefit design differences on gold plans that cause this dynamic please specify which benefit designs/cost structures they are.
- b. Please provide a detailed quantitative exhibit that walks from the pricing AV of Plan 33871PA0040015 to Plan 33871PA0040006 that provides what the new pricing AV would be after each of the following changes are made to Plan 33871PA0040015, in this exact order:

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MOOP, Deductible, Coins, Copay, any other benefit changes, any other changes outside of benefit design.

- c. Please complete the same exercise as above on the metallic AV via the Actuarial Value Calculator.**

Please see tabs Q32 and Q32B of the “KHPE Consumer Response to June 15 Obj Part 2” excel worksheet.

- 33. The following questions pertain to the benefit relativity model utilized for pricing:**
- Please describe how the data underlying the benefit relativity model used to develop pricing AVs differs from between the individual and small group markets.**
 - Please explain why the slope of individual pricing AVs is much steeper than that of the small group pricing AVs.**

Please see tab Q33 of the “KHPE Consumer Response to June 15 Obj Part 2” excel worksheet.

- 34. Please provide exhibits showing the development of the age, geographic, tobacco, and network factors for 2023.**

Please see tabs Q34 and Q34N of the “KHPE Consumer Response to June 15 Obj” excel worksheet. We are only in Rating Area 8; therefore the geographic factor is 1.000.

- 35. Per the URRT, Worksheet 1, the Projected Member Months (cell F48) is equal to 1,444,140. However, per the PAAM Exhibits, Table 1, Projected Member Months (cell E18) is equal to 1,444,116. Please explain the discrepancy or update so that these numbers are consistent.**

The projected membership in the PAAM Exhibit was calculated using the current membership. The URRT instructions require that each of the two new plans (which have no current membership) be populated with at least one member (12 member months) for the projection period. To reconcile these two calculations, we have added two members (24 member months) to the age 45-49 band in Table 1, Column E, of the PAAM exhibit.

- 36. Per the URRT, Worksheet 2, the Projected Member Months (cell D73) is equal to 1,444,140. However, per the PAAM Exhibits, Table 1, Projected Member Months (cell E18) is equal to 1,444,116. Please explain the discrepancy or update so that these numbers are consistent.**

The projected membership in the PAAM Exhibit was calculated using the current membership. The URRT instructions require that each of the two new plans (which have no current membership) be populated with at least one member (12 member months) for the projection period. To reconcile these two calculations, we have added two members (24 member months) to the age 45-49 band in Table 1, Column E, of the PAAM exhibit.

- 37. Per Table 2 of the PAAM Exhibits, Allowed Claims (cell G36) + Total Prescription Drug Rebates (cell I36) + Total EHB Capitation (cell J36) + Total Non-EHB Capitation (cell K36) is equal to \$741,434,923.61. However, in Table 4 of the PAAM Exhibits, the Allowed Claims (Net of Prescription Drug Rebates) for 2021 (column K) sum to \$600,015,902.89. Please update so that these numbers are consistent or provide an explanation explaining the difference.**

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The difference is equal to the Capitation shown in Cells J36 and K36 of Table 2. We are adding the amounts to Table 4. We will be adjusting our completion factors since there is not completion applied to capitation payments.

Net of Covid

With COVID Adjustments

Entity - trends (2b)	Segment	2019	2020	2021	2022
Comm1 KHPE - Consumer					
	Inpatient	2.4%	4.5%	10.1%	-3.2%
	Outpatient	6.7%	-7.1%	21.0%	8.1%
	Professional	10.3%	0.3%	18.5%	6.5%
	Rx	20.5%	11.3%	11.8%	4.2%
	Capitation	0.0%	-5.9%	-5.2%	-12.5%
	Total	9.5%	2.5%	14.0%	3.2%

2019	2020	2021	2022
2.4%	3.3%	3.2%	5.1%
6.7%	9.5%	9.2%	5.3%
10.3%	9.9%	2.5%	5.6%
20.5%	11.1%	12.1%	4.2%
0.0%	-5.9%	-5.2%	-12.5%
9.5%	7.8%	6.4%	4.4%

KHPE Consumer - Actual (2c)

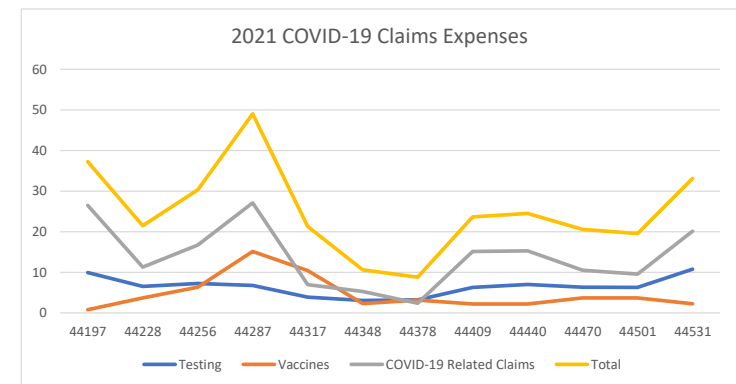
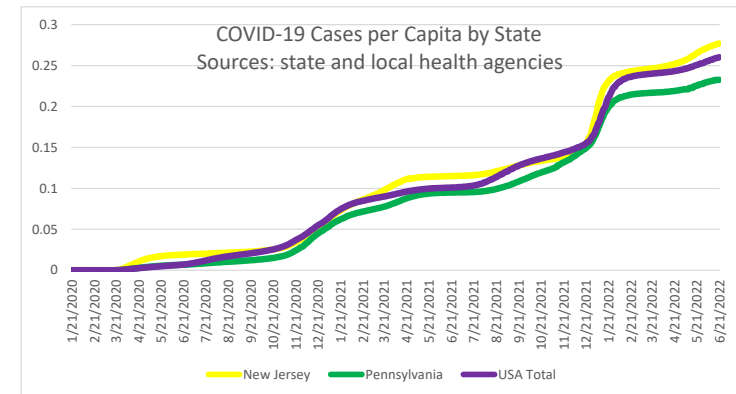
Member Months		PMPM Incurred Claims	Incurred Claims Trend
2019	1,525,856	\$ 377.85	
2020	1,306,087	\$ 387.34	2.5%
2021	1,349,985	\$ 441.42	14.0%
2022	1,408,800	\$ 455.44	3.2%

2021 Experience (Impact of COVID by month)

COVID Adjustment by Month

1/1/2021	-0.8%
2/1/2021	-6.5%
3/1/2021	0.8%
4/1/2021	4.9%
5/1/2021	0.7%
6/1/2021	3.3%
7/1/2021	-1.0%
8/1/2021	2.6%
9/1/2021	3.7%
10/1/2021	-0.3%
11/1/2021	2.8%
12/1/2021	4.7%
	1.24%

Please note that this is an unweighted average, provided for the purpose of supporting the criteria used in pricing.



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

<u>Consumer</u>					
	<u>Projected Lives</u>	<u>Age 21 rate</u>	<u>Premium</u>	<u>Network factor</u>	<u>Calibration factor</u>
QCC	39,082	\$ 371.61	\$645.57	1.330	1.737
KHPE	120,345	\$ 334.78	\$577.53	0.921	1.725
Composite Factor				1.0299	

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

	KHPE Consumer
Projected Claims PMPM (After Reinsurance)	\$ 483.14
Premium PMPM	\$ 577.53
Quality Improvement Expense PMPM	\$ 4.61
Exchange User Fee PMPM	\$ 13.31
HIF PMPM	\$ -
Federal Income Tax PMPM	\$ 3.06
Premium Tax PMPM	\$ -
Federal MLR	86.9%

Calendar Year	MLR		Member Months		
	Actual	Pricing	Actual	Pricing	
2018	70.1%	87.9%	1,799,423	1,816,320	<- Membership growth in certain plans lowered MLR by more than expected
2019	75.1%	82.2%	1,526,270	1,854,468	<- Membership losses in certain plans raised MLR by less than expected
2020	79.6%	84.5%	1,306,255	1,692,948	<-- COVID significantly depressed claims relative to what was expected at Pricing

KHPE Consumer

Calculation of 2023 Exchange User Fee

User Fee = 3%

Projected Average Premium (KHPE and QCC Combined) =	\$ 594.21	\$ 577.53	120,345 KHPE
		\$ 645.57	39,082 QCC

Proportion of business on-exchange = 72.90%

Projected PMPM User Fee =	\$ 13.00
	\$ 13.31

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 Generic Rx*</u>
	33871PA0120004, 33871PA0040014	Keystone HMO Bronze	X

General & Claims

Admin Expenses

Corporate Services (Finance, Legal, etc.)	1.66%
Sales & Marketing	5.75%
Operations	2.83%
Clinical & Contracting	1.50%
Corporate Overhead	1.99%
Total	13.73%

February 2022 Membership

Age	Members	Age Factor	Tobacco Factor	Tobacco Use %
0-14	8,535	0.765	0.000	0%
15	713	0.833	0.000	0%
16	702	0.859	0.000	0%
17	805	0.885	0.000	0%
18	808	0.913	0.000	0%
19	1,009	0.941	0.000	0%
20	1,230	0.970	0.000	0%
21	1,354	1.000	0.125	1.40%
22	1,390	1.000	0.125	1.40%
23	1,283	1.000	0.125	1.40%
24	1,345	1.000	0.125	1.40%
25	1,370	1.004	0.125	1.40%
26	2,188	1.024	0.125	1.40%
27	1,992	1.048	0.125	1.40%
28	2,068	1.087	0.125	1.40%
29	2,053	1.119	0.125	1.40%
30	2,197	1.135	0.175	1.40%
31	2,165	1.159	0.175	1.40%
32	2,134	1.183	0.175	1.40%
33	2,112	1.198	0.175	1.40%
34	2,041	1.214	0.175	1.40%
35	2,072	1.222	0.175	1.40%
36	2,123	1.230	0.175	1.40%
37	2,175	1.238	0.175	1.40%
38	2,048	1.246	0.175	1.40%
39	2,056	1.262	0.175	1.40%
40	2,015	1.278	0.225	1.90%
41	2,041	1.302	0.225	1.90%
42	2,115	1.325	0.225	1.90%
43	2,106	1.357	0.225	1.90%
44	2,009	1.397	0.225	1.90%
45	2,028	1.444	0.225	1.90%
46	1,975	1.500	0.225	1.90%
47	2,052	1.563	0.225	1.90%
48	2,163	1.635	0.225	1.90%
49	2,314	1.706	0.225	1.90%
50	2,395	1.786	0.375	1.90%
51	2,571	1.865	0.375	1.90%
52	2,556	1.952	0.375	1.90%
53	2,602	2.040	0.375	1.90%
54	2,731	2.135	0.375	1.90%
55	2,774	2.230	0.375	1.90%
56	2,947	2.333	0.375	1.90%
57	3,214	2.437	0.375	1.90%
58	3,419	2.548	0.375	1.90%
59	3,381	2.603	0.375	1.90%
60	3,477	2.714	0.375	1.90%
61	3,727	2.810	0.375	1.90%
62	3,896	2.873	0.375	1.90%
63	4,406	2.952	0.375	1.90%
64+	5,359	3.000	0.375	1.90%
Total	120,241	1.718	0.004	
			Factor	1.004

Change in Age Factor: 0.993
Change in Tobacco Factor: 1.000

CY 2021 Membership

Age	Members	Age Factor	Tobacco Factor	Tobacco Use %
0-14	97,643	0.765	0.000	0%
15	8,243	0.833	0.000	0%
16	8,658	0.859	0.000	0%
17	9,005	0.885	0.000	0%
18	9,018	0.913	0.000	0%
19	11,242	0.941	0.000	0%
20	14,086	0.970	0.000	0%
21	15,546	1.000	0.125	1.40%
22	16,170	1.000	0.125	1.40%
23	15,777	1.000	0.125	1.40%
24	14,748	1.000	0.125	1.40%
25	13,938	1.004	0.125	1.40%
26	22,091	1.024	0.125	1.40%
27	21,655	1.048	0.125	1.40%
28	22,478	1.087	0.125	1.40%
29	22,987	1.119	0.125	1.40%
30	22,645	1.135	0.175	1.40%
31	22,854	1.159	0.175	1.40%
32	22,792	1.183	0.175	1.40%
33	22,275	1.198	0.175	1.40%
34	22,043	1.214	0.175	1.40%
35	22,732	1.222	0.175	1.40%
36	23,253	1.230	0.175	1.40%
37	22,715	1.238	0.175	1.40%
38	22,579	1.246	0.175	1.40%
39	22,718	1.262	0.175	1.40%
40	21,976	1.278	0.225	1.90%
41	22,700	1.302	0.225	1.90%
42	23,435	1.325	0.225	1.90%
43	23,005	1.357	0.225	1.90%
44	22,437	1.397	0.225	1.90%
45	21,823	1.444	0.225	1.90%
46	22,361	1.500	0.225	1.90%
47	23,373	1.563	0.225	1.90%
48	25,115	1.635	0.225	1.90%
49	26,099	1.706	0.225	1.90%
50	27,634	1.786	0.375	1.90%
51	29,045	1.865	0.375	1.90%
52	28,673	1.952	0.375	1.90%
53	29,701	2.040	0.375	1.90%
54	30,670	2.135	0.375	1.90%
55	31,599	2.230	0.375	1.90%
56	34,388	2.333	0.375	1.90%
57	37,302	2.437	0.375	1.90%
58	38,176	2.548	0.375	1.90%
59	38,651	2.603	0.375	1.90%
60	39,766	2.714	0.375	1.90%
61	41,858	2.810	0.375	1.90%
62	44,688	2.873	0.375	1.90%
63	48,525	2.952	0.375	1.90%
64+	66,465	3.000	0.375	1.90%
Total	1,349,356	1.731	0.004	
			Factor	1.004

HIOS ID	Feb 2022 Membership	2022 Network Factors	2023 Normalized Network Factors
All Plans	120,343	1.005	1.000
33871PA0040002	765	1.089	1.084
33871PA0040005	4,957	0.990	0.985
33871PA0040006	28,195	0.990	0.985
33871PA0040010	12,860	0.990	0.985
33871PA0040013	75	1.089	1.084
33871PA0040014	7,910	1.089	1.084
33871PA0040015	859	1.089	1.084
33871PA0040016	35,005	0.990	0.985
33871PA0040017	-	1.089	1.084
33871PA0040018	-	0.990	0.985
33871PA0120002	798	1.089	1.084
33871PA0120003	577	1.089	1.084
33871PA0120004	7,119	1.089	1.084
33871PA0120005	1,870	0.990	0.985
33871PA0120006	417	0.990	0.985
33871PA0120007	13,015	0.990	0.985
33871PA0120008	5,921	0.990	0.985

REDACTED

(KHPE Consumer Response to June 15 Obj Part 2)

REDACTED

(Q15 IBX 2020 Consumer Broker Commissions Flyer)

REDACTED

(Q16 PA Producing Agent Agreement)

REDACTED

(KHPE Q25)

REDACTED

(PA Consumer SMRT sent 06 23 2022)

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

- a. Please explain and provide the quantitative development of the projected risk adjustment transfer amount PMPM equal to \$8.95.**

Please refer to Tab Q1 of the “KHPE Consumer Response to July 6 Obj” excel worksheet.

- b. Please compare the projected 2023 risk adjustment transfer amount PMPM to the anticipated 2021 risk adjustment transfer amount PMPM, identifying the specific driver(s) of any differences between the two values and providing detailed support for those differences.**

We are unable to complete this by July 14 but will follow up in our subsequent response.

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

- a. The ‘Q2’ tab of the file “KHPE Consumer Response to June 15 Obj.xlsx” provides historical trend information. However, it is unclear how the pricing trends utilized in this filing are consistent with the historical trend information included in this exhibit. Please provide additional support demonstrating how the pricing trends utilized in this filing are consistent with the historical trend information included in the ‘Q2’ tab. If they are not consistent, please explain and justify why it is reasonable that they are not.**

The historical trends included in Q2 represent the change in medical cost due to both utilization and unit cost patterns. These trends are used as the basis for setting 2023 trend assumptions and further adjusted for expected future impacts (e.g. unit cost changes due to provider contracts, pharmacy pipeline, etc.). Historical trends were provided both inclusive and exclusive of estimated COVID-19 impacts. We set the trend for 2023 in light of COVID-19 historical impacts that are not expected to recur.

- b. In addition to the information provided in the ‘Q2’ tab of the file “KHPE Consumer Response to June 15 Obj.xlsx” please provide the total member months, allowed claims, and any normalization adjustments that should be applied to the claims experience for each calendar year. Please provide both raw and COVID-19 adjusted values for 2020 and 2021, as applicable.**

Please refer to Tab Q2 of the “KHPE Consumer Response to July 6 Obj” excel worksheet.

3. The following questions are related to the proposed COVID adjustment included in the filing.

- a. The ‘Q3’ tab of the file “KHPE Consumer Response to June 15 Obj.xlsx” provides a summary of the COVID adjustment by month in 2021. Please explain how these adjustments by month were developed.**

Please refer to Tab Q3 of the “KHPE Consumer Response to July 6 Obj” excel worksheet.

- b. The ‘Q3’ tab of the file “KHPE Consumer Response to June 15 Obj.xlsx” includes a note that this is an unweighted average provided for the purpose of supporting criteria used in pricing. Please support the use of an unweighted average for the overall adjustment factor.**

Our response stated “Please note that this is an unweighted average, provided for the purpose

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of supporting the criteria used in pricing.” We did not state that the value used in our projections was an unweighted average.

- c. Within the exhibit referenced above, please explain how COVID related claims were defined.**

Please refer to Tab Q3 of the “KHPE Consumer Response to July 6 Obj” excel worksheet.

- d. Please confirm that the COVID adjustment was developed across all KHPE and QCC Individual and Small Group business. Please support this methodology.**

We will include this information with our next response.

- e. Please explain where the COVID reduction adjustment is applied in the rate development.**

The adjustment for COVID was reflected in our projected trend.

- 4. The following questions are related to the proposed network factor included in the filing.**

- a. The ‘Q4’ tab of the file “KHPE Consumer Response to June 15 Obj.xlsx” provides the network factors for QCC and KHPE but does not provide specific support for these factors. Please provide a numerical development of the 1.330 network factor for QCC and the 0.921 network factor for KHPE. In providing your response, please also include a detailed description outlining how the estimated network factors were developed.**

The factors were developed by determining values that resulted in the QCC and KHPE rates maintaining appropriate relationships between them. Not adjusting the combined experience for these relationships would otherwise have resulted in rates that were not appropriate, particularly in comparison to each other.

- b. Please explain why the composite factor in the file referenced above does not aggregate to 1.000.**

The composite factor does not aggregate to 1.000 because it is applied before other Market Factors, including reinsurance and risk adjustment, which are separately calculated as PMPM amounts.

- 5. The ‘Q7’ tab of the file “KHPE Consumer Response to June 15 Obj.xlsx” includes a numerical development of the exchange user fees. Please explain why the final PMPM user fee chosen for rate development is \$13.31 when the calculation suggests the fee should be \$13.00.**

We will include this information with our next response.

- 6. The response to first round questions indicates that the requested changes to the risk adjustment user fee and projected morbidity impact of reinsurance have been applied, as well as an update to the PCORI fee. The response also indicates that in order to maintain the proposed rates, an offsetting reduction to another pricing factor has been applied. Please indicate where the offsetting reduction was applied.**

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We adjusted the trend to offset these revisions instead of increasing the rates, primarily from the removal of the factor from reinsurance. The revised trend was applied to the combined experience.

7. **The responses to Question 10, Parts c-f are not sufficient as they do not provide specific support for the pricing AV development for the specified plans. Please provide the requested explanations and additional support for the pricing AV development, including an illustrative example demonstrating the development of the Pricing AV for the specified plans, and complete the attached pricing AV development worksheet.**

We are unable to complete this by July 14 but will follow-up in our subsequent response.

8. **Please update the 2021 experience period risk adjustment amount, in Table 2, to reflect the final CMS risk adjustment amount released on June 30th.**

We have entered the final risk transfer amounts in Table 2.

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

We are not proposing to revise the projected 2023 risk transfer amounts.

10. **Please confirm that you have tested to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, PA Plan Design Summary and Rate Tables, and Federal Rate Templates are identical.**

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

11. **Please ensure that the 7/14/22 versions of the following items are posted in SERFF with your July 14th response to this data call.**
- a. **Cover Letter identifying all changes made and the reasons for the change. Also, show the revised rate change.**
 - b. **PA Actuarial Memorandum**
 - c. **PA Actuarial Memorandum Exhibits**
 - d. **Department's Plan Design Summary and Rate Template Exhibits (please ensure that the rate template by county is populated with only numeric values – no "NA")**
 - e. **URRT**
 - f. **Federal Rate Template**
 - g. **Part III: Actuarial Memorandum**
 - h. **Updated Rate Change Request Summary (Attachment I)**
 - i. **Public PDF with limited redactions as previously directed in the Guidance (includes all correspondence and supporting exhibits after the initial submission, in addition to all the above items).**

We are posting the revised documents in SERFF. We will update the Public PDF and submit it in SERFF with our subsequent response.

12. **Your Round 1 response indicated that an exhibit was provided that demonstrates the PMPM commissions as shown in Table 6 of the PAAM Exhibits. We do not find this exhibit in the response; please provide this exhibit or direct me to it if it has already been provided. The**

exhibit should incorporate the actual commission rates/percentages provided in response to a separate question.

Our prior response included the commission information and agreements. For pricing we rely on a comparison of estimated total commissions from our sales area with expected revenues. As a percentage of the total premiums projected for 2023, this made up 1.81% which is the value shown in Table 6 – Retention.

- 13. Please verify that there is no difference in commissions between new issues and renewals, nor between open enrollment issues and special enrollment period issues. Note that federal law prohibits differences in compensation to agents and brokers for coverage in the same benefit year based on whether the enrollment is during an SEP or during the OEP.**

There is no difference in the commissions between new issues and renewals, nor between open enrollments issues and special enrollment period issues.

- 14. Please provide an exhibit showing the impact of changes to drug rebates on prescription drug trends, both compared to there being no prescription drug rebates and compared to prescription drug rebates being at prior levels.**

We will include this information with our next response.

- 15. Please verify that as the impact and uncertainty surrounding Covid-19 continues to diminish, the company anticipates continued movement towards telehealth services. Please clarify how this is reflected in your pricing; are pricing AVs lower due to lower costs (despite lower co-pays) that are incurred through telehealth services, or are other considerations impacting the pricing AVs, or are telehealth considerations impacting the rates in ways other the pricing AVs?**

We anticipate that the movement towards utilizing telehealth services will continue beyond the Covid-19 pandemic. The anticipated utilization/cost of telehealth services is considered in the development of the pricing AVs.

- 16. The SMRT files that were provided do not provide sufficient detail as they are locked and many columns of data are hidden. As requested above, please complete the attached Excel table provided in support of the pricing AV factors and relativities.**

Please see our response to Question 7.

- 17. The Platform Factors in the SMRT methodology do not appear to conform to the expected factor relationships, as the EPO factor is lower than the HMO factor. In addition, it is not clear why platform factors are necessary, since network factors are applied to the pricing AVs in a subsequent step in Table 10. Please discuss the company's handling of varying networks/platforms in determining its pricing AVs and rates, and provide an exhibit supporting the platform adjustments applied in this process.**

Network factor accounts for differences in the allowed costs between the legal entities due to items such as contracting and delivery system (I.e. Capitation and referral requirements on the HMO vs not having capitation or referral on the PPO). Platform adjustment adjusts for the Cost sharing portion of

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these factors. (I.e., Member cost sharing % will be different for the same copay because of these factors).

- 18. The response indicates that the CSR defunding adjustment factor should be below the Department's prescribed range of 1.22-1.26, whether the ARPA subsidies are continued in 2023 or not. Please provide an exhibit showing the derivation of the CSR Factors that the company considers to be appropriate, both in the case that the ARPA subsidies are continued or that the subsidies are not extended in 2023.**

We will include this information with our next response.

- 19. Understanding that metallic AV calculator is not used for pricing and that Area 8 is a relatively high-cost area, please provide an explanation as to why the gold (and platinum) pricing AVs are substantially higher than the corresponding metallic AVs, while the silver and bronze pricing AVs are lower than the corresponding metallic AVs.**

Please see our responses to questions 7 and 16.

- 20. Regarding question 33b, please clarify how underwriting guidelines impact the slope of the small group pricing AVs relative to the slope of the individual pricing AVs.**

In Consumer (I.e., Individual) a member has the option to purchase any plan design they want. They can shop for a Gold plan alongside a Bronze plan for example. In Small Group, our underwriting guidelines restrict the number of options a customer can offer (specifically a customer may only offer 4 plan designs at most). Many of our customers choose to offer less than 4 plans for their employees to choose between and very few of our groups offer bronze options. As a result, the pricing AV slope for small group is flatter than it is for Consumer. (Since many groups only offer gold plans or platinum plans to all their members).

- 21. Per Table 2 of the PAAM Exhibits, the Paid Claims (cell C36) are \$559,004,952.85. However, in Table 4 of the PAAM Exhibits, the Incurred Claims for 2021 (column D) sum to \$704,866,817.58. Please update so that these numbers are consistent or provide an explanation explaining the difference.**

Table 2 Paid Claims and Incurred Claims do not include Capitation – that is separately considered in other cells in Table 2. The claims in Table 4 include Capitation, which were added per the prior objection letter.

- 22. Per Table 2 of the PAAM Exhibits, the Ultimate Incurred Claims (cell D36) are \$563,447,796.86. However, in Table 4 of the PAAM Exhibits, the Ultimate Incurred Claims for 2021 (column F) sum to \$709,399,629.40. Please update so that these numbers are consistent or provide an explanation explaining the difference.**

Please refer to the response to Question 22.

KHPE Consumer

Metal	BMMO	PLRS	ARF	GCF	IDF	AV	Product w Risk	Product w/o Risk
Plat	-	-	-		-	-	-	-
Gold	100,680	2.026	1.585		1.045	1.080	0.800	2.287
Silver	1,163,088	1.265	1.735		1.045	1.030	0.700	1.362
Bronze	180,348	0.751	1.676		1.045	1.000	0.600	0.785
Total	1,444,116	1.254	1.718		1.045	1.030	0.694	1.354
Est. StateWide Average		1.373	\$ 527.62	1.812	1.00	1.037	0.704	1.423
								1.322

(8.95)

Please provide the actual observed trends based on historical allowed claims experience for each benefit category as well as in aggregate for years 2019, 2020, 2021, and 2022 (year to date). We realize 2022 trends will be partially based on estimated claim costs. In providing your response, for each calendar year, provide

		Net of COVID				With COVID Adjustments				Allowed					COVID Adjustment				
Entity - Cost trends (2a)	Segment	2019	2020	2021	2022	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Comm Health Plan - Consumer																			
	Inpatient	2.4%	4.5%	10.1%	-3.2%	2.4%	3.3%	3.2%	5.1%	99.13	101.34	105.24	115.47	70.69	0.00	0.00	1.08	7.86	-0.72
	Outpatient	6.7%	-7.1%	21.0%	8.1%	6.7%	9.5%	9.2%	5.3%	87.40	92.90	86.34	103.76	90.34	0.00	0.00	-13.02	-5.60	-3.41
	Professional	10.3%	0.3%	18.5%	6.5%	10.3%	9.9%	2.5%	5.6%	98.18	108.95	109.78	127.12	116.59	0.00	0.00	-8.45	5.42	6.66
	Rx	20.5%	11.3%	11.8%	4.2%	20.5%	11.1%	12.1%	4.2%	102.11	122.68	135.02	146.71	142.19	0.00	0.00	0.27	0.00	0.00
	Capitation	0.0%	-5.9%	-5.2%	-12.5%	0.0%	-5.9%	-5.2%	-12.5%										
	Total	9.5%	2.5%	14.0%	3.2%	9.5%	7.8%	6.4%	4.4%	386.82	425.87	436.38	493.07	419.81	0.00	0.00	-20.12	7.68	2.53

\$ - \$ -

KHPE Consumer - Actual (2b)

Member Months	PMPM Incurred Claims	Incurred Claims Trend
2019	1,525,856 \$ 377.85	
2020	1,306,087 \$ 387.34	2.5%
2021	1,349,985 \$ 441.42	14.0%
2022	1,408,800 \$ 455.44	3.2%

3. The following questions are related to the proposed COVID adjustment included in the filing.

- a. The 'Q3' tab of the file "KHPE Consumer Response to June 15 Obj.xlsx" provides a summary of the COVID adjustment by month in 2021. Please explain how these adjustments by month were developed.

The graph provided in our response to Objection 1, Q3 illustrates the magnitude of the various components of COVID claims cost in 2021. We quantify components of trend due to COVID-19 including, COVID-related claims expenses (testing, vaccine, and incurred claims with a COVID diagnosis), as well as deviation of non-COVID claims from normative expected levels. We do not expect any of these components to recur in the same magnitude in 2023.

- c. Within the exhibit referenced above, please explain how COVID related claims were defined.

We quantify components of trend due to COVID-19 including, COVID-related claims expenses (testing, vaccine, and incurred claims with a COVID diagnosis), as well as deviation of non-COVID claims from normative expected levels.

- Testing -as measured by submitted diagnostic and antibody COVID-19 test costs
- Vaccine- as measured by submitted vaccination administrative fees
- COVID related claims- as measured by claims with a diagnosis of COVID-19 or related condition. From Incurred March 2020 – May 2020, the Dx codes B97.29 and B34.2 were used as there was no specific Dx code for COVID-19 at that point, and from March 2020 – current the Dx code U07.1 is used (effective 4/1/2020 as per CMS). These Dx codes are indicative of a COVID claim when used in the first 4 positions or certain types of claims (claims with IP and ER place of service, excluding any maternity related) for members with a COVID-positive diagnosis with 2 months of that diagnosis. We also include any claims with procedure code J0248 (Remdesivir), although one would expect them to have a COVID Dx already. If a member had only an Urgent Care or PCP visit with COVID Dx, but the resulting associated lab test was negative, we do not include the associated UC/PCP visit.
- Deviation of non-COVID claims from normative expected levels- When determining the impact of avoided/deferred care in 2020 and 2021, the year 2019 is used as a baseline, which is the most recent full calendar year unaffected by COVID-19. Each month is trended one or two years to include both appropriate expected seasonality in addition to nominal trend levels expected with additional years. For example, January 2019 is used and trended to determine the baseline for future years:
 - January 2020 baseline = January 2019 x (1 + 2019 CY Trend)
 - January 2021 baseline = January 2019 x (1 + 2019 CY Trend) x (1 + avg nominal CY trend in absence of COVID)

These resulting baseline PMPMs by month are then compared to actual claims development excluding COVID-19 claims, testing, and vaccine cost to determine the differential between "normal" expected care levels and the care levels impacted by avoided/deferred care.

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1. **The following questions are related to the projected risk adjustment transfer amount:**
 - b. **Please compare the projected 2023 risk adjustment transfer amount PMPM to the anticipated 2021 risk adjustment transfer amount PMPM, identifying the specific driver(s) of any differences between the two values and providing detailed support for those differences.**

The details shown in the columns in Tab Q1 in the attached “KHPE Consumer Response to July 6 Part 2” show the assumed values used to calculate the 2023 risk adjustment.

3. **The following questions are related to the proposed COVID adjustment included in the filing.**
 - d. **Please confirm that the COVID adjustment was developed across all KHPE and QCC Individual and Small Group business. Please support this methodology.**

The graph provided in our response to Objection 1, Q5 illustrates the magnitude of the various components of COVID claims cost in 2021. We quantify components of trend due to COVID-19 including, COVID-related claims expenses (testing, vaccine, and incurred claims with a COVID diagnosis), as well as deviation of non-COVID claims from normative expected levels. We do not expect any of these components to recur in the same magnitude in 2023.

5. **The ‘Q7’ tab of the file “KHPE Consumer Response to June 15 Obj.xlsx” includes a numerical development of the exchange user fees. Please explain why the final PMPM user fee chosen for rate development is \$13.31 when the calculation suggests the fee should be \$13.00.**

Please refer to Tab Q5 in the attached “KHPE Consumer Response to July 6 Part 2”. Column B shows the values used in our initial submission. Column C updates each of the values, including the reinsurance adjustment to morbidity to show the overall impact of these changes. Column D is our proposed revision to avoid the otherwise indicated rate increase. As discussed in the prior response, we prefer to not raise the premium rates.

7. **The responses to Question 10, Parts c-f are not sufficient as they do not provide specific support for the pricing AV development for the specified plans. Please provide the requested explanations and additional support for the pricing AV development, including an illustrative example demonstrating the development of the Pricing AV for the specified plans, and complete the attached pricing AV development worksheet.**

Please refer to Tab Q7 in the attached “KHPE Consumer Response to July 6 Part 2”.

11. **Please ensure that the 7/14/22 versions of the following items are posted in SERFF with your July 14th response to this data call.**
 - a. **Cover Letter identifying all changes made and the reasons for the change. Also, show the revised rate change.**
 - b. **PA Actuarial Memorandum**
 - c. **PA Actuarial Memorandum Exhibits**
 - d. **Department’s Plan Design Summary and Rate Template Exhibits (please ensure that the rate template by county is populated with only numeric values – no “NA”)**
 - e. **URRT**
 - f. **Federal Rate Template**
 - g. **Part III: Actuarial Memorandum**

- h. Updated Rate Change Request Summary (Attachment I)**
- i. Public PDF with limited redactions as previously directed in the Guidance (includes all correspondence and supporting exhibits after the initial submission, in addition to all the above items).**

Components uploaded to SERFF are current; we have also included an updated Public PDF file.

- 14. Please provide an exhibit showing the impact of changes to drug rebates on prescription drug trends, both compared to there being no prescription drug rebates and compared to prescription drug rebates being at prior levels.**

Please refer to Tab Q14 in the attached “KHPE Consumer Response to July 6 Part 2”.

- 16. The SMRT files that were provided do not provide sufficient detail as they are locked and many columns of data are hidden. As requested above, please complete the attached Excel table provided in support of the pricing AV factors and relativities.**

Please see our response to Question 7.

- 18. The response indicates that the CSR defunding adjustment factor should be below the Department’s prescribed range of 1.22-1.26, whether the ARPA subsidies are continued in 2023 or not. Please provide an exhibit showing the derivation of the CSR Factors that the company considers to be appropriate, both in the case that the ARPA subsidies are continued or that the subsidies are not extended in 2023.**

In 2017 our CSR PMPM was approximately \$22 PMPM. Our incurred claims for CSR eligible plans was approximately \$382 PMPM for the same time period. This translates to a CSR adjustment of approximately 8% which is lower than the 1.22.

- 19. Understanding that metallic AV calculator is not used for pricing and that Area 8 is a relatively high-cost area, please provide an explanation as to why the gold (and platinum) pricing AVs are substantially higher than the corresponding metallic AVs, while the silver and bronze pricing AVs are lower than the corresponding metallic AVs.**

Please see our responses to questions 7 and 16.

KHPE Consumer

Metal	BMMO	PLRS	ARF	GCF	IDF	AV	Product w Risk	Product w/o Risk	
Plat	-	-	-	-	-	-	-	-	
Gold	100,680	2.026	1.585		1.045	1.080	0.800	2.287	1.432
Silver	1,163,088	1.265	1.735		1.045	1.030	0.700	1.362	1.308
Bronze	180,348	0.751	1.676		1.045	1.000	0.600	0.785	1.051
Total	1,444,116	1.254	1.718		1.045	1.030	0.694	1.354	1.284
Est. StateWide Average		1.373	\$ 527.62	1.812	1.00	1.037	0.704	1.423	1.322

(8.95)

KHPE Consumer	Initial Filing		Rein Morbidity Imp / Retention / Exchange User Fee		Proposed Revision	
Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates) PMPM	\$	569.62	\$	569.62	\$	569.62
Two year trend projection Factor		1.174		1.174		1.174
Unadjusted Projected Allowed EHB Claims PMPM	\$	668.76	\$	668.76	\$	668.52
Single Risk Pool Adjustment Factors						
Change in Morbidity - Impact of Reinsurance Program		0.999		1.000		1.000
Change in Morbidity - All Other		1.000		1.000		1.000
Total Non-Morbidity Changes		0.916		0.916		0.916
Total Adjusted Projected Allowed EHB Claims PMPM	\$	611.66	\$	612.28	\$	612.05
Projected Paid to Allowed Ratio		0.777		0.777		0.777
Projected Incurred EHB Claims PMPM	\$	475.32	\$	475.79	\$	475.62
Market-wide Adjustments						
Projected Incurred Risk Adjustment PMPM	\$	(8.95)	\$	(8.95)	\$	(8.95)
Projected Incurred Exchange User Fees PMPM	\$	13.31	\$	13.00	\$	13.00
Projected Incurred Reinsurance Recoveries PMPM	\$	15.72	\$	15.74	\$	15.73
Market-Adjusted Projected Incurred EHB Claims PMPM	\$	481.86	\$	482.00	\$	481.84
Market-Adjusted Projected Allowed EHB Claims PMPM	\$	620.08	\$	620.26	\$	620.05
Projected Allowed Non-EHB Claims PMPM	\$	0.14	\$	0.14	\$	0.14
Market-Adjusted Projected Incurred Total Claims PMPM	\$	481.97	\$	482.11	\$	481.94
Administrative Expenses		13.73%		13.73%		13.73%
Taxes and Fees		0.605%		0.609%		0.609%
Profit/Contingency (after tax)		2.00%		2.00%		2.00%
Total Retention		16.34%		16.34%		16.34%
Projected Required Revenue PMPM	\$	576.09	\$	576.29	\$	576.09 1.000002

Pricing AV Examples
Company:
Market:

Employee Health Plan Cost
Individual

Employee Health Plan Cost													
Plan Name	Plan ID	Member Cost	Member Cost	Member Cost	Member Cost	Member Cost	Member Cost	Member Cost	Member Cost	Member Cost	Member Cost	Member Cost	Member Cost
Individual	IND-01	IND-01	IND-01	IND-01	IND-01	IND-01	IND-01	IND-01	IND-01	IND-01	IND-01	IND-01	IND-01
Network Platforms	Network Platforms	Network Platforms	Network Platforms	Network Platforms	Network Platforms	Network Platforms	Network Platforms	Network Platforms	Network Platforms	Network Platforms	Network Platforms	Network Platforms	Network Platforms
Private AV Value \$B	70.2%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%
Benefit Component	Member Cost Share Value	Member Cost Share Value	Member Cost Share Value	Member Cost Share Value	Member Cost Share Value	Member Cost Share Value	Member Cost Share Value	Member Cost Share Value	Member Cost Share Value	Member Cost Share Value	Member Cost Share Value	Member Cost Share Value	Member Cost Share Value
PPO	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
HSA	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
SA	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
SP (no MSA)	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
GP (no MSA)	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
MSA/CA/DET	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
LHA	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Pharmacy Generic Costar	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Pharmacy Brand Preferred Costar	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Deductible	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
MSOP	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Out of Network	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Total Member Cost Share	22.2%	22.2%	22.2%	22.2%	22.2%	22.2%	22.2%	22.2%	22.2%	22.2%	22.2%	22.2%	22.2%
Private AV	70.2%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%	94.4%

Note: row 9 and 11 should match

Month-Year	Total Annual Premium	Incurred Claims	Completion Factor**	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost-Sharing (Member + MEC)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-14	1,079,711,631.81	\$ 67,429,449.81	1.0000	\$ 67,429,449.81	156,478	\$ 430.49	\$	\$ (4,415,388.84)	\$ 66,960,442.47	\$ 428.54
Feb-14		\$ 68,860,490.88	1.0000	\$ 68,860,490.88	156,874	\$ 439.04	\$	\$ (4,415,388.84)	\$ 68,395,102.04	\$ 439.04
Mar-14		\$ 69,439,073.08	1.0000	\$ 69,439,073.08	157,017	\$ 442.31	\$	\$ (4,415,388.84)	\$ 69,023,684.24	\$ 442.31
Apr-14		\$ 69,500,799.49	1.0000	\$ 69,500,799.49	157,181	\$ 442.34	\$	\$ (4,415,388.84)	\$ 69,085,410.65	\$ 442.34
May-14		\$ 69,538,515.33	1.0000	\$ 69,538,515.33	157,259	\$ 442.36	\$	\$ (4,415,388.84)	\$ 69,123,126.49	\$ 442.36
Jun-14		\$ 69,561,092.31	1.0000	\$ 69,561,092.31	157,311	\$ 442.37	\$	\$ (4,415,388.84)	\$ 69,145,703.47	\$ 442.37
Jul-14		\$ 69,574,389.08	1.0000	\$ 69,574,389.08	157,349	\$ 442.38	\$	\$ (4,415,388.84)	\$ 69,158,000.24	\$ 442.38
Aug-14		\$ 69,579,496.31	1.0000	\$ 69,579,496.31	157,367	\$ 442.38	\$	\$ (4,415,388.84)	\$ 69,163,103.47	\$ 442.38
Sep-14		\$ 69,581,411.03	1.0000	\$ 69,581,411.03	157,377	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,165,022.19	\$ 442.39
Oct-14		\$ 69,583,496.31	1.0000	\$ 69,583,496.31	157,386	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,167,103.47	\$ 442.39
Nov-14		\$ 69,585,496.31	1.0000	\$ 69,585,496.31	157,394	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,169,103.47	\$ 442.39
Dec-14		\$ 69,587,496.31	1.0000	\$ 69,587,496.31	157,401	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,171,103.47	\$ 442.39
Jan-15		\$ 69,589,496.31	1.0000	\$ 69,589,496.31	157,408	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,173,103.47	\$ 442.39
Feb-15		\$ 69,591,496.31	1.0000	\$ 69,591,496.31	157,415	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,175,103.47	\$ 442.39
Mar-15		\$ 69,593,496.31	1.0000	\$ 69,593,496.31	157,422	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,177,103.47	\$ 442.39
Apr-15		\$ 69,595,496.31	1.0000	\$ 69,595,496.31	157,429	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,179,103.47	\$ 442.39
May-15		\$ 69,597,496.31	1.0000	\$ 69,597,496.31	157,436	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,181,103.47	\$ 442.39
Jun-15		\$ 69,599,496.31	1.0000	\$ 69,599,496.31	157,443	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,183,103.47	\$ 442.39
Jul-15		\$ 69,601,496.31	1.0000	\$ 69,601,496.31	157,450	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,185,103.47	\$ 442.39
Aug-15		\$ 69,603,496.31	1.0000	\$ 69,603,496.31	157,457	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,187,103.47	\$ 442.39
Sep-15		\$ 69,605,496.31	1.0000	\$ 69,605,496.31	157,464	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,189,103.47	\$ 442.39
Oct-15		\$ 69,607,496.31	1.0000	\$ 69,607,496.31	157,471	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,191,103.47	\$ 442.39
Nov-15		\$ 69,609,496.31	1.0000	\$ 69,609,496.31	157,478	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,193,103.47	\$ 442.39
Dec-15		\$ 69,611,496.31	1.0000	\$ 69,611,496.31	157,485	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,195,103.47	\$ 442.39
Jan-16		\$ 69,613,496.31	1.0000	\$ 69,613,496.31	157,492	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,197,103.47	\$ 442.39
Feb-16		\$ 69,615,496.31	1.0000	\$ 69,615,496.31	157,499	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,199,103.47	\$ 442.39
Mar-16		\$ 69,617,496.31	1.0000	\$ 69,617,496.31	157,506	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,201,103.47	\$ 442.39
Apr-16		\$ 69,619,496.31	1.0000	\$ 69,619,496.31	157,513	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,203,103.47	\$ 442.39
May-16		\$ 69,621,496.31	1.0000	\$ 69,621,496.31	157,520	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,205,103.47	\$ 442.39
Jun-16		\$ 69,623,496.31	1.0000	\$ 69,623,496.31	157,527	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,207,103.47	\$ 442.39
Jul-16		\$ 69,625,496.31	1.0000	\$ 69,625,496.31	157,534	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,209,103.47	\$ 442.39
Aug-16		\$ 69,627,496.31	1.0000	\$ 69,627,496.31	157,541	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,211,103.47	\$ 442.39
Sep-16		\$ 69,629,496.31	1.0000	\$ 69,629,496.31	157,548	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,213,103.47	\$ 442.39
Oct-16		\$ 69,631,496.31	1.0000	\$ 69,631,496.31	157,555	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,215,103.47	\$ 442.39
Nov-16		\$ 69,633,496.31	1.0000	\$ 69,633,496.31	157,562	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,217,103.47	\$ 442.39
Dec-16		\$ 69,635,496.31	1.0000	\$ 69,635,496.31	157,569	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,219,103.47	\$ 442.39
Jan-17	\$ 69,637,496.31	\$ 69,637,496.31	1.0000	\$ 69,637,496.31	157,576	\$ 442.39	\$	\$ (4,415,388.84)	\$ 69,221,103.47	\$ 442.39

Rx weight is the value from Cell H63 of Tab 1 from the AHD Exhibit where each calendar year was the sequence period.
2021 comes from the 2023 Exhibit. 2020 comes from the 2022 Exhibit, etc.)
It is used to calculate the Allowed Rx Claims from total Allowed Claims.

MMXX	Rx Weight	Total Allowed Claims	Rx Claims	Total Rx Rebates	Rx Allowed Pre-Rebates	Net Rx PMPM	PMPM	Reduced PMPM	Rx Rebate Impact over prior year		
2021	1.3980551	21,209	\$ 741,434,923.83	\$ 157,187,230.54	\$ 151,564,765.10	\$	208.761,985.70	116.66	\$ 54.66	0.793508	3.52%
2020	1.3862251	21,809	\$ 1,682,523,759.83	\$ 112,804,048.86	\$ 161,683,767.49	\$	152,159,861.89	86.76	17.188	0.777428	-0.89%
2019	1.126270	22,179	\$ 4,618,648,909.74	\$ 149,605,752.54	\$ 158,239,206.00	\$	151,651,979.55	91.67	302.50	0.869851	-0.34%
2018	1.789423	20,809	\$ 822,079,878.66	\$ 148,118,251.28	\$ 150,524,777.08	\$	153,033,988.86	76.74	85.50	0.869851	

Completeness and Redaction Justification Checklist

Instructions for Completion and Redaction Justification Checklist

This checklist is required for all issuers submitting ACA-Compliant rates for 2023 comprehensive major medical rate filings and should be submitted, as supporting documentation, with each 2023 ACA-Compliant comprehensive major medical rate filing. The checklist is organized by heading, section and subsection as outlined in the 2023 ACA-Compliant Health Insurance Rate Filing Guidance (Guidance) released in March.

"Completed" Column

The first input column is labeled "Completed". In order for the filing to be considered complete and ready for department review, X must appear in each field in the column, except where data tables are marked "if applicable". The X indicates that the actuary has read the Guidance and has provided the requested information and data, as required in the PA Actuarial Memorandum and Rate Exhibits and further, that the data templates are completely and appropriately populated.

"Redaction Justification" Columns

The "Redaction Justification" section contains three columns. If the issuer's filing contains redacted information or data in the named section, "Y" must be populated in the "Redacted" column.

Each issuer must submit a "Public Rate Filing PDF" with the initial filing and with the final version that will be approved. The PDF document must contain all required documents, tables and exhibits. If the issuer chooses to make the limited redactions anticipated by the Department, those redactions should be made only in this document. The "Page # in Public PDF" section should reference the page number of the Public Rate Filing PDF where the redacted information and/or data can be located.

If any information is redacted, a justification must be submitted that specifically justifies why that information should be redacted. Correspondingly, the "Justification" column should be populated with a "Y" in any rows where it is indicated that information is redacted, and with an "NA" if information is not redacted. To reiterate the redaction criteria contained in the Guidance, only information that is trade secret or confidential commercial or financial information as defined in HHS's Freedom of Information Act (FOIA) regulations at 45 CFR§ 5.65 may be redacted.

Consistent with prior, the Department does not anticipate redactions other than the following items:

1. AV screenshots
2. Statements specifying a company's anticipated risk level in relation to the state average risk level (e.g., the underlined portion could be redacted in the following statement: "we expect the risk level of membership to be X% higher/lower than the state average risk level")
3. Opining actuary's name
4. Specific provider contracting information (note: such information was not submitted in prior rate filings and the department does not anticipate receiving such information in plan year 2019 rate filings)
5. Commission schedules

Please remain cognizant that non-redacted information and data must be submitted for review.

You may contact Lindsy Swartz, linswartz@pa.gov, if you have any questions regarding this checklist.

Completeness and Redaction Justification Checklist

Issuer Name: Keystone Health Plan East
 Market: Individual HMO
 SERFF ID: INAC-133249350

TOC #	Description	Completed (Mark with "X")	Redaction Justification		
			Redacted (Y/N)	Page # in Public PDF	Justification submitted (Y/NA)
Federal Documents Required to Be Filed with PID					
A.2.	RFJ Part I - Unified Rate Review Template	X			
	RFJ Part II – Consumer Friendly Justification				
	RFJ Part III – Actuarial Memorandum	X	Y	30-38	Y
	Federal Rates Template	X			
Summary Documents/Confirmation of HIOS & SERFF Submissions					
A.2.B.	HIOS Submission	X			
A.2.C.	SERFF Submission	X			
A.2.D.	SERFF Rate/Rule Schedule Tab	X			
B.	Cover Letter & PA Bulletin Information	X			
C.	Rate Change Request Summary	X			
PA Actuarial Memorandum and Rate Exhibits					
D.1.A.	Company Information	X	Y	7	Y
D.1.B.	Rate History & Proposed Variation in Rate Changes	X	N	8	N/A
D.1.C.	Average Rate Change	X	N	8	N/A
D.1.D.	Membership Count	X	N	8	N/A
	PA Act. Exhibits Table 1	X	N	16	N/A
D.1.E.	Benefit Changes	X	N	8	N/A
D.1.F.	Experience Period Claims & Premium	X	N	8-9	N/A
	PA Act. Exhibits Table 2	X	N	16	N/A
D.1.G.	Credibility of Data	X	N	10	N/A
	PA Act. Exhibits Tables 2b, 3b, 4b (if applicable)	X	N	17	N/A
D.1.H.	Trend Identification	X	N	10	N/A
	PA Act. Exhibits Table 3	X	N	16	N/A
D.1.I.	Historical Experience	X	N	10-11	N/A
	PA Act. Exhibits Table 4	X	N	16	N/A
D.2.A.	Development of PAIR, MAIR and Total Allowed Claims	X	Y	11-12	Y
	PA Act. Exhibits Table 5	X	N	20	N/A
D.2.B.	Retention Items	X	N	12-13	N/A
	PA Act. Exhibits Table 6	X	N	20	N/A
D.2.C.	Normalized Market-Adjusted Projected Allowed Total Claims	X	N	13	N/A
	PA Act. Exhibits Table 7	X	N	20	N/A
D.2.D.	Components of Rate Change	X	N	13	N/A
	PA Act. Exhibits Table 8	X	N	20	N/A
	PA Act. Exhibits Table 9	X	N	20	N/A
D.3.	Plan Rate Development	X	N	13	N/A
	PA Act. Exhibits Table 10	X	N	21	N/A
D.4.	Plan Premium Development for 21-Year-Old Non-Tobacco User	X	N	14	N/A
	PA Act. Exhibits Table 11	X	N	22	N/A
D.5.A.	Age and Tobacco Factors	X	N	14	N/A
	PA Act. Exhibits Table 12	X	N	23	N/A
D.5.B.	Geographic Factors	X	N	14	N/A
	PA Act. Exhibits Table 13	X	N	23	N/A
D.5.C.	Network Factors	X	N	14	N/A
	PA Act. Exhibits Table 14	X	N	23	N/A
D.5.D.	Service Area Composition	X	N	14	N/A
D.5.E.	Composite Rating	X	N	14	N/A
D.6.	Actuarial Certifications	X	Y	14-15	Y
Additional Exhibits					
E.	Department Plan Design Summary & Rate Tables	X	N	24-26	N/A
	Service Area Map	X	N	75	N/A
Redaction Justification (must be submitted if any information is redacted)		X			Y