

SERFF Tracking #:

CABC-131921815

State Tracking #:

CABC-131921815

Company Tracking #:

19-47

State:

Pennsylvania

Filing Company:

Keystone Health Plan Central

TOI/Sub-TOI:

H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only

Product Name:

Rates - KHPC Small Group HMO

Project Name/Number:

/

## Supporting Document Schedules

<b>Satisfied - Item:</b>	ACA Public Rate Filing PDF
<b>Comments:</b>	
<b>Attachment(s):</b>	SG_19-47_Initial_KHP_HMO_PublicFiling01_20190719.pdf SG_19-47_Initial_KHP_HMO_PublicFiling02_20190719.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	



May 21, 2019

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

Re: **Keystone Health Plan Central**  
**Small Group Rates**  
**Filing No 19-47**  
**TOI Code: H15G Group Health – Hospital/Surgical/Medical Expense**  
**Sub-TOI Code: H15G.003 Small Group Only**  
**Filing Type: Rate**

Dear ██████████:

By this filing Capital BlueCross, on behalf of its wholly owned subsidiary Keystone Health Plan Central, submits to the Department its Small Group Rates effective January 1, 2020.

The following is a summary of the rate filing:

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2020
- Average Rate Change: 9.3%
- Range of Requested Rate Change: 9.3% to 9.3%
- Total additional annual revenue generated from the proposed rate change: \$58,389
- Product: HMO
- Rating Areas: 6,7,9
- Metal Levels: Bronze
- Current Covered Lives and Policyholders: 110/71
- 2020 Number of Plans: 1
- 2019 Number of Plans and Change: 1/No Plan Change
- Contract Form #: C20-KHPC-SPG
- Form Filing SERFF #: CABC-131908701
- Binder SERFF #: CABC-PA19-125092092
- HIOS Issuer ID: 53789
- HIOS Submission Tracking Number: 53789-1473457323875505153

Harrisburg, PA 17177 | [capbluecross.com](http://capbluecross.com)

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

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

Sincerely,

[REDACTED]

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

Enclosures

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

# **Attachment I**

# Rate Change Summary

## Keystone Health Plan Central (KHPC) – Small Group Plans

Rate request filing ID #CABC-131921815 - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at <http://www.insurance.pa.gov/Consumers/ACARelatedFilings/>

### Overview

Initial requested average rate change:	9.3% <sup>1</sup>
Revised requested average rate change:	1.2%
Range of requested rate change:	1.2% to 1.2%
Effective date:	1/1/2020
People impacted:	110
Available in:	Rating Area 6, Rating Area 7 and Rating Area 9

### Key information

#### Jan. 2018-Dec. 2018 financial experience

Premiums	\$	1,311,404
Claims	\$	1,116,318
Administrative expenses	\$	230,572
Taxes & fees	\$	124,741
Company made (after taxes)		<b>\$(160,227)</b>

#### How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2020:

Claims:	80.33%
Administrative:	14.18%
Taxes & fees:	3.49%
Profit:	2%

The company expects its annual medical costs to increase **7.77%**.

### Explanation of requested rate change

Reimplementation of the Health Insurer Fee in 2020  
Worsening risk pool due to non-ACA group coverage options  
Anticipated increase in facility and physician unit costs  
Anticipated changes in prescription drug unit costs  
Continuing change in utilization

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



**July 19, 2019**

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

**Re: Keystone Health Plan Central  
Small Group Rates  
Filing No 19-47  
TOI Code: H15G Group Health – Hospital/Surgical/Medical Expense  
Sub-TOI Code: H15G.003 Small Group Only  
Filing Type: Rate**

Dear ██████████:

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The following is a summary of the rate filing:

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2020
- Average Rate Change: 1.2%
- Range of Requested Rate Change: 1.2% to 1.2%
- Total additional annual revenue generated from the proposed rate change: \$7,845
- Product: HMO
- Rating Areas: 6,7,9
- Metal Levels: Bronze
- Current Covered Lives and Policyholders: 110/71
- 2020 Number of Plans: 1
- 2019 Number of Plans and Change: 1/No Plan Change
- Contract Form #: C20-KHPC-SPG
- Form Filing SERFF #: CABC-131908701
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Sincerely,

[REDACTED]

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

Enclosures

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

# **KEYSTONE HEALTH PLAN CENTRAL**

## **ACTUARIAL MEMORANDUM**

### **Small Group Rates Effective January 1, 2020**

#### **General Information**

##### **Company Information**

- Company Legal Name: Keystone Health Plan Central
- State: PA
- HIOS Issuer ID: 53789
- Market: Small Group
- Effective Date: 1/1/2020

##### **PID Company Information**

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2020
- Average Rate Change: 1.2%
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- HIOS Issuer ID: 53789
- HIOS Submission Tracking Number: 53789-1473457323875505153



## **Company Contact Information**

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

## **Scope and Purpose**

By this filing, Keystone Health Plan Central (KHPC), a subsidiary of Capital BlueCross (CBC), submits rates for products to be made available to all small groups effective January 1, 2020. KHPC will offer small group products off the federally-facilitated exchange.

## **Rate History and Proposed Variations in Rate Changes**

Market	Company	Effective Date	SERFF #	Annual Increase
Small Group	KHPC	1/1/2016	CABC-130076082	-2.00%
Small Group	KHPC	1/1/2017	CABC-130539616	4.50%
Small Group	KHPC	7/1/2017	CABC-130954830	6.80%
Small Group	KHPC	1/1/2018	CABC-131022144	-13.40%
Small Group	KHPC	1/1/2019	CABC-131455108	5.00%

## **Average Rate Change**

KHPC is proposing an aggregate annual 1.2% rate change. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

Worsening risk pool due to non-ACA group coverage options: 7%

Reimplementation of the Health Insurer Fee: 2.5%

Adjustment to Actuarial Cost Model\*: -5%

Provider Contract Increases and Utilization Changes: 3.0%

Projected morbidity of population: -6%

\*Please note that CBC has reviewed its Actuarial Cost Model described on page 8 below to better reflect claims costs associated with deductible-first plans (deductible applying first dollar on medical and Rx claims). This change has lowered projected claim costs on these plans, aligning CBC with other competitors in the Small Group market. This change impacts all CBC filings, but is especially noted in KHPC as this subsidiary only offers a Bronze plan, with deductible applying to most services. This change drives the lower annual increase, as compared to other CBC subsidiaries.

## **Membership**

Membership is shown in PA Rate Template Part I, Table 1. The average age is 39.

## **Benefit Changes 2019-2020**

A summary of proposed 2020 benefits is included in Exhibit A.

A benefit change is being applied to KHPC's single offering.

## **Experience Period Premium and Claims**

**Single Risk Pool:** The data used to develop rates and shown in URRT and PA Rate Exhibits abides by 45 CFR part 156.80(d) single risk pool requirements. The single risk pool reflects all covered lives for every non-grandfathered, non-transitional product/plan combination for KHPC in the small group market.

**Base Experience Period:** The base experience period (BEP) includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2018 and December 31, 2018.

Transitional membership is not included in PA Rate Exhibits Table 2 or URRT.

**Paid Through Date:** Claims in the BEP are paid through March 31, 2019

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

### **Allowed and Incurred Claims in BEP:**

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

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

1. Historical fee-for-service claims are viewed by date of service and date of payment in a claims triangle.
2. The claims triangle payments are then accumulated by date of service to develop factors that represent the rate of accumulation or rate of "completion".
3. Historical rates of completion by duration are used to derive projected rates of completion. Some of the methods used to develop projected completion factors are averages (e.g. harmonic averages, time weighted averages, geometric averages) and regression methods.

Numerous items are considered when viewing these averages or regression statistics, such as the impact of high claims on perceived completion patterns.

4. For durations that exhibit a projected completion factor greater than the Valuation Actuary's chosen threshold (e.g. 80% complete), cumulative paid and incurred claims are divided by the projected completion factor to arrive at ultimate incurred claims. For durations that are less than the chosen threshold, a projection methodology is used. Similar to completion factor development, projection methodologies are worthy of a lengthy discussion. In general, an ultimate incurred claims PMPM is derived by projecting a recent 12-month period to the current month(s) and seasonally adjusting.
5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

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

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

**Risk Adjustment in BEP:** Risk adjustment amounts in the BEP are equal to final risk adjustment transfer amounts released on June 28, 2019.

**Loss Ratio in BEP:** Loss ratio is 85.12%

### **Credibility of Data**

For the purpose of rate development, KHPC small group products are combined with other product offerings (HMO, PPO) from CBC subsidiaries. Combining the experience is actuarially justifiable for several reasons:

1. The demographics of members buying PPO and other products are similar.
2. Cost and utilization between PPO and other products are similar.
3. Medical policy between PPO and other products are almost identical, with the exception of referrals and no out-of-network benefit on HMO.

The credibility manual is the combination of KHPC, Capital Advantage Assurance Company (CAAC), and Capital Advantage Insurance Company (CAIC) HMO data. The credibility manual BEP includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2018 and December 31, 2018. All data is trended and benefit-adjusted in the same manner as the experience data (same projection factors and trend).

## **Trend Identification**

Trend: 7.77%

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

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

1. Base Cost/ Change in hospital and physician contracting: The contracted increase in reimbursements to hospitals and physicians is the basis of cost trends. CBC uses the following to project future costs:
  - a. Vendor Physician Cost Model and Internal Hospital Contracting Model
    - i. The medical cost models use best estimates of Capital BlueCross (CBC)'s future contracting increases with physicians and hospitals. The models use cost estimates based on varying contract effective dates by physician and hospital. All facilities and providers are considered in this modeling effort (i.e. acute and non-acute, network and non-network, inpatient and outpatient, in- area and out-of-area). From there, a monthly anticipated cost (assuming static utilization) summary is produced which can be used in projecting future claims costs. Cost trends are determined at the CBC book of business level for all commercial business.
  - b. Internal Prescription Drug Trend Model
    - i. Price Inflation
    - ii. Contract Pricing
    - iii. Member Cost-Sharing
    - iv. Units per Script
    - v. Brand/Generic Mix
    - vi. Therapeutic Mix
    - vii. Cost per Script
    - viii. Pipeline (new drugs)
2. Utilization Considerations:
  - a. Intensity of medical services rendered
  - b. Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
  - c. Further migration from brand prescription drugs to generic prescription drugs
  - d. Favorable impacts of value based benefits designs
  - e. Medical utilization estimates reviewed by CBC's Chief Medical Officer
3. Leveraging: The trend model is based on allowed cost increases. Paid claims trend at a higher rate than allowed due to leveraging. Leveraging is the impact of static cost-share, such as deductibles and copays, to the paid trend.

4. Intensity: Measure of cost increase due to change in treatment sophistication. An example is migration from x-rays to MRIs at significantly higher cost.
5. Underwriting Cycle: The underwriting cycle is defined as the tendency to swing between profitable and unprofitable periods over time. The underwriting cycle is exacerbated partly by pricing performed with incomplete information as to the level of current experience trends. A reaction delay occurs, as carriers tend to rely on measurements of past experience in developing current pricing assumptions. As a result, carriers are often increasing their pricing trends when actual experience trends have begun to decline, and decreasing their pricing trends actual trends are increasing. CBC strives to mitigate the underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

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

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

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

## **Rate Development & Change**

### **Projection Factors**

**Changes in Morbidity:** Found in URRT Worksheet 1, "Morbidity Adjustment", and PA Rate Exhibits, Table 5. KHPC projects 7% change in morbidity due to the presumed statewide movement of small group PPACA business to ASO. The morbidity factor is based on the following analysis:

1. Gather BEP medical and Rx claims and membership for all PPACA groups active during the period
2. Gather BEP medical and Rx claims and membership for only PPACA groups still active in a PPACA product as of 2/28/2019
3.  $\text{PMPM (2)} / \text{PMPM (1)} - 1 = 7.7\%$
4. 7% is applied in rating

Because CBC is competing against statewide carriers in the SG ASO market, we assume this transition is occurring statewide and will continue 2019-2020. Further, the statewide transition translates to a worsening PPACA risk pool, not unique to CBC. Therefore, we project no explicit change to CBC risk adjustment transfer amounts from this migration.

In addition to the 7% morbidity change, KHPC is also applying a factor of 0.44 to reflect the difference is projected Plan Liability Risk Score (PLRS) between KHPC and its subsidiary, CAAC, which underwrites the vast majority of the BEP experience.

**Changes in Benefits:** Benefit changes are not applied to allowed claims as allowed should stay consistent from 2018 to 2020. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from CBC’s internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

**Changes in Demographics:** KHPC does not expect changes in demographics in its small group population.

**Changes in Network:** No Network change is applied.

**Other Adjustments:** No other adjustment is applied.

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

### **Index Rate**

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

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

To calculate the projected index rate:

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

See Exhibit J for the Index Rate.

### **Paid to Allowed Ratio**

KHPC used the prescribed URRT allowed claim rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. URRT projects allowed claims, and uses a paid-to-allowed ratio in order to adjust allowed claims to paid

levels. This value is then used to develop premiums. In order to determine the paid-to-allowed ratio, KHPC projected paid and incurred claims, adjusted for benefits, to the experience period.

Projected Paid and Incurred Claims are calculated as follows:

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

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

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

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

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

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

*Trended Claim PMPM*

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

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

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

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

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

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

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

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

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

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

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

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

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

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



- b. And to arrive at the *Total Projected Claims PMPM*, KHPC assumes a distribution of members across the benefit plans being offered in 2020. The *Total Projected Claims PMPM* :

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

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

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

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

### **Risk Adjustment**

#### **Projected Risk Adjustments PMPM:**

Relevant to 2020 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2020. The following items are those that we deem important in generating a CRA payment transfer adjustment:

1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
2. Statewide average premiums
3. Current market penetration of this company and competitors in the market and in the state
4. 2017-2018 risk adjustment results
5. Market improvement in coding risk: CBC's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that CBC is disadvantaged in the market. This will drive CBC's relative risk to the market down over time.

### **Market Adjusted Index Rate**

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

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

See Exhibit K, Table 5, and URRT WS1 for the development of the Market Adjusted Index Rate.

Please note that Exhibit K and Table 5 produce the average annual rating period MAIR, accounting for quarterly trend. URRT WS1 produces Q1 MAIR as per instructions. Checks have been implemented to ensure URRT Q1 MAIR and Q1 MAIR that would be produced in Table 5 given 0% quarterly trend are the same (except for differences in rounding).

## **Retention Items**

### **Administrative Expense Load:**

1. Risk Adjustment User Fee: To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.18 PMPM. The Risk Adjustment Fee PMPM is included in URRT Worksheet 1, URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.
2. Administrative Expense: Calculated using an allocation method from CBC’s Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to CBC small group products. Administrative expenses are included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.
3. Broker Expense: Calculated based on CBC’s explicit per contract broker fee. Broker Expense is included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Brokers are paid on new business and renewals the same commission rate for all geographic locations, enrollment dates, and metal levels. The 2020 broker commission schedule is yet to be finalized. Attached please find the 1/1/2019 copy of the broker agreement – redacted version. Files are as follows:
  - a. Redacted Standard Producer Master Agreement: “SG\_19-47\_Initial\_KHP\_HMO\_SPMABrokerGroupRedacted\_Supporting\_20190521.pdf”
  - b. Redacted Preferred Producer Master Agreement: “SG\_19-47\_Initial\_KHP\_HMO\_PPMABrokerGroupRedacted\_Supporting\_20190521.pdf”
4. Value-Based Benefits (VBB): Standard with each plan, Capital BlueCross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
  - a. Complete biometric screening and receive a gift card.

- b. Meeting biometric measure or finish online coaching program and receive a gift card reward.
  - c. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
  - d. Included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.
5. Identity Theft Coverage: Identity protection offering will include the following components:
- a. Credit monitoring – Monitors activity that may affect credit
  - b. Fraud detection – Identifies potentially fraudulent use of identity or credit
  - c. Fraud resolution support – Assists members in addressing issues that arise in relation to credit monitoring and fraud detection
  - d. Included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.
6. Additional Quality Improvement: The Final Notice of Benefit and Payment Parameters (NBPP) for 2020 finalized the rule to allow issuers to apply a standard 0.8% of premium for quality improvement (QI) measures in the MLR calculation. Additional QI amounts applied in rating equal 0.4%. Included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.

**Profit (or Contribution to Surplus) & Risk Margin:**

- 7. Contingency: Contingency is included in URRT Worksheet 2, “Profit & Risk Load” and PA Rate Exhibits Table 6.

**Taxes and Fees:**

- 1. Health Insurer Fee (HIF) – Section 9010 of PPACA and Section 1406 of the Reconciliation Act (which modified PPACA) refer to HIF. The fee is a fixed-dollar amount distributed across health insurance providers: \$8 billion in 2014, \$11.3 billion in 2015 and 2016, \$13.9 billion in 2017, \$14.3 billion in 2018, and the HIF increases by the rate of premium growth for 2019 and subsequent years. There was a moratorium on the fee for 2017 and there is a suspension on the fee for 2019. The fee applied is the average fee across all renewals in 2020. This is calculated in Exhibit H. HIF is included in URRT Worksheet 2, “Taxes and Fees”, and PA Rate Exhibits, Table 6.
- 2. Exchange Fee – All issuers participating in a federally-facilitated exchange will remit 3% of premium to HHS. KHPC Small Group plans are offered off-exchange only, therefore no exchange fee is applied.
- 3. Federal Income Tax: Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in URRT Worksheet 2, “Taxes and Fees”, and PA Rate Exhibits, Table 6.

See Exhibit H for all retention values.

## **Plan Rate Development**

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

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

1. Actuarial Value and Cost Sharing adjustment: The Actuarial Value and Cost Sharing Adjustment is determined using KHPC's actuarial cost model. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a claim PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on CPDs, where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
2. Induced Demand: Please see Table 8
3. Provider Network: The Provider network is the same across all HMO plans.
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Adjustment for distribution and administrative costs: Described in Retention Items section above.
6. Tobacco Adjustment: Not applied to Small Group plans.

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

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

**Age Curve Calibration:** The average age factor is calculated by taking the member-weighted average of current small group enrollment by age in CBC. Age factors are applied in accordance with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file SG\_19-47\_Initial\_KHP\_HMO\_List-Billed\_Supporting\_20190521.xlsx for the calculation.

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

**Geographic Factors:** CBC performed regional analysis to quantify the cost difference between the three regions in our service area. The analysis gathered incurred claims net Rx rebates, projected risk adjustment, and premium for a 12-month period by region. The loss ratio of each region is then compared to the average loss ratio for the book of business. In theory, the change in regional rating factor is:

$$[\text{Change in Regional Rating Factor Region A}] = [\text{Region A LR}] \div [\text{BOB LR}]$$

But our preferred approach is to gradually change factors, so not to shock the market, while moving rates in the appropriate direction. In order to do this, the following approach is being proposed:

$$[\text{Change in Regional Rating Factor Region A}] = [\text{Region A LR}] \div [\text{Target LR}]$$

Where Target LR is in between Region A LR and BOB LR. With this gradual approach, annual rate change by region is shown on Exhibit Q, column G.

**Tobacco Factor Calibration:** Tobacco factor not applied.

The calibration is:

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

Calibrated Plan Adjusted Index Rates are found on PA Rate Exhibits Table 10.

The calibration factors and development are found on Exhibit N.

## **Consumer Adjusted Premium Rate Development**

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

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

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

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

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

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

## **AV Metal Values**

The AV Metal Values included in URRT Worksheet 2 and PA Rate Exhibits, Table 10 were based on the federally issued AV Calculator.

See AV Screenshots included with the submission.

## **AV Pricing Values**

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

## **Projected Loss Ratio**

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

## **Membership Projection**

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

## **Attachments and Examples**

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

PA Rate Exhibits Part I through Part V

Table 8

Exhibit A – Benefit Summary  
Exhibit B – Benefit Change Summary  
Exhibit C – Benefit Categories  
Exhibit D – Benefit Mix  
Exhibit E – Trend  
Exhibit F – URRT  
Exhibit G – Paid-to-Allowed Development  
Exhibit H – Retention  
Exhibit I – Projected Loss Ratio  
Exhibit J – Index Rate  
Exhibit K – Market Adjusted Index Rate  
Exhibit L – Rate Development by Plan  
Exhibit M – Plan Adjusted Index Rates  
Exhibit N – Calibration  
Exhibit O – Rating Factors  
Exhibit P – Quarterly Base Rates

## Exhibit Q – Regional Analysis

Broker Contracts  
Actuarial Value Screenshots  
List-Billed Data

### Actuarial Statement


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

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

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

- a. The analysis was
  - i. conducted by a member of the American Academy of Actuaries, and
  - ii. performed in accordance with generally accepted actuarial principles and methods.
5. Geographic area rating factors reflect only differences in the costs of delivery and not differences due to population morbidity.
6. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
7. New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
8. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2020 Rate Filing Justification.



, ASA, MAAA  
Actuarial Associate  
Capital BlueCross



**PA Rate Template Part I**  
**Data Relevant to the Rate Filing**

**Table 0. Identifying Information**

Carrier Name:	Keystone Health Plan Central		
Product(s):	HMO		
Market Segment:	Small Group		
Rate Effective Date:	1/1/2020	to	12/31/2020
Base Period Start Date	1/1/2018	to	12/31/2018
Date of Most Recent Membership	2/1/2019		

**Table 1. Number of Members**

Average Age	Member-months	Members	Member-months
	Experience Period	Current Period (as of 02-01-2019)	Projected Rating Period
Total	3,985	110	1,140
17 <18	538	11	114
24 18-24	334	9	93
29 25-29	393	15	155
34 30-34	309	3	31
39 35-39	389	7	73
44 40-44	344	9	93
49 45-49	433	16	166
54 50-54	406	15	155
59 55-59	400	13	135
64 60-63	315	8	83
9999 64+	124	4	41

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

**Table 2. Experience Period Claims and Premiums**

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment
\$ 1,853,338.29	\$ 1,138,220.76	\$ 1,093,204.16	3,985	\$ 312,787.83	\$ 1,405,991.99	\$ -	\$ (37,833.20)	\$ 60,947.26	\$ -	\$ (541,934.43)
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)										\$ 358.62
Loss Ratio										85.12%

\*Express Prescription Drug Rebates as a negative number

**Table 3. Trend Components**

Service Category	Cost*	Utilization*	Induced Demand*	Composite URRT Trend **	Weight*
Inpatient Hospital	6.70%	1.50%	0.00%	8.30%	20.08%
Outpatient Hospital	6.35%	1.00%	0.00%	7.41%	36.28%
Professional	4.55%	1.00%	0.00%	5.60%	23.06%
Other Medical	6.35%	1.00%	0.00%	7.41%	2.93%
Capitation				0.00%	0.01%
Prescription Drugs	9.80%	0.85%	0.00%	10.73%	17.64%
Total Annual Trend				7.77%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.161	

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

\*\* Should = URRT Trend

**Table 4. Historical Experience**

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
201501		\$ 71,464.15	1.0000	\$ 71,464.15	220	\$ 324.84		\$ (357.81)	\$ 83,209.74	\$ 378.23
201502		\$ 60,490.68	1.0000	\$ 60,490.68	233	\$ 259.62		\$ (232.19)	\$ 72,430.42	\$ 310.86
201503		\$ 53,737.16	1.0000	\$ 53,737.16	231	\$ 232.63		\$ (2,195.70)	\$ 61,248.47	\$ 265.14
201504		\$ 78,884.89	1.0000	\$ 78,884.89	232	\$ 340.02		\$ (14,264.00)	\$ 87,519.11	\$ 377.24
201505		\$ 46,590.65	0.9953	\$ 46,809.68	205	\$ 228.34		\$ (13,956.96)	\$ 40,029.63	\$ 195.27
201506		\$ 43,323.77	1.0000	\$ 43,323.77	210	\$ 206.30		\$ (1,947.09)	\$ 52,997.07	\$ 252.37
201507		\$ 57,615.69	1.0000	\$ 57,615.69	202	\$ 285.23		\$ (785.84)	\$ 76,579.79	\$ 379.11
201508		\$ 39,660.32	1.0000	\$ 39,660.32	204	\$ 194.41		\$ (17.36)	\$ 45,881.08	\$ 224.91
201509		\$ 28,151.14	1.0000	\$ 28,151.14	197	\$ 142.90		\$ (1,802.07)	\$ 34,272.10	\$ 173.97
201510		\$ 92,136.08	1.0000	\$ 92,136.08	201	\$ 458.39		\$ (270.60)	\$ 100,270.03	\$ 498.86
201511		\$ 35,068.74	1.0000	\$ 35,068.74	218	\$ 160.87		\$ (146.64)	\$ 48,148.47	\$ 220.86
201512	\$ 1,029,469.18	\$ 298,729.89	1.0000	\$ 298,729.89	297	\$ 1,005.82	\$ 147,653.45	\$ (2,444.84)	\$ 312,718.63	\$ 1,052.92
201601		\$ 61,396.82	0.9340	\$ 65,733.00	410	\$ 160.32		\$ (837.12)	\$ 93,664.42	\$ 228.45
201602		\$ 45,368.81	1.0000	\$ 45,368.81	339	\$ 133.83		\$ (832.74)	\$ 62,636.48	\$ 184.77
201603		\$ 179,398.05	1.0000	\$ 179,398.05	358	\$ 501.11		\$ (4,991.99)	\$ 214,086.75	\$ 598.01
201604		\$ 118,683.07	1.0000	\$ 118,683.07	392	\$ 302.76		\$ (5,558.45)	\$ 142,704.25	\$ 364.04
201605		\$ 91,119.08	1.0000	\$ 91,119.08	414	\$ 220.09		\$ (908.52)	\$ 124,278.00	\$ 300.19
201606		\$ 84,297.25	1.0000	\$ 84,297.25	439	\$ 192.02		\$ (893.04)	\$ 108,646.05	\$ 247.49
201607		\$ 126,206.15	1.0000	\$ 126,206.15	544	\$ 232.00		\$ (2,000.02)	\$ 157,769.68	\$ 290.02
201608		\$ 109,264.13	1.0000	\$ 109,264.46	573	\$ 190.69		\$ (2,322.15)	\$ 139,704.44	\$ 243.81
201609		\$ 126,827.61	1.0000	\$ 126,838.17	639	\$ 198.48		\$ (4,320.47)	\$ 156,384.35	\$ 244.73
201610		\$ 227,315.38	0.9537	\$ 238,355.33	680	\$ 350.52		\$ (1,821.55)	\$ 285,991.44	\$ 420.58
201611		\$ 173,290.26	0.9998	\$ 173,318.20	710	\$ 244.11		\$ (2,798.97)	\$ 218,544.05	\$ 307.81
201612	\$ 2,697,444.83	\$ 324,900.35	0.9998	\$ 324,972.14	945	\$ 343.89	\$ 449,236.57	\$ (7,356.02)	\$ 393,729.30	\$ 416.64
201701		\$ 398,492.03	0.9998	\$ 398,563.49	975	\$ 408.78		\$ (12,248.17)	\$ 498,688.25	\$ 494.04
201702		\$ 431,399.71	0.9998	\$ 431,477.78	954	\$ 452.28		\$ (20,544.25)	\$ 495,264.31	\$ 519.14
201703		\$ 354,525.79	0.9998	\$ 354,591.36	956	\$ 370.91		\$ (21,474.54)	\$ 402,959.33	\$ 421.51
201704		\$ 325,827.97	0.9998	\$ 325,904.09	937	\$ 347.82		\$ (10,504.85)	\$ 372,046.24	\$ 397.06
201705		\$ 240,741.88	0.9998	\$ 240,796.75	905	\$ 266.07		\$ (7,227.55)	\$ 295,082.62	\$ 326.06
201706		\$ 407,885.90	0.9996	\$ 408,028.90	920	\$ 443.51		\$ (7,396.74)	\$ 449,257.84	\$ 488.32
201707		\$ 1,185,005.62	0.9972	\$ 1,188,371.79	892	\$ 1,322.26		\$ (9,684.79)	\$ 1,249,665.68	\$ 1,400.97
201708		\$ 329,297.51	0.9996	\$ 329,430.02	875	\$ 376.49		\$ (7,070.00)	\$ 397,024.90	\$ 453.74
201709		\$ 240,657.49	0.9996	\$ 240,743.42	812	\$ 296.48		\$ (11,847.80)	\$ 266,912.98	\$ 328.71
201710		\$ 288,976.60	0.9995	\$ 289,119.73	758	\$ 381.42		\$ (27,386.58)	\$ 304,964.74	\$ 402.33
201711		\$ 348,270.83	0.9992	\$ 348,540.29	709	\$ 491.59		\$ (26,330.55)	\$ 364,603.45	\$ 514.25
201712	\$ 4,668,165.28	\$ 236,000.89	1.0027	\$ 235,375.44	562	\$ 418.82	\$ 720,102.85	\$ (5,137.77)	\$ 264,721.98	\$ 471.04
201801		\$ 146,036.58	0.9988	\$ 146,211.96	443	\$ 330.05		\$ (6,255.73)	\$ 184,993.94	\$ 417.59
201802		\$ 64,500.17	0.9987	\$ 64,584.19	438	\$ 147.45		\$ (3,598.79)	\$ 94,052.53	\$ 214.73
201803		\$ 103,740.44	0.9987	\$ 103,875.72	429	\$ 242.13		\$ (6,349.22)	\$ 142,458.94	\$ 332.07
201804		\$ 58,773.81	0.9987	\$ 58,849.49	392	\$ 150.13		\$ (5,590.92)	\$ 70,209.88	\$ 179.11
201805		\$ 123,431.68	0.9975	\$ 123,742.95	396	\$ 312.48		\$ (2,799.47)	\$ 157,611.55	\$ 398.01
201806		\$ 85,273.78	0.9969	\$ 85,540.53	372	\$ 229.95		\$ (1,840.71)	\$ 108,414.82	\$ 291.44
201807		\$ 80,832.27	0.9958	\$ 81,170.26	301	\$ 269.67		\$ (1,620.23)	\$ 105,323.76	\$ 349.91
201808		\$ 60,376.69	0.9948	\$ 60,694.76	285	\$ 212.96		\$ (2,129.87)	\$ 73,709.31	\$ 258.63
201809		\$ 43,342.02	0.9952	\$ 43,550.54	274	\$ 158.94		\$ (1,721.02)	\$ 55,242.19	\$ 201.61
201810		\$ 104,073.64	0.9852	\$ 105,641.98	252	\$ 419.21		\$ (1,888.41)	\$ 118,537.52	\$ 470.39
201811		\$ 182,898.70	0.9763	\$ 187,336.68	250	\$ 749.35		\$ (2,683.22)	\$ 218,339.91	\$ 873.36
201812	\$ 1,853,338.29	\$ 84,940.98	0.9138	\$ 92,952.36	153	\$ 607.53	\$ 312,787.83	\$ (1,355.61)	\$ 100,211.70	\$ 654.98

\* Express Completion Factor as a percentage

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

Carrier Name: Keystone Health Plan Central  
 Product(s): HMO  
 Market Segment: Small Group  
 Rate Effective Date: 1/1/2020

**Table 2b. Manual Experience Period Claims and Premiums**

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment
\$ 440,864,801.85	\$ 372,795,320.93	\$ 376,393,003.21	782,036	\$ 68,523,547.37	\$ 444,916,550.58		\$ (16,607,742.51)	\$ 60,947.26	\$ -	\$ 4,549,138.01
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)										\$ 547.76
Loss Ratio										80.79%

\*Express Prescription Drug Rebates as a negative number

**Table 3b. Manual Trend Components**

Service Category	Cost*	Utilization*	Induced Utilization*	Composite URRT Trend**	Weight*
Inpatient Hospital	6.70%	1.50%	0.00%	8.30%	20.08%
Outpatient Hospital	6.35%	1.00%	0.00%	7.41%	36.28%
Professional	4.55%	1.00%	0.00%	5.60%	23.06%
Other Medical	6.35%	1.00%	0.00%	7.41%	2.93%
Capitation				0.00%	0.01%
Prescription Drugs	9.80%	0.85%	0.00%	10.73%	17.64%
Total Annual Trend				7.77%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.161	

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

\*\* Should = URRT Trend

**Table 4b. Historical Manual Experience**

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
201501		\$ 6,673,979.18	1.0000	\$ 6,673,979.18	15,308	\$ 435.98		\$ (427,229.53)	\$ 7,504,156.02	\$ 490.21
201502		\$ 6,017,743.21	1.0000	\$ 6,017,743.21	15,193	\$ 396.09		\$ (401,227.44)	\$ 6,736,194.48	\$ 443.37
201503		\$ 6,798,762.21	1.0000	\$ 6,798,762.21	14,824	\$ 458.63		\$ (409,928.39)	\$ 7,559,811.40	\$ 509.97
201504		\$ 6,945,133.61	1.0000	\$ 6,945,133.61	14,642	\$ 474.33		\$ (673,493.58)	\$ 7,406,810.26	\$ 505.86
201505		\$ 6,208,834.03	0.9838	\$ 6,311,333.35	14,296	\$ 441.48		\$ (564,999.46)	\$ 6,798,702.10	\$ 475.57
201506		\$ 6,200,031.57	1.0000	\$ 6,200,031.57	14,060	\$ 440.97		\$ (501,544.64)	\$ 6,787,257.30	\$ 482.74
201507		\$ 6,927,566.52	1.0000	\$ 6,927,566.52	14,227	\$ 486.93		\$ (544,816.46)	\$ 7,428,199.56	\$ 522.12
201508		\$ 6,294,674.56	1.0000	\$ 6,294,674.56	14,353	\$ 438.56		\$ (492,668.49)	\$ 6,756,276.91	\$ 470.72
201509		\$ 6,181,912.60	1.0000	\$ 6,181,912.60	14,571	\$ 424.26		\$ (473,349.21)	\$ 6,648,005.82	\$ 456.25
201510		\$ 8,382,301.19	1.0000	\$ 8,382,301.19	18,293	\$ 458.22		\$ (519,942.12)	\$ 9,363,755.00	\$ 511.88
201511		\$ 8,391,635.03	1.0000	\$ 8,391,635.03	19,956	\$ 420.51		\$ (508,486.42)	\$ 9,289,527.75	\$ 465.50
201512	\$ 106,236,843.10	\$ 14,828,949.93	1.0000	\$ 14,828,949.93	35,900	\$ 413.06	\$ 15,772,703.66	\$ (581,164.52)	\$ 17,349,179.76	\$ 483.26
201601		\$ 14,622,183.93	0.9380	\$ 15,587,952.31	39,401	\$ 395.62		\$ (600,801.45)	\$ 19,056,800.14	\$ 483.66
201602		\$ 16,177,130.57	1.0000	\$ 16,177,130.57	39,901	\$ 405.43		\$ (686,684.58)	\$ 19,213,259.51	\$ 481.52
201603		\$ 20,540,540.56	1.0000	\$ 20,540,540.56	40,816	\$ 503.25		\$ (768,337.12)	\$ 23,679,257.15	\$ 580.15
201604		\$ 17,668,337.87	1.0000	\$ 17,668,337.87	42,001	\$ 420.66		\$ (742,694.17)	\$ 20,412,873.63	\$ 486.01
201605		\$ 18,729,960.04	1.0000	\$ 18,729,971.27	43,548	\$ 430.10		\$ (712,939.20)	\$ 21,486,628.90	\$ 493.40
201606		\$ 20,416,339.38	1.0000	\$ 20,416,344.92	45,786	\$ 445.91		\$ (838,698.50)	\$ 23,232,273.23	\$ 507.41
201607		\$ 20,222,439.26	1.0000	\$ 20,222,451.48	48,172	\$ 419.80		\$ (852,221.70)	\$ 22,799,160.13	\$ 473.29
201608		\$ 24,412,138.09	1.0000	\$ 24,412,274.57	50,103	\$ 487.24		\$ (946,071.89)	\$ 27,402,387.92	\$ 546.92
201609		\$ 22,978,133.24	1.0000	\$ 22,978,266.11	53,351	\$ 430.70		\$ (868,553.87)	\$ 25,964,344.95	\$ 486.67
201610		\$ 23,765,319.05	0.9564	\$ 24,847,881.70	56,174	\$ 442.34		\$ (872,675.67)	\$ 28,418,613.58	\$ 505.90
201611		\$ 24,471,408.05	0.9998	\$ 24,475,389.71	57,668	\$ 424.42		\$ (912,615.78)	\$ 27,878,737.43	\$ 483.44
201612	\$ 290,377,031.01	\$ 27,141,508.77	0.9998	\$ 27,146,894.68	69,693	\$ 389.52	\$ 48,478,187.90	\$ (915,318.63)	\$ 32,419,674.52	\$ 465.18
201701		\$ 29,495,068.85	0.9998	\$ 29,500,431.53	76,230	\$ 386.99		\$ (1,052,726.40)	\$ 36,234,531.18	\$ 475.33
201702		\$ 29,708,091.68	0.9998	\$ 29,713,637.98	77,115	\$ 385.32		\$ (1,034,315.55)	\$ 35,577,315.51	\$ 461.35
201703		\$ 35,156,805.19	0.9998	\$ 35,163,926.84	77,690	\$ 452.62		\$ (1,206,545.08)	\$ 41,317,498.19	\$ 531.83
201704		\$ 31,461,685.79	0.9998	\$ 31,469,240.93	77,960	\$ 403.66		\$ (1,136,833.87)	\$ 36,669,277.89	\$ 470.36
201705		\$ 36,114,016.77	0.9997	\$ 36,123,958.55	78,151	\$ 462.23		\$ (1,305,502.92)	\$ 41,495,155.18	\$ 530.96
201706		\$ 32,977,426.13	0.9997	\$ 32,988,234.54	78,148	\$ 422.13		\$ (1,344,700.92)	\$ 38,252,100.85	\$ 489.48
201707		\$ 33,259,397.06	0.9976	\$ 33,340,758.48	78,209	\$ 426.30		\$ (1,269,570.91)	\$ 37,814,706.06	\$ 483.51
201708		\$ 37,457,194.29	0.9996	\$ 37,472,509.40	78,291	\$ 478.63		\$ (1,290,603.14)	\$ 42,601,915.36	\$ 544.15
201709		\$ 33,311,479.06	0.9995	\$ 33,327,409.16	78,587	\$ 424.08		\$ (1,211,629.83)	\$ 37,963,364.62	\$ 483.07
201710		\$ 36,430,321.86	0.9994	\$ 36,452,857.79	77,995	\$ 467.37		\$ (1,422,167.55)	\$ 41,426,650.07	\$ 531.14
201711		\$ 37,615,417.76	0.9992	\$ 37,645,216.92	77,266	\$ 487.22		\$ (1,406,306.84)	\$ 42,094,277.20	\$ 544.80
201712	\$ 471,659,845.69	\$ 32,132,793.14	1.0027	\$ 32,046,666.47	74,206	\$ 431.86	\$ 78,439,881.16	\$ (1,349,446.41)	\$ 37,207,588.22	\$ 501.41
201801		\$ 33,324,130.27	0.9988	\$ 33,364,122.99	72,072	\$ 462.93		\$ (1,412,799.08)	\$ 39,659,374.05	\$ 550.27
201802		\$ 31,587,324.51	0.9984	\$ 31,636,920.37	71,495	\$ 442.51		\$ (1,484,656.52)	\$ 36,662,282.19	\$ 512.80
201803		\$ 34,060,412.05	0.9984	\$ 34,113,383.98	70,468	\$ 484.10		\$ (1,620,084.67)	\$ 39,195,829.04	\$ 556.22
201804		\$ 32,645,920.60	0.9981	\$ 32,707,586.11	69,681	\$ 469.39		\$ (1,528,189.38)	\$ 37,365,975.92	\$ 536.24
201805		\$ 33,496,997.54	0.9975	\$ 33,579,965.44	68,539	\$ 489.94		\$ (1,492,399.36)	\$ 38,219,261.31	\$ 557.63
201806		\$ 31,398,367.03	0.9969	\$ 31,496,835.77	67,468	\$ 466.84		\$ (1,452,971.95)	\$ 35,448,705.86	\$ 525.42
201807		\$ 31,616,427.31	0.9956	\$ 31,755,336.85	65,750	\$ 482.97		\$ (1,431,447.83)	\$ 35,550,106.22	\$ 540.69
201808		\$ 32,838,536.62	0.9943	\$ 33,028,164.11	64,676	\$ 510.67		\$ (1,445,385.86)	\$ 36,999,113.28	\$ 572.07
201809		\$ 28,106,066.56	0.9948	\$ 28,253,345.45	63,190	\$ 447.12		\$ (1,284,657.84)	\$ 31,720,975.55	\$ 501.99
201810		\$ 32,102,270.01	0.9864	\$ 32,543,742.14	60,882	\$ 534.54		\$ (1,256,740.22)	\$ 36,581,764.37	\$ 600.86
201811		\$ 29,257,793.39	0.9802	\$ 29,850,241.75	59,401	\$ 502.52		\$ (1,210,548.64)	\$ 33,211,910.87	\$ 559.11
201812	\$ 440,864,801.85	\$ 22,361,075.04	0.9269	\$ 24,124,305.51	48,414	\$ 498.29	\$ 68,523,547.37	\$ (987,861.16)	\$ 27,754,456.67	\$ 573.27

\* Express Completion Factor as a percentage

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



**PA Rate Template Part II**  
**Rate Development and Change**

Carrier Name: **Keystone Health Plan Central**  
 Product(s): **HMO**  
 Market Segment: **Small Group**  
 Rate Effective Date: **1/1/2020**

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

Development of the Projected Index Rate	Actual Experience Data	Manual Data		
Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates) PMPM	\$ 358.62	\$ 547.76	<- Actual Experier	\$ 547.76
Two year trend projection Factor	1.161	1.161		
Unadjusted Projected Allowed EHB Claims PMPM	\$ 416.51	\$ 636.19		636.18
<b>Single Risk Pool Adjustment Factors</b>				
Change in Morbidity	0.471	0.471	<- See URRT Instructions	
Change in Other	1.000	1.000		
Change in Demographics	1.000	1.000	<- See URRT Instructions	
Change in Network	1.000	1.000	<- See URRT Instructions	
Change in Benefits	1.000	1.000	<- See URRT Instructions	
Change in Other	1.000	1.000	<- See URRT Instructions	
Total Adjusted Projected Allowed EHB Claims PMPM	\$ 196.09	\$ 299.52		
Credibility Factors	0%	100%	<- See Instructions	
Blended Projected EHB Claims PMPM		\$ 299.52	<- Projected Ind	\$299.64
<b>Development of the Market-Adjusted Index Rate and Total Allowed Claims</b>				
Adjusted Projected Allowed EHB Claims PMPM	\$ 299.52		<- Index Rate for Projection Period on URRT - Individual or First Quarter Small Group	
Adjusted Projected Allowed EHB Claims PMPM [will only populate for small group filings]	\$ 308.57			
Projected Paid to Allowed Ratio	0.540		<- Paid to Allowed Average Factor in Projection Period on URRT	
Projected Paid EHB Claims PMPM	\$ 166.72			
<b>Market-wide Adjustments</b>				
Projected Risk Adjustment PMPM	\$ (222.18)			
Projected Paid Exchange User Fees PMPM	\$ -			
Market-Adjusted Projected Paid EHB Claims PMPM	\$ 388.90			
Market-Adjusted Projected Allowed EHB Claims PMPM	\$ 719.77		<- Market-Adjusted Index	719.77
Projected Allowed Non-EHB Claims PMPM	\$ -			
Market-Adjusted Projected Paid Total Claims PMPM	\$ 388.90			
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 719.77			

For Informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 547.76	<- Index Rate of Experience Period on URRT
Blended Earned Premium	\$ 440,864,801.85	
Blended Loss Ratio	80.79%	

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

Effective Date	1/1/2020	4/1/2020	7/1/2020	10/1/2020	Total Single Risk Pool
# of Member Months Renewing in Quarter	375	172	154	439	1,140
Adjusted Projected Allowed EHB Claims PMPM Q1	\$ 299.52	\$ 299.52	\$ 299.52	\$ 299.52	\$ 299.52
Months of Trend	-	3	6	9	
Annual Trend	7.77%	7.77%	7.77%	7.77%	
Single Risk Pool Projected Allowed Claims	\$ 299.52	\$ 305.17	\$ 310.93	\$ 316.80	\$ 308.57
Quarterly Trend Factor	100.0%	101.9%	103.8%	105.8%	103.0%
2020 Trend Factors by Quarter	0.9707	0.9890	1.0077	1.0267	

**Table 6. Retention**

Retention Items - Express in percentages	Percentages	PMPM Amounts		
Administrative Expenses	14.18%	\$68.63	80.33%	
General and Claims	8.51%	\$41.21		
Agent/Broker Fees and Commissions	4.17%	\$20.20		
Quality Improvement Initiatives	1.49%	\$7.22		
Taxes and Fees	3.49%	\$16.88		
RA User Fee	0.04%	\$0.18		
PA Premium Tax (if applicable)	0.00%	\$0.00		
Federal Income Tax	0.42%	\$2.03		
Health Insurance Providers Fee (Prorated for Small Groups only)	3.03%	\$14.67		
Profit/Contingency (after tax)	2.00%	\$9.68		
Total Retention	19.67%	\$95.20		
Projected Required Revenue PMPM		\$ 484.10		<- Single Pool Gross Premium Avg. Rate, PMPM on URRT

**Table 7. Normalized Market-Adjusted Projected Allowed Total Claims**

Normalization Factors	2019	2020	
Average Age Factor	1.516	1.539	Exhibit N
Average Geographic Factor	1.034	1.037	Exhibit N
Average Tobacco Factor	1.000	1.000	Always 1.0
Average Benefit Richness (induced demand)	0.847	1.000	
Average Network Factor	1.000	1.000	
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 620.08	\$ 719.77	
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 466.54	\$ 451.05	

**Table 8. Components of Rate Change**

Rate Components	2019	2020	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$ 299.67	\$ 303.36	\$3.69	1.2%
B. Base period allowed claims before normalization	\$ 514.94	\$ 547.76	\$32.82	11.0%
C. Normalization factor component of change	\$ (127.51)	\$ (204.51)	-\$77.00	-25.7%
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 387.43	\$ 343.26	\$(44.18)	-14.7%
D2. URRT Trend	\$ 51.85	\$ 55.41	\$ 3.56	1.2%
D3. URRT Morbidity	\$ 2.20	\$ (210.97)	\$(213.17)	-71.1%
D4. URRT Other	\$ -	\$ -	\$ -	0.0%
D5. Normalized URRT RA/RI on an allowed basis	\$ 12.17	\$ 257.68	\$ 245.51	81.9%
D6. Normalized Exchange User Fee on an allowed basis	\$ -	\$ -	\$ -	0.0%
D7. Subtotal - Sum(D1-D6)	\$ 453.65	\$ 445.37	\$(8.28)	-2.8%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ -	\$ -	\$ -	0.0%
E2. Pricing AV	\$ (215.68)	\$ (204.73)	\$ 10.95	3.7%
E3. Benefit Richness	\$ -	\$ -	\$ -	0.0%
E4. Catastrophic Eligibility	\$ -	\$ -	\$ -	0.0%
E5. Subtotal - Sum(E1-E4)	\$ (215.68)	\$ (204.73)	\$ 10.95	3.7%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 44.53	\$ 43.01	\$(1.52)	-0.5%
F2. Taxes and Fees	\$ 4.41	\$ 10.58	\$ 6.17	2.1%
F3. Profit and/or Contingency	\$ 5.99	\$ 6.07	\$ 0.07	0.0%
F4. Subtotal - Sum(F1-F3)	\$ 54.94	\$ 59.66	\$ 4.72	1.6%
G. Change in Miscellaneous Items			\$ -	0.0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 292.91	\$ 300.30	\$ 7.39	2.5%

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

	2019	2020	
Paid-to-Allowed	0.626	0.540	
URRT Trend (Total Applied Trend Factor)	1.134	1.161	<- URRT W1, S2
URRT Morbidity	1.005	0.471	<- URRT W1, S2
URRT "Other"	1.000	1.000	<- URRT W1, S2
Risk Adjustment	\$ 10.13	\$ 222.18	<- URRT W1, S3
Exchange User Fee	\$ -	\$ -	<- URRT W1, S3
Capitation	\$ 0.30	\$ 0.30	<- URRT W1, S2
Network	1.000	1.000	
Pricing AV	0.525	0.540	
Benefit Richness	1.000	1.000	
Catastrophic Eligibility	1.000	1.000	
Administrative Expenses	14.86%	14.18%	
Taxes and Fees	1.47%	3.49%	
Profit and/or Contingency	2.00%	2.00%	



**PA Rate Template Part IV B - Small Group Annual**  
**Table 11. Plan Premium Development for 21-Year-Old Non-Tobacco User**

Carrier Name: Keystone Health Plan Central  
 Product(s): HMO  
 Market Segment: Small Group  
 Rate Effective Date: 1/1/2020

Plan Number	HIOS Plan ID (Standard Component)	1/1/2019 Plan Marketing Name	Discontinued, New, Modified, Existing (D,N,M,E) for 2020	1/1/2020 Plan HIOS Plan ID (If 1/1/2019 Plan Discontinued & Mapped)	Metallic Tier	Exchange On/Off or Off
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**Totals** These cells auto-fill using the data entered in Table 10.

Plan 1	53789PA0090004	Bronze HMO 7000/0/50	M		Bronze	Off
Plan 2	53789PA0090007	Gold HMO 2000/0/30   Rx 250	DM	53789PA0090004	Bronze	Off
Plan 3	53789PA0090008	Gold HMO 2000/0/30   Rx 0	DM	53789PA0090004	Bronze	Off
Plan 4	53789PA0090011	Silver HMO 4000/0/35   Rx 250	DM	53789PA0090004	Bronze	Off
Plan 5	53789PA0090012	Silver HMO 4000/0/35   Rx 0	DM	53789PA0090004	Bronze	Off
Plan 6	0	0	0	0	0	0
Plan 7	0	0	0	0	0	0
Plan 8	0	0	0	0	0	0
Plan 9	0	0	0	0	0	0
Plan 10	0	0	0	0	0	0
Plan 11	0	0	0	0	0	0
Plan 12	0	0	0	0	0	0
Plan 13	0	0	0	0	0	0
Plan 14	0	0	0	0	0	0
Plan 15	0	0	0	0	0	0
Plan 16	0	0	0	0	0	0
Plan 17	0	0	0	0	0	0
Plan 18	0	0	0	0	0	0
Plan 19	0	0	0	0	0	0
Plan 20	0	0	0	0	0	0
Plan 21	0	0	0	0	0	0
Plan 22	0	0	0	0	0	0
Plan 23	0	0	0	0	0	0
Plan 24	0	0	0	0	0	0
Plan 25	0	0	0	0	0	0
Plan 26	0	0	0	0	0	0
Plan 27	0	0	0	0	0	0
Plan 28	0	0	0	0	0	0
Plan 29	0	0	0	0	0	0
Plan 30	0	0	0	0	0	0
Plan 31	0	0	0	0	0	0
Plan 32	0	0	0	0	0	0
Plan 33	0	0	0	0	0	0
Plan 34	0	0	0	0	0	0













**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Table B**

<u>Plan ID</u> (1)	<u>Plan Name</u>	<u>Metal Level</u> (2)	<u>Projected Membership</u> (3)	<u>Projected Allowed Claims</u> (4)	<u>Projected Paid Claims</u> (5)	<u>Paid to Allowed Factor</u> (6)	<u>Average Tobacco Factor</u> (7)	<u>AV and Cost Sharing Factor</u> (8)	<u>(8)/(6*7) Induced Utilization</u> (9)	<u>Induced Demand Table 10</u>
53789PA0090004	Bronze HMO 7000/0/50	Bronze	1,140	\$ 820,541.63	443,350	0.54	1.000	0.54	1.00	1.00
Total			1,140	820,542	443,350	0.54	1.00	0.54	1.00	1.00
PMPM				719.77	388.90					
Rate Dev II				719.77	388.90					

<b>Company Name:</b>	Keystone Health Plan Central				
<b>Market:</b>	Small Group				
<b>Product:</b>	HMO				
<b>Effective Date of Rates:</b>	January 1, 2020		<b>Ending date of Rates:</b>	March 31, 2020	

HIOS Plan ID (On Exchange)=>	53789PA0090004		53789PA0090004		53789PA0090004	
HIOS Plan ID (Off Exchange)=>	53789PA0090004		53789PA0090004		53789PA0090004	
Plan Marketing Name =>	Bronze HMO 7000/0/50		Bronze HMO 7000/0/50		Bronze HMO 7000/0/50	
Form # =>	C20-KHPC-SPG		C20-KHPC-SPG		C20-KHPC-SPG	
Rating Area =>	6		7		9	
Network =>	HMO		HMO		HMO	
Metal =>	Bronze		Bronze		Bronze	
Deductible =>	\$7000 Med/Rx Combined		\$7000 Med/Rx Combined		\$7000 Med/Rx Combined	
Coinsurance =>	0%		0%		0%	
Copays =>	\$50/\$0/\$0 PCP/SPC/ER		\$50/\$0/\$0 PCP/SPC/ER		\$50/\$0/\$0 PCP/SPC/ER	
OOP Maximum =>	\$7900 Med/Rx Combined		\$7900 Med/Rx Combined		\$7900 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes		Yes		Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$225.26	\$225.26	\$243.28	\$243.28	\$229.77	\$229.77
15	\$245.29	\$245.29	\$264.91	\$264.91	\$250.19	\$250.19
16	\$252.94	\$252.94	\$273.18	\$273.18	\$258.00	\$258.00
17	\$260.60	\$260.60	\$281.44	\$281.44	\$265.81	\$265.81
18	\$268.84	\$268.84	\$290.35	\$290.35	\$274.22	\$274.22
19	\$277.09	\$277.09	\$299.25	\$299.25	\$282.63	\$282.63
20	\$285.63	\$285.63	\$308.48	\$308.48	\$291.34	\$291.34
21	\$294.46	\$294.46	\$318.02	\$318.02	\$300.35	\$300.35
22	\$294.46	\$294.46	\$318.02	\$318.02	\$300.35	\$300.35
23	\$294.46	\$294.46	\$318.02	\$318.02	\$300.35	\$300.35
24	\$294.46	\$294.46	\$318.02	\$318.02	\$300.35	\$300.35
25	\$295.64	\$295.64	\$319.29	\$319.29	\$301.55	\$301.55
26	\$301.53	\$301.53	\$325.65	\$325.65	\$307.56	\$307.56
27	\$308.59	\$308.59	\$333.28	\$333.28	\$314.77	\$314.77
28	\$320.08	\$320.08	\$345.68	\$345.68	\$326.48	\$326.48
29	\$329.50	\$329.50	\$355.86	\$355.86	\$336.09	\$336.09
30	\$334.21	\$334.21	\$360.95	\$360.95	\$340.90	\$340.90
31	\$341.28	\$341.28	\$368.58	\$368.58	\$348.10	\$348.10
32	\$348.35	\$348.35	\$376.21	\$376.21	\$355.31	\$355.31
33	\$352.76	\$352.76	\$380.98	\$380.98	\$359.82	\$359.82
34	\$357.47	\$357.47	\$386.07	\$386.07	\$364.62	\$364.62
35	\$359.83	\$359.83	\$388.62	\$388.62	\$367.03	\$367.03
36	\$362.19	\$362.19	\$391.16	\$391.16	\$369.43	\$369.43
37	\$364.54	\$364.54	\$393.70	\$393.70	\$371.83	\$371.83
38	\$366.90	\$366.90	\$396.25	\$396.25	\$374.24	\$374.24
39	\$371.61	\$371.61	\$401.34	\$401.34	\$379.04	\$379.04
40	\$376.32	\$376.32	\$406.43	\$406.43	\$383.85	\$383.85
41	\$383.39	\$383.39	\$414.06	\$414.06	\$391.05	\$391.05
42	\$390.16	\$390.16	\$421.37	\$421.37	\$397.96	\$397.96
43	\$399.58	\$399.58	\$431.55	\$431.55	\$407.57	\$407.57
44	\$411.36	\$411.36	\$444.27	\$444.27	\$419.59	\$419.59
45	\$425.20	\$425.20	\$459.22	\$459.22	\$433.70	\$433.70
46	\$441.69	\$441.69	\$477.03	\$477.03	\$450.52	\$450.52
47	\$460.24	\$460.24	\$497.06	\$497.06	\$469.45	\$469.45
48	\$481.44	\$481.44	\$519.96	\$519.96	\$491.07	\$491.07
49	\$502.35	\$502.35	\$542.54	\$542.54	\$512.40	\$512.40
50	\$525.91	\$525.91	\$567.98	\$567.98	\$536.42	\$536.42
51	\$549.17	\$549.17	\$593.10	\$593.10	\$560.15	\$560.15
52	\$574.79	\$574.79	\$620.77	\$620.77	\$586.28	\$586.28
53	\$600.70	\$600.70	\$648.75	\$648.75	\$612.71	\$612.71
54	\$628.67	\$628.67	\$678.97	\$678.97	\$641.25	\$641.25
55	\$656.65	\$656.65	\$709.18	\$709.18	\$669.78	\$669.78
56	\$686.98	\$686.98	\$741.93	\$741.93	\$700.71	\$700.71
57	\$717.60	\$717.60	\$775.01	\$775.01	\$731.95	\$731.95
58	\$750.28	\$750.28	\$810.31	\$810.31	\$765.29	\$765.29
59	\$766.48	\$766.48	\$827.80	\$827.80	\$781.81	\$781.81
60	\$799.16	\$799.16	\$863.10	\$863.10	\$815.15	\$815.15
61	\$827.43	\$827.43	\$893.63	\$893.63	\$843.98	\$843.98
62	\$845.98	\$845.98	\$913.66	\$913.66	\$862.90	\$862.90
63	\$869.25	\$869.25	\$938.79	\$938.79	\$886.63	\$886.63
64+	\$883.37	\$883.37	\$954.05	\$954.05	\$901.04	\$901.04

<b>Company Name:</b>	Keystone Health Plan Central				
<b>Market:</b>	Small Group				
<b>Product:</b>	HMO				
<b>Effective Date of Rates:</b>	April 1, 2020		<b>Ending date of Rates:</b>	June 30, 2020	

HIOS Plan ID (On Exchange)=>	53789PA0090004		53789PA0090004		53789PA0090004	
HIOS Plan ID (Off Exchange)=>	53789PA0090004		53789PA0090004		53789PA0090004	
Plan Marketing Name =>	Bronze HMO 7000/0/50		Bronze HMO 7000/0/50		Bronze HMO 7000/0/50	
Form # =>	C20-KHPC-SPG		C20-KHPC-SPG		C20-KHPC-SPG	
Rating Area =>	6		7		9	
Network =>	HMO		HMO		HMO	
Metal =>	Bronze		Bronze		Bronze	
Deductible =>	\$7000 Med/Rx Combined		\$7000 Med/Rx Combined		\$7000 Med/Rx Combined	
Coinsurance =>	0%		0%		0%	
Copays =>	\$50/\$0/\$0 PCP/SPC/ER		\$50/\$0/\$0 PCP/SPC/ER		\$50/\$0/\$0 PCP/SPC/ER	
OOP Maximum =>	\$7900 Med/Rx Combined		\$7900 Med/Rx Combined		\$7900 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes		Yes		Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$229.52	\$229.52	\$247.88	\$247.88	\$234.11	\$234.11
15	\$249.92	\$249.92	\$269.91	\$269.91	\$254.91	\$254.91
16	\$257.72	\$257.72	\$278.33	\$278.33	\$262.87	\$262.87
17	\$265.52	\$265.52	\$286.76	\$286.76	\$270.83	\$270.83
18	\$273.92	\$273.92	\$295.83	\$295.83	\$279.40	\$279.40
19	\$282.32	\$282.32	\$304.90	\$304.90	\$287.97	\$287.97
20	\$291.02	\$291.02	\$314.30	\$314.30	\$296.84	\$296.84
21	\$300.02	\$300.02	\$324.02	\$324.02	\$306.02	\$306.02
22	\$300.02	\$300.02	\$324.02	\$324.02	\$306.02	\$306.02
23	\$300.02	\$300.02	\$324.02	\$324.02	\$306.02	\$306.02
24	\$300.02	\$300.02	\$324.02	\$324.02	\$306.02	\$306.02
25	\$301.22	\$301.22	\$325.32	\$325.32	\$307.24	\$307.24
26	\$307.22	\$307.22	\$331.80	\$331.80	\$313.36	\$313.36
27	\$314.42	\$314.42	\$339.57	\$339.57	\$320.71	\$320.71
28	\$326.12	\$326.12	\$352.21	\$352.21	\$332.64	\$332.64
29	\$335.72	\$335.72	\$362.58	\$362.58	\$342.44	\$342.44
30	\$340.52	\$340.52	\$367.76	\$367.76	\$347.33	\$347.33
31	\$347.72	\$347.72	\$375.54	\$375.54	\$354.68	\$354.68
32	\$354.92	\$354.92	\$383.32	\$383.32	\$362.02	\$362.02
33	\$359.42	\$359.42	\$388.18	\$388.18	\$366.61	\$366.61
34	\$364.22	\$364.22	\$393.36	\$393.36	\$371.51	\$371.51
35	\$366.62	\$366.62	\$395.95	\$395.95	\$373.96	\$373.96
36	\$369.02	\$369.02	\$398.55	\$398.55	\$376.41	\$376.41
37	\$371.42	\$371.42	\$401.14	\$401.14	\$378.85	\$378.85
38	\$373.82	\$373.82	\$403.73	\$403.73	\$381.30	\$381.30
39	\$378.63	\$378.63	\$408.92	\$408.92	\$386.20	\$386.20
40	\$383.43	\$383.43	\$414.10	\$414.10	\$391.09	\$391.09
41	\$390.63	\$390.63	\$421.88	\$421.88	\$398.44	\$398.44
42	\$397.53	\$397.53	\$429.33	\$429.33	\$405.48	\$405.48
43	\$407.13	\$407.13	\$439.70	\$439.70	\$415.27	\$415.27
44	\$419.13	\$419.13	\$452.66	\$452.66	\$427.51	\$427.51
45	\$433.23	\$433.23	\$467.89	\$467.89	\$441.89	\$441.89
46	\$450.03	\$450.03	\$486.03	\$486.03	\$459.03	\$459.03
47	\$468.93	\$468.93	\$506.45	\$506.45	\$478.31	\$478.31
48	\$490.53	\$490.53	\$529.78	\$529.78	\$500.34	\$500.34
49	\$511.83	\$511.83	\$552.78	\$552.78	\$522.07	\$522.07
50	\$535.84	\$535.84	\$578.70	\$578.70	\$546.55	\$546.55
51	\$559.54	\$559.54	\$604.30	\$604.30	\$570.73	\$570.73
52	\$585.64	\$585.64	\$632.49	\$632.49	\$597.35	\$597.35
53	\$612.04	\$612.04	\$661.00	\$661.00	\$624.28	\$624.28
54	\$640.54	\$640.54	\$691.79	\$691.79	\$653.35	\$653.35
55	\$669.04	\$669.04	\$722.57	\$722.57	\$682.43	\$682.43
56	\$699.95	\$699.95	\$755.94	\$755.94	\$713.95	\$713.95
57	\$731.15	\$731.15	\$789.64	\$789.64	\$745.77	\$745.77
58	\$764.45	\$764.45	\$825.61	\$825.61	\$779.74	\$779.74
59	\$780.95	\$780.95	\$843.43	\$843.43	\$796.57	\$796.57
60	\$814.25	\$814.25	\$879.39	\$879.39	\$830.54	\$830.54
61	\$843.06	\$843.06	\$910.50	\$910.50	\$859.92	\$859.92
62	\$861.96	\$861.96	\$930.91	\$930.91	\$879.20	\$879.20
63	\$885.66	\$885.66	\$956.51	\$956.51	\$903.37	\$903.37
64+	\$900.05	\$900.05	\$972.05	\$972.05	\$918.05	\$918.05

<b>Company Name:</b>	Keystone Health Plan Central				
<b>Market:</b>	Small Group				
<b>Product:</b>	HMO				
<b>Effective Date of Rates:</b>	July 1, 2020		<b>Ending date of Rates:</b>	September 30, 2020	

HIOS Plan ID (On Exchange)=>	53789PA0090004		53789PA0090004		53789PA0090004	
HIOS Plan ID (Off Exchange)=>	53789PA0090004		53789PA0090004		53789PA0090004	
Plan Marketing Name =>	Bronze HMO 7000/0/50		Bronze HMO 7000/0/50		Bronze HMO 7000/0/50	
Form # =>	C20-KHPC-SPG		C20-KHPC-SPG		C20-KHPC-SPG	
Rating Area =>	6		7		9	
Network =>	HMO		HMO		HMO	
Metal =>	Bronze		Bronze		Bronze	
Deductible =>	\$7000 Med/Rx Combined		\$7000 Med/Rx Combined		\$7000 Med/Rx Combined	
Coinsurance =>	0%		0%		0%	
Copays =>	\$50/\$0/\$0 PCP/SPC/ER		\$50/\$0/\$0 PCP/SPC/ER		\$50/\$0/\$0 PCP/SPC/ER	
OOP Maximum =>	\$7900 Med/Rx Combined		\$7900 Med/Rx Combined		\$7900 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes		Yes		Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$233.85	\$233.85	\$252.56	\$252.56	\$238.53	\$238.53
15	\$254.64	\$254.64	\$275.01	\$275.01	\$259.73	\$259.73
16	\$262.59	\$262.59	\$283.59	\$283.59	\$267.84	\$267.84
17	\$270.54	\$270.54	\$292.18	\$292.18	\$275.95	\$275.95
18	\$279.09	\$279.09	\$301.42	\$301.42	\$284.68	\$284.68
19	\$287.65	\$287.65	\$310.67	\$310.67	\$293.41	\$293.41
20	\$296.52	\$296.52	\$320.24	\$320.24	\$302.45	\$302.45
21	\$305.69	\$305.69	\$330.15	\$330.15	\$311.80	\$311.80
22	\$305.69	\$305.69	\$330.15	\$330.15	\$311.80	\$311.80
23	\$305.69	\$305.69	\$330.15	\$330.15	\$311.80	\$311.80
24	\$305.69	\$305.69	\$330.15	\$330.15	\$311.80	\$311.80
25	\$306.91	\$306.91	\$331.47	\$331.47	\$313.05	\$313.05
26	\$313.03	\$313.03	\$338.07	\$338.07	\$319.29	\$319.29
27	\$320.36	\$320.36	\$345.99	\$345.99	\$326.77	\$326.77
28	\$332.29	\$332.29	\$358.87	\$358.87	\$338.93	\$338.93
29	\$342.07	\$342.07	\$369.43	\$369.43	\$348.91	\$348.91
30	\$346.96	\$346.96	\$374.71	\$374.71	\$353.90	\$353.90
31	\$354.29	\$354.29	\$382.64	\$382.64	\$361.38	\$361.38
32	\$361.63	\$361.63	\$390.56	\$390.56	\$368.86	\$368.86
33	\$366.22	\$366.22	\$395.51	\$395.51	\$373.54	\$373.54
34	\$371.11	\$371.11	\$400.80	\$400.80	\$378.53	\$378.53
35	\$373.55	\$373.55	\$403.44	\$403.44	\$381.02	\$381.02
36	\$376.00	\$376.00	\$406.08	\$406.08	\$383.52	\$383.52
37	\$378.44	\$378.44	\$408.72	\$408.72	\$386.01	\$386.01
38	\$380.89	\$380.89	\$411.36	\$411.36	\$388.51	\$388.51
39	\$385.78	\$385.78	\$416.64	\$416.64	\$393.50	\$393.50
40	\$390.67	\$390.67	\$421.93	\$421.93	\$398.49	\$398.49
41	\$398.01	\$398.01	\$429.85	\$429.85	\$405.97	\$405.97
42	\$405.04	\$405.04	\$437.44	\$437.44	\$413.14	\$413.14
43	\$414.82	\$414.82	\$448.01	\$448.01	\$423.12	\$423.12
44	\$427.05	\$427.05	\$461.21	\$461.21	\$435.59	\$435.59
45	\$441.42	\$441.42	\$476.73	\$476.73	\$450.24	\$450.24
46	\$458.54	\$458.54	\$495.22	\$495.22	\$467.71	\$467.71
47	\$477.79	\$477.79	\$516.02	\$516.02	\$487.35	\$487.35
48	\$499.80	\$499.80	\$539.79	\$539.79	\$509.80	\$509.80
49	\$521.51	\$521.51	\$563.23	\$563.23	\$531.94	\$531.94
50	\$545.96	\$545.96	\$589.64	\$589.64	\$556.88	\$556.88
51	\$570.11	\$570.11	\$615.72	\$615.72	\$581.51	\$581.51
52	\$596.71	\$596.71	\$644.44	\$644.44	\$608.64	\$608.64
53	\$623.61	\$623.61	\$673.50	\$673.50	\$636.08	\$636.08
54	\$652.65	\$652.65	\$704.86	\$704.86	\$665.70	\$665.70
55	\$681.69	\$681.69	\$736.22	\$736.22	\$695.32	\$695.32
56	\$713.17	\$713.17	\$770.23	\$770.23	\$727.44	\$727.44
57	\$744.97	\$744.97	\$804.56	\$804.56	\$759.87	\$759.87
58	\$778.90	\$778.90	\$841.21	\$841.21	\$794.48	\$794.48
59	\$795.71	\$795.71	\$859.37	\$859.37	\$811.63	\$811.63
60	\$829.64	\$829.64	\$896.01	\$896.01	\$846.24	\$846.24
61	\$858.99	\$858.99	\$927.71	\$927.71	\$876.17	\$876.17
62	\$878.25	\$878.25	\$948.51	\$948.51	\$895.81	\$895.81
63	\$902.40	\$902.40	\$974.59	\$974.59	\$920.44	\$920.44
64+	\$917.06	\$917.06	\$990.44	\$990.44	\$935.40	\$935.40

Company Name:	Keystone Health Plan Central	Ending date of Rates:	December 31, 2020
Market:	Small Group		
Product:	HMO		
Effective Date of Rates:	October 1, 2020		

HIOS Plan ID (On Exchange)=>	53789PA0090004		53789PA0090004		53789PA0090004	
HIOS Plan ID (Off Exchange)=>	53789PA0090004		53789PA0090004		53789PA0090004	
Plan Marketing Name =>	Bronze HMO 7000/0/50		Bronze HMO 7000/0/50		Bronze HMO 7000/0/50	
Form # =>	C20-KHPC-SPG		C20-KHPC-SPG		C20-KHPC-SPG	
Rating Area =>	6		7		9	
Network =>	HMO		HMO		HMO	
Metal =>	Bronze		Bronze		Bronze	
Deductible =>	\$7000 Med/Rx Combined		\$7000 Med/Rx Combined		\$7000 Med/Rx Combined	
Coinsurance =>	0%		0%		0%	
Copays =>	\$50/\$0/\$0 PCP/SPC/ER		\$50/\$0/\$0 PCP/SPC/ER		\$50/\$0/\$0 PCP/SPC/ER	
OOP Maximum =>	\$7900 Med/Rx Combined		\$7900 Med/Rx Combined		\$7900 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes		Yes		Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$238.27	\$238.27	\$257.33	\$257.33	\$243.03	\$243.03
15	\$259.45	\$259.45	\$280.20	\$280.20	\$264.64	\$264.64
16	\$267.54	\$267.54	\$288.95	\$288.95	\$272.90	\$272.90
17	\$275.64	\$275.64	\$297.69	\$297.69	\$281.15	\$281.15
18	\$284.36	\$284.36	\$307.11	\$307.11	\$290.05	\$290.05
19	\$293.08	\$293.08	\$316.53	\$316.53	\$298.95	\$298.95
20	\$302.12	\$302.12	\$326.29	\$326.29	\$308.16	\$308.16
21	\$311.46	\$311.46	\$336.38	\$336.38	\$317.69	\$317.69
22	\$311.46	\$311.46	\$336.38	\$336.38	\$317.69	\$317.69
23	\$311.46	\$311.46	\$336.38	\$336.38	\$317.69	\$317.69
24	\$311.46	\$311.46	\$336.38	\$336.38	\$317.69	\$317.69
25	\$312.71	\$312.71	\$337.72	\$337.72	\$318.96	\$318.96
26	\$318.94	\$318.94	\$344.45	\$344.45	\$325.31	\$325.31
27	\$326.41	\$326.41	\$352.52	\$352.52	\$332.94	\$332.94
28	\$338.56	\$338.56	\$365.64	\$365.64	\$345.33	\$345.33
29	\$348.52	\$348.52	\$376.41	\$376.41	\$355.49	\$355.49
30	\$353.51	\$353.51	\$381.79	\$381.79	\$360.58	\$360.58
31	\$360.98	\$360.98	\$389.86	\$389.86	\$368.20	\$368.20
32	\$368.46	\$368.46	\$397.93	\$397.93	\$375.83	\$375.83
33	\$373.13	\$373.13	\$402.98	\$402.98	\$380.59	\$380.59
34	\$378.11	\$378.11	\$408.36	\$408.36	\$385.67	\$385.67
35	\$380.60	\$380.60	\$411.05	\$411.05	\$388.22	\$388.22
36	\$383.10	\$383.10	\$413.74	\$413.74	\$390.76	\$390.76
37	\$385.59	\$385.59	\$416.43	\$416.43	\$393.30	\$393.30
38	\$388.08	\$388.08	\$419.13	\$419.13	\$395.84	\$395.84
39	\$393.06	\$393.06	\$424.51	\$424.51	\$400.92	\$400.92
40	\$398.05	\$398.05	\$429.89	\$429.89	\$406.01	\$406.01
41	\$405.52	\$405.52	\$437.96	\$437.96	\$413.63	\$413.63
42	\$412.68	\$412.68	\$445.70	\$445.70	\$420.94	\$420.94
43	\$422.65	\$422.65	\$456.46	\$456.46	\$431.10	\$431.10
44	\$435.11	\$435.11	\$469.92	\$469.92	\$443.81	\$443.81
45	\$449.75	\$449.75	\$485.73	\$485.73	\$458.74	\$458.74
46	\$467.19	\$467.19	\$504.57	\$504.57	\$476.53	\$476.53
47	\$486.81	\$486.81	\$525.76	\$525.76	\$496.55	\$496.55
48	\$509.24	\$509.24	\$549.98	\$549.98	\$519.42	\$519.42
49	\$531.35	\$531.35	\$573.86	\$573.86	\$541.98	\$541.98
50	\$556.27	\$556.27	\$600.77	\$600.77	\$567.39	\$567.39
51	\$580.87	\$580.87	\$627.34	\$627.34	\$592.49	\$592.49
52	\$607.97	\$607.97	\$656.61	\$656.61	\$620.13	\$620.13
53	\$635.38	\$635.38	\$686.21	\$686.21	\$648.09	\$648.09
54	\$664.97	\$664.97	\$718.16	\$718.16	\$678.27	\$678.27
55	\$694.56	\$694.56	\$750.12	\$750.12	\$708.45	\$708.45
56	\$726.64	\$726.64	\$784.77	\$784.77	\$741.17	\$741.17
57	\$759.03	\$759.03	\$819.75	\$819.75	\$774.21	\$774.21
58	\$793.60	\$793.60	\$857.09	\$857.09	\$809.47	\$809.47
59	\$810.73	\$810.73	\$875.59	\$875.59	\$826.94	\$826.94
60	\$845.30	\$845.30	\$912.93	\$912.93	\$862.21	\$862.21
61	\$875.20	\$875.20	\$945.22	\$945.22	\$892.71	\$892.71
62	\$894.82	\$894.82	\$966.41	\$966.41	\$912.72	\$912.72
63	\$919.43	\$919.43	\$992.98	\$992.98	\$937.82	\$937.82
64+	\$934.37	\$934.37	\$1,009.13	\$1,009.13	\$953.06	\$953.06



Company Name Keystone Health Plan Central  
 Market Small Group

RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2019 Number of Covered Lives by Rating County					RATING AREA 6										RATING AREA 7				RATING AREA 9							
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Centre	Columbia	Lehigh	Mifflin	Montour	Northampton	Northumberland	Schuylkill	Snyder	Union	Adams	Berks	Lancaster	York	Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry	
53789PA0090004	Bronze HMO 7000/0/50	HMO	Bronze	Off	\$294.46	\$294.46	\$294.46	\$294.46	\$294.46	\$294.46	\$294.46	\$294.46	\$294.46	\$294.46	\$318.02	\$318.02	\$318.02	\$318.02	\$300.35	\$300.35	\$300.35	\$300.35	\$300.35	\$300.35	\$300.35	\$300.35



**Unified Rate Review v5.0**

Company Legal Name: **Keystone Health Plan Central**  
 HIOS Issuer ID: **53789**  
 Effective Date of Rate Change(s): **1/1/2020**

State: **PA**  
 Market: **Small Group**

To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P.  
 To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L.  
 To validate, select the Validate button or Ctrl + Shift + I.  
 To finalize, select the Finalize button or Ctrl + Shift + F.

**Market Level Calculations (Same for all Plans)**

**Section I: Experience Period Data**

Experience Period:	<b>1/1/2018</b>	to	<b>12/31/2018</b>
		Total	PMPM
Allowed Claims		\$1,429,106.05	\$358.62
Reinsurance		\$0.00	\$0.00
Incurred Claims in Experience Period		\$1,116,318.22	\$280.13
Risk Adjustment		-\$541,934.43	-\$135.99
Experience Period Premium		\$1,853,338.29	\$465.08
Experience Period Member Months		3,985	

**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	\$57.53	1.064	1.015	1.070	1.015	\$67.48
Outpatient Hospital	\$120.75	1.060	1.010	1.067	1.010	\$139.32
Professional	\$101.20	1.047	1.010	1.044	1.010	\$112.84
Other Medical	\$18.84	1.060	1.010	1.067	1.010	\$21.74
Capitation	\$15.29	1.000	1.000	1.000	1.000	\$15.29
Prescription Drug	\$45.01	1.099	1.004	1.097	1.013	\$55.19
<b>Total</b>	<b>\$358.62</b>					<b>\$411.85</b>

Morbidity Adjustment	0.471
Demographic Shift	1.000
Plan Design Changes	1.000
Other	1.000
<b>Adjusted Trended EHB Allowed Claims PMPM for 1/1/2020</b>	<b>\$193.98</b>

Manual EHB Allowed Claims PMPM	\$299.64
Applied Credibility %	0.00%

**Projected Period Totals**

Projected Index Rate for 1/1/2020	\$299.64	\$341,589.60
Reinsurance	\$0.00	\$0.00
Risk Adjustment Payment/Charge	-\$411.21	-\$468,779.40
Exchange User Fees	0.00%	\$0.00
Market Adjusted Index Rate	<b>\$710.85</b>	<b>\$810,369.00</b>
Projected Member Months	<b>1,140</b>	

**Information Not Releasable to the Public Unless Authorized by Law:** This information has not been publically disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.

**Product-Plan Data Collection**

Company Legal Name: **Keystone Health Plan Central**  
 HIOS Issuer ID: **53789**  
 Effective Date of Rate Change(s): **1/1/2020**

State: **PA**  
 Market: **Small Group**

To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P.  
 To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L.  
 To validate, select the Validate button or Ctrl + Shift + I.  
 To finalize, select the Finalize button or Ctrl + Shift + F.

**Product/Plan Level Calculations**

Field # Section I: General Product and Plan Information					
1.1 Product Name	HMO				
1.2 Product ID	53789PA009				
	Bronze HMO	Gold HMO	Gold HMO	Silver HMO	Silver HMO
	2000/0/30   Rx	2000/0/30   Rx	2000/0/30   Rx	4000/0/35   Rx	4000/0/35   Rx
1.3 Plan Name	7000/0/50	750	750	250	250
1.4 Plan ID (Standard Component ID)	53789PA0090004	53789PA0090007	53789PA0090008	53789PA0090011	53789PA0090012
1.5 Metal	Bronze	Gold	Gold	Silver	Silver
1.6 AV Metal Value	0.630	0.791	0.790	0.700	0.705
1.7 Plan Category	Renewing	Terminated	Terminated	Terminated	Terminated
1.8 Plan Type	HMO	HMO	HMO	HMO	HMO
1.9 Exchange Plan?	No	No	No	No	No
1.10 Effective Date of Proposed Rates	1/1/2020	1/1/2020	1/1/2020	1/1/2020	1/1/2020
1.11 Cumulative Rate Change % (over 12 mos prior)	1.23%	0.00%	0.00%	0.00%	0.00%
1.12 Product Rate Increase %	1.23%				
1.13 Submission Level Rate Increase %	1.23%				

Worksheet 1 Totals Section II: Experience Period and Current Plan Level Information						
2.1 Plan ID (Standard Component ID)	Total	53789PA0090004	53789PA0090007	53789PA0090008	53789PA0090011	53789PA0090012
2.2 Allowed Claims	\$1,429,106	\$680,317	\$183,305	\$328,210	\$116,273	\$121,000
2.3 Reinsurance	\$0	\$0	\$0	\$0	\$0	\$0
2.4 Member Cost Sharing	\$312,783	\$170,199	\$31,364	\$41,850	\$36,972	\$32,402
2.5 Cost Sharing Reduction	\$0	\$0	\$0	\$0	\$0	\$0
2.6 Incurred Claims	\$1,116,318	\$510,118	\$151,941	\$286,360	\$79,301	\$88,598
2.7 Risk Adjustment Transfer Amount	-\$541,934	-\$279,717	-\$71,730	-\$35,195	-\$43,508	-\$111,794
2.8 Premium	\$1,853,318	\$748,283	\$279,779	\$385,371	\$207,676	\$232,230
2.9 Experience Period Member Months	3,985	1,733	596	684	466	506
2.10 Current Enrollment	110	110	0	0	0	0
2.11 Current Premium PMPM	\$478.68	\$478.68	\$0.00	\$0.00	\$0.00	\$0.00
2.12 Loss Ratio	85.12%	108.87%	73.03%	81.78%	48.30%	73.56%
<b>Per Member Per Month</b>						
2.13 Allowed Claims	\$358.62	\$392.57	\$307.56	\$479.84	\$249.51	\$239.13
2.14 Reinsurance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2.15 Member Cost Sharing	\$78.49	\$98.21	\$52.62	\$61.18	\$79.34	\$64.04
2.16 Cost Sharing Reduction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2.17 Incurred Claims	\$280.13	\$294.36	\$254.94	\$418.66	\$170.17	\$175.09
2.18 Risk Adjustment Transfer Amount	-\$135.99	-\$161.41	-\$120.34	-\$51.45	-\$63.36	-\$220.94
2.19 Premium	\$465.08	\$431.78	\$469.43	\$563.41	\$445.66	\$458.95

Section III: Plan Adjustment Factors						
3.1 Plan ID (Standard Component ID)	53789PA0090004   53789PA0090007   53789PA0090008   53789PA0090011   53789PA0090012					
3.2 Market Adjusted Index Rate	\$710.85					
3.3 AV and Cost Sharing Design of Plan	0.5403	1.0000	1.0000	1.0000	1.0000	1.0000
3.4 Provider Network Adjustment	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
3.5 Benefits in Addition to EHB	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
<b>Administrative Costs</b>						
3.6 Administrative Expense	14.18%	0.00%	0.00%	0.00%	0.00%	0.00%
3.7 Taxes and Fees	3.49%	0.00%	0.00%	0.00%	0.00%	0.00%
3.8 Profit & Risk Load	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3.9 Catastrophic Adjustment	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
3.10 Plan Adjusted Index Rate	\$478.12	\$710.85	\$710.85	\$710.85	\$710.85	\$710.85
3.11 Age Calibration Factor	0.6499	0.6499				
3.12 Geographic Calibration Factor	0.9642	0.9642				
3.13 Tobacco Calibration Factor	1.0000	1.0000				
3.14 Calibrated Plan Adjusted Index Rate	\$299.60	\$445.44	\$445.44	\$445.44	\$445.44	\$445.44

Section IV: Projected Plan Level Information						
4.1 Plan ID (Standard Component ID)	Total	53789PA0090004	53789PA0090007	53789PA0090008	53789PA0090011	53789PA0090012
4.2 Allowed Claims	\$351,768	\$351,768	\$0	\$0	\$0	\$0
4.3 Reinsurance	\$0	\$0	\$0	\$0	\$0	\$0
4.4 Member Cost Sharing	\$161,703	\$161,703	\$0	\$0	\$0	\$0
4.5 Cost Sharing Reduction	\$0	\$0	\$0	\$0	\$0	\$0
4.6 Incurred Claims	\$190,065	\$190,065	\$0	\$0	\$0	\$0
4.7 Risk Adjustment Transfer Amount	-\$253,285	-\$253,285	\$0	\$0	\$0	\$0
4.8 Premium	\$551,877	\$551,877	\$0	\$0	\$0	\$0
4.9 Projected Member Months	1,140	1,140	0	0	0	0
4.10 Loss Ratio	63.65%	63.65%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Per Member Per Month</b>						
4.11 Allowed Claims	\$308.57	\$308.57	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4.12 Reinsurance	\$0.00	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4.13 Member Cost Sharing	\$141.84	\$141.84	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4.14 Cost Sharing Reduction	\$0.00	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4.15 Incurred Claims	\$166.72	\$166.72	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4.16 Risk Adjustment Transfer Amount	-\$222.18	-\$222.18	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
4.17 Premium	\$484.10	\$484.10	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

**Rating Area Data Collection**

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

Rating Area	Rating Factor
Rating Area 6	1.0000
Rating Area 7	1.0800
Rating Area 9	1.0200

# **KEYSTONE HEALTH PLAN CENTRAL**

## **ACTUARIAL MEMORANDUM**

### **Small Group Rates Effective January 1, 2020**

#### **General Information**

##### **Company Information**

- Company Legal Name: Keystone Health Plan Central
- State: PA
- HIOS Issuer ID: 53789
- Market: Small Group
- Effective Date: 1/1/2020

##### **PID Company Information**

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Small Group
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2020
- Average Rate Change: 1.2%
- Range of Requested Rate Change: 1.2% to 1.2%
- Total additional annual revenue generated from the proposed rate change: \$7,845
- Product: HMO
- Rating Areas: 6,7,9
- Metal Levels: Bronze
- Current Covered Lives and Policyholders: 110/71
- 2020 Number of Plans: 1
- 2019 Number of Plans and Change: 1/No Plan Change
- Contract Form #: C20-KHPC-SPG
- Form Filing SERFF #: CABC-131908701
- Binder SERFF #: CABC-PA19-125092092
- HIOS Issuer ID: 53789
- HIOS Submission Tracking Number: 53789-1473457323875505153

### **Company Contact Information**

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

### **Scope and Purpose**

By this filing, Keystone Health Plan Central (KHPC), a subsidiary of Capital BlueCross (CBC), submits rates for products to be made available to all small groups effective January 1, 2020. KHPC will offer small group products off the federally-facilitated exchange.

### **Rate History and Proposed Variations in Rate Changes**

Market	Company	Effective Date	SERFF #	Annual Increase
Small Group	KHPC	1/1/2016	CABC-130076082	-2.00%
Small Group	KHPC	1/1/2017	CABC-130539616	4.50%
Small Group	KHPC	7/1/2017	CABC-130954830	6.80%
Small Group	KHPC	1/1/2018	CABC-131022144	-13.40%
Small Group	KHPC	1/1/2019	CABC-131455108	5.00%

### **Average Rate Change**

KHPC is proposing an aggregate annual 1.2% rate change. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

Worsening risk pool due to non-ACA group coverage options: 7%  
Reimplementation of the Health Insurer Fee: 2.5%  
Adjustment to Actuarial Cost Model\*: -5%  
Provider Contract Increases and Utilization Changes: 3.0%  
Projected morbidity of population: -6%

\*Please note that CBC has reviewed its Actuarial Cost Model described on page 8 below to better reflect claims costs associated with deductible-first plans (deductible applying first dollar on medical and Rx claims). This change has lowered projected claim costs on these plans, aligning CBC with other competitors in the Small Group market. This change impacts all CBC filings, but is especially noted in KHPC as this subsidiary only offers a Bronze plan, with deductible applying to most services. This change drives the lower annual increase, as compared to other CBC subsidiaries.

### **Membership**

Membership is shown in PA Rate Template Part I, Table 1. The average age is 39.

## **Benefit Changes 2019-2020**

A summary of proposed 2020 benefits is included in Exhibit A.

A benefit change is being applied to KHPC's single offering.

## **Experience Period Premium and Claims**

**Single Risk Pool:** The data used to develop rates and shown in URRT and PA Rate Exhibits abides by 45 CFR part 156.80(d) single risk pool requirements. The single risk pool reflects all covered lives for every non-grandfathered, non-transitional product/plan combination for KHPC in the small group market.

**Base Experience Period:** The base experience period (BEP) includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2018 and December 31, 2018.

Transitional membership is not included in PA Rate Exhibits Table 2 or URRT.

**Paid Through Date:** Claims in the BEP are paid through March 31, 2019

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

### **Allowed and Incurred Claims in BEP:**

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

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

1. Historical fee-for-service claims are viewed by date of service and date of payment in a claims triangle.
2. The claims triangle payments are then accumulated by date of service to develop factors that represent the rate of accumulation or rate of "completion".
3. Historical rates of completion by duration are used to derive projected rates of completion. Some of the methods used to develop projected completion factors are averages (e.g. harmonic averages, time weighted averages, geometric averages) and regression methods.

Numerous items are considered when viewing these averages or regression statistics, such as the impact of high claims on perceived completion patterns.

4. For durations that exhibit a projected completion factor greater than the Valuation Actuary's chosen threshold (e.g. 80% complete), cumulative paid and incurred claims are divided by the projected completion factor to arrive at ultimate incurred claims. For durations that are less than the chosen threshold, a projection methodology is used. Similar to completion factor development, projection methodologies are worthy of a lengthy discussion. In general, an ultimate incurred claims PMPM is derived by projecting a recent 12-month period to the current month(s) and seasonally adjusting.
5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

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

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

**Risk Adjustment in BEP:** Risk adjustment amounts in the BEP are equal to final risk adjustment transfer amounts released on June 28, 2019.

**Loss Ratio in BEP:** Loss ratio is 85.12%

### **Credibility of Data**

For the purpose of rate development, KHPC small group products are combined with other product offerings (HMO, PPO) from CBC subsidiaries. Combining the experience is actuarially justifiable for several reasons:

1. The demographics of members buying PPO and other products are similar.
2. Cost and utilization between PPO and other products are similar.
3. Medical policy between PPO and other products are almost identical, with the exception of referrals and no out-of-network benefit on HMO.

The credibility manual is the combination of KHPC, Capital Advantage Assurance Company (CAAC), and Capital Advantage Insurance Company (CAIC) HMO data. The credibility manual BEP includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2018 and December 31, 2018. All data is trended and benefit-adjusted in the same manner as the experience data (same projection factors and trend).

## **Trend Identification**

Trend: 7.77%

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

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

1. Base Cost/ Change in hospital and physician contracting: The contracted increase in reimbursements to hospitals and physicians is the basis of cost trends. CBC uses the following to project future costs:
  - a. Vendor Physician Cost Model and Internal Hospital Contracting Model
    - i. The medical cost models use best estimates of Capital BlueCross (CBC)'s future contracting increases with physicians and hospitals. The models use cost estimates based on varying contract effective dates by physician and hospital. All facilities and providers are considered in this modeling effort (i.e. acute and non-acute, network and non-network, inpatient and outpatient, in- area and out-of-area). From there, a monthly anticipated cost (assuming static utilization) summary is produced which can be used in projecting future claims costs. Cost trends are determined at the CBC book of business level for all commercial business.
  - b. Internal Prescription Drug Trend Model
    - i. Price Inflation
    - ii. Contract Pricing
    - iii. Member Cost-Sharing
    - iv. Units per Script
    - v. Brand/Generic Mix
    - vi. Therapeutic Mix
    - vii. Cost per Script
    - viii. Pipeline (new drugs)
2. Utilization Considerations:
  - a. Intensity of medical services rendered
  - b. Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
  - c. Further migration from brand prescription drugs to generic prescription drugs
  - d. Favorable impacts of value based benefits designs
  - e. Medical utilization estimates reviewed by CBC's Chief Medical Officer
3. Leveraging: The trend model is based on allowed cost increases. Paid claims trend at a higher rate than allowed due to leveraging. Leveraging is the impact of static cost-share, such as deductibles and copays, to the paid trend.



4. Intensity: Measure of cost increase due to change in treatment sophistication. An example is migration from x-rays to MRIs at significantly higher cost.
5. Underwriting Cycle: The underwriting cycle is defined as the tendency to swing between profitable and unprofitable periods over time. The underwriting cycle is exacerbated partly by pricing performed with incomplete information as to the level of current experience trends. A reaction delay occurs, as carriers tend to rely on measurements of past experience in developing current pricing assumptions. As a result, carriers are often increasing their pricing trends when actual experience trends have begun to decline, and decreasing their pricing trends actual trends are increasing. CBC strives to mitigate the underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

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

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

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

## **Rate Development & Change**

### **Projection Factors**

**Changes in Morbidity:** Found in URRT Worksheet 1, "Morbidity Adjustment", and PA Rate Exhibits, Table 5. KHPC projects 7% change in morbidity due to the presumed statewide movement of small group PPACA business to ASO. The morbidity factor is based on the following analysis:

1. Gather BEP medical and Rx claims and membership for all PPACA groups active during the period
2. Gather BEP medical and Rx claims and membership for only PPACA groups still active in a PPACA product as of 2/28/2019
3.  $\text{PMPM (2)} / \text{PMPM (1)} - 1 = 7.7\%$
4. 7% is applied in rating

Because CBC is competing against statewide carriers in the SG ASO market, we assume this transition is occurring statewide and will continue 2019-2020. Further, the statewide transition translates to a worsening PPACA risk pool, not unique to CBC. Therefore, we project no explicit change to CBC risk adjustment transfer amounts from this migration.

In addition to the 7% morbidity change, KHPC is also applying a factor of 0.44 to reflect the difference is projected Plan Liability Risk Score (PLRS) between KHPC and its subsidiary, CAAC, which underwrites the vast majority of the BEP experience.

**Changes in Benefits:** Benefit changes are not applied to allowed claims as allowed should stay consistent from 2018 to 2020. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from CBC’s internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

**Changes in Demographics:** KHPC does not expect changes in demographics in its small group population.

**Changes in Network:** No Network change is applied.

**Other Adjustments:** No other adjustment is applied.

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

### **Index Rate**

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

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

To calculate the projected index rate:

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

See Exhibit J for the Index Rate.

### **Paid to Allowed Ratio**

KHPC used the prescribed URRT allowed claim rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. URRT projects allowed claims, and uses a paid-to-allowed ratio in order to adjust allowed claims to paid

levels. This value is then used to develop premiums. In order to determine the paid-to-allowed ratio, KHPC projected paid and incurred claims, adjusted for benefits, to the experience period.

Projected Paid and Incurred Claims are calculated as follows:

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

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

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

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

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

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

*Trended Claim PMPM*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- b. And to arrive at the *Total Projected Claims PMPM*, KHPC assumes a distribution of members across the benefit plans being offered in 2020. The *Total Projected Claims PMPM* :

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

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

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

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

### **Risk Adjustment**

#### **Projected Risk Adjustments PMPM:**

Relevant to 2020 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2020. The following items are those that we deem important in generating a CRA payment transfer adjustment:

1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
2. Statewide average premiums
3. Current market penetration of this company and competitors in the market and in the state
4. 2017-2018 risk adjustment results
5. Market improvement in coding risk: CBC's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that CBC is disadvantaged in the market. This will drive CBC's relative risk to the market down over time.

### **Market Adjusted Index Rate**

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

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

See Exhibit K, Table 5, and URRT WS1 for the development of the Market Adjusted Index Rate.

Please note that Exhibit K and Table 5 produce the average annual rating period MAIR, accounting for quarterly trend. URRT WS1 produces Q1 MAIR as per instructions. Checks have been implemented to ensure URRT Q1 MAIR and Q1 MAIR that would be produced in Table 5 given 0% quarterly trend are the same (except for differences in rounding).

## **Retention Items**

### **Administrative Expense Load:**

1. Risk Adjustment User Fee: To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.18 PMPM. The Risk Adjustment Fee PMPM is included in URRT Worksheet 1, URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.
2. Administrative Expense: Calculated using an allocation method from CBC’s Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to CBC small group products. Administrative expenses are included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.
3. Broker Expense: Calculated based on CBC’s explicit per contract broker fee. Broker Expense is included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Brokers are paid on new business and renewals the same commission rate for all geographic locations, enrollment dates, and metal levels. The 2020 broker commission schedule is yet to be finalized. Attached please find the 1/1/2019 copy of the broker agreement – redacted version. Files are as follows:
  - a. Redacted Standard Producer Master Agreement: “SG\_19-47\_Initial\_KHP\_HMO\_SPMABrokerGroupRedacted\_Supporting\_20190521.pdf”
  - b. Redacted Preferred Producer Master Agreement: “SG\_19-47\_Initial\_KHP\_HMO\_PPMABrokerGroupRedacted\_Supporting\_20190521.pdf”
4. Value-Based Benefits (VBB): Standard with each plan, Capital BlueCross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
  - a. Complete biometric screening and receive a gift card.

- b. Meeting biometric measure or finish online coaching program and receive a gift card reward.
  - c. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
  - d. Included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.
5. Identity Theft Coverage: Identity protection offering will include the following components:
- a. Credit monitoring – Monitors activity that may affect credit
  - b. Fraud detection – Identifies potentially fraudulent use of identity or credit
  - c. Fraud resolution support – Assists members in addressing issues that arise in relation to credit monitoring and fraud detection
  - d. Included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.
6. Additional Quality Improvement: The Final Notice of Benefit and Payment Parameters (NBPP) for 2020 finalized the rule to allow issuers to apply a standard 0.8% of premium for quality improvement (QI) measures in the MLR calculation. Additional QI amounts applied in rating equal 0.4%. Included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.

**Profit (or Contribution to Surplus) & Risk Margin:**

- 7. Contingency: Contingency is included in URRT Worksheet 2, “Profit & Risk Load” and PA Rate Exhibits Table 6.

**Taxes and Fees:**

- 1. Health Insurer Fee (HIF) – Section 9010 of PPACA and Section 1406 of the Reconciliation Act (which modified PPACA) refer to HIF. The fee is a fixed-dollar amount distributed across health insurance providers: \$8 billion in 2014, \$11.3 billion in 2015 and 2016, \$13.9 billion in 2017, \$14.3 billion in 2018, and the HIF increases by the rate of premium growth for 2019 and subsequent years. There was a moratorium on the fee for 2017 and there is a suspension on the fee for 2019. The fee applied is the average fee across all renewals in 2020. This is calculated in Exhibit H. HIF is included in URRT Worksheet 2, “Taxes and Fees”, and PA Rate Exhibits, Table 6.
- 2. Exchange Fee – All issuers participating in a federally-facilitated exchange will remit 3% of premium to HHS. KHPC Small Group plans are offered off-exchange only, therefore no exchange fee is applied.
- 3. Federal Income Tax: Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in URRT Worksheet 2, “Taxes and Fees”, and PA Rate Exhibits, Table 6.

See Exhibit H for all retention values.



## **Plan Rate Development**

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

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

1. Actuarial Value and Cost Sharing adjustment: The Actuarial Value and Cost Sharing Adjustment is determined using KHPC's actuarial cost model. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a claim PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on CPDs, where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
2. Induced Demand: Please see Table 8
3. Provider Network: The Provider network is the same across all HMO plans.
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Adjustment for distribution and administrative costs: Described in Retention Items section above.
6. Tobacco Adjustment: Not applied to Small Group plans.

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

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

**Age Curve Calibration:** The average age factor is calculated by taking the member-weighted average of current small group enrollment by age in CBC. Age factors are applied in accordance with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file SG\_19-47\_Initial\_KHP\_HMO\_List-Billed\_Supporting\_20190521.xlsx for the calculation.

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

**Geographic Factors:** CBC performed regional analysis to quantify the cost difference between the three regions in our service area. The analysis gathered incurred claims net Rx rebates, projected risk adjustment, and premium for a 12-month period by region. The loss ratio of each region is then compared to the average loss ratio for the book of business. In theory, the change in regional rating factor is:



$$[\text{Change in Regional Rating Factor Region A}] = [\text{Region A LR}] \div [\text{BOB LR}]$$

But our preferred approach is to gradually change factors, so not to shock the market, while moving rates in the appropriate direction. In order to do this, the following approach is being proposed:

$$[\text{Change in Regional Rating Factor Region A}] = [\text{Region A LR}] \div [\text{Target LR}]$$

Where Target LR is in between Region A LR and BOB LR. With this gradual approach, annual rate change by region is shown on Exhibit Q, column G.

**Tobacco Factor Calibration:** Tobacco factor not applied.

The calibration is:

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

Calibrated Plan Adjusted Index Rates are found on PA Rate Exhibits Table 10.

The calibration factors and development are found on Exhibit N.

### **Consumer Adjusted Premium Rate Development**

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

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

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

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

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

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

## **AV Metal Values**

The AV Metal Values included in URRT Worksheet 2 and PA Rate Exhibits, Table 10 were based on the federally issued AV Calculator.

See AV Screenshots included with the submission.

## **AV Pricing Values**

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

## **Projected Loss Ratio**

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

## **Membership Projection**

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

## **Attachments and Examples**

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

PA Rate Exhibits Part I through Part V

Table 8

Exhibit A – Benefit Summary  
Exhibit B – Benefit Change Summary  
Exhibit C – Benefit Categories  
Exhibit D – Benefit Mix  
Exhibit E – Trend  
Exhibit F – URRT  
Exhibit G – Paid-to-Allowed Development  
Exhibit H – Retention  
Exhibit I – Projected Loss Ratio  
Exhibit J – Index Rate  
Exhibit K – Market Adjusted Index Rate  
Exhibit L – Rate Development by Plan  
Exhibit M – Plan Adjusted Index Rates  
Exhibit N – Calibration  
Exhibit O – Rating Factors  
Exhibit P – Quarterly Base Rates

## Exhibit Q – Regional Analysis

Broker Contracts  
Actuarial Value Screenshots  
List-Billed Data

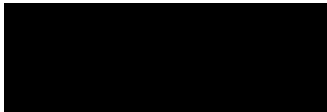
### Actuarial Statement


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

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

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

- a. The analysis was
  - i. conducted by a member of the American Academy of Actuaries, and
  - ii. performed in accordance with generally accepted actuarial principles and methods.
5. Geographic area rating factors reflect only differences in the costs of delivery and not differences due to population morbidity.
6. All factor, benefit and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
7. New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
8. The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2020 Rate Filing Justification.



, ASA, MAAA  
Actuarial Associate  
Capital BlueCross



**KEYSTONE HEALTH PLAN CENTRAL**  
**RFJ Part II – Consumer Friendly Justification**

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

- Worsening risk pool due to non-ACA group coverage options
- Anticipated increase in facility and physician unit costs
- Anticipated changes in prescription drug unit costs
- Continuing change in utilization such as
  - Intensity of medical services rendered
  - Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
  - Further migration from brand prescription drugs to generic prescription drugs
  - Favorable impacts of value based benefits designs
- Prescription drug patent expirations and new to market brand drugs
- Leveraging associated with unchanged cost share components such as deductible and copays
- Reimplementation of the Health Insurer Fee in 2020
- Inflation adjustment to administrative expenses

2020 Rates Table Template v9.0		All fields with an asterisk (*) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.		
		If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.		
		If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band.		
		If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.		
		To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.		
<b>HIOS Issuer ID*</b>	53789			
<b>Federal TIN*</b>	23-2399845			
<b>Rate Effective Date*</b>	1/1/2020			
<b>Rate Expiration Date*</b>	3/31/2020			
<b>Rating Method*</b>	Age-Based Rates			
<b>Plan ID*</b>	<b>Rating Area ID*</b>	<b>Tobacco*</b>	<b>Age*</b>	<b>Individual Rate*</b>
<b>Required:</b> Enter the 14-character Plan ID	<b>Required:</b> Select the Rating Area ID	<b>Required:</b> Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	<b>Required:</b> Select the age of a subscriber eligible for the rate	<b>Required:</b> Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
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2020 Rates Table Template v9.0		All fields with an asterisk (*) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.		
		If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.		
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		If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.		
		To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.		
<b>HIOS Issuer ID*</b>	53789			
<b>Federal TIN*</b>	23-2399845			
<b>Rate Effective Date*</b>	4/1/2020			
<b>Rate Expiration Date*</b>	6/30/2020			
<b>Rating Method*</b>	Age-Based Rates			
<b>Plan ID*</b>	<b>Rating Area ID*</b>	<b>Tobacco*</b>	<b>Age*</b>	<b>Individual Rate*</b>
<b>Required:</b> Enter the 14-character Plan ID	<b>Required:</b> Select the Rating Area ID	<b>Required:</b> Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	<b>Required:</b> Select the age of a subscriber eligible for the rate	<b>Required:</b> Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
53789PA0090004	Rating Area 6	No Preference	0-14	229.52
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53789PA0090004	Rating Area 6	No Preference	50	535.84
53789PA0090004	Rating Area 6	No Preference	51	559.54
53789PA0090004	Rating Area 6	No Preference	52	585.64
53789PA0090004	Rating Area 6	No Preference	53	612.04
53789PA0090004	Rating Area 6	No Preference	54	640.54
53789PA0090004	Rating Area 6	No Preference	55	669.04
53789PA0090004	Rating Area 6	No Preference	56	699.95
53789PA0090004	Rating Area 6	No Preference	57	731.15
53789PA0090004	Rating Area 6	No Preference	58	764.45
53789PA0090004	Rating Area 6	No Preference	59	780.95
53789PA0090004	Rating Area 6	No Preference	60	814.25
53789PA0090004	Rating Area 6	No Preference	61	843.06
53789PA0090004	Rating Area 6	No Preference	62	861.96
53789PA0090004	Rating Area 6	No Preference	63	885.66
53789PA0090004	Rating Area 6	No Preference	64 and over	900.05
53789PA0090004	Rating Area 7	No Preference	0-14	247.88
53789PA0090004	Rating Area 7	No Preference	15	269.91
53789PA0090004	Rating Area 7	No Preference	16	278.33
53789PA0090004	Rating Area 7	No Preference	17	286.76
53789PA0090004	Rating Area 7	No Preference	18	295.83
53789PA0090004	Rating Area 7	No Preference	19	304.90
53789PA0090004	Rating Area 7	No Preference	20	314.30
53789PA0090004	Rating Area 7	No Preference	21	324.02
53789PA0090004	Rating Area 7	No Preference	22	324.02
53789PA0090004	Rating Area 7	No Preference	23	324.02
53789PA0090004	Rating Area 7	No Preference	24	324.02
53789PA0090004	Rating Area 7	No Preference	25	325.32
53789PA0090004	Rating Area 7	No Preference	26	331.80
53789PA0090004	Rating Area 7	No Preference	27	339.57
53789PA0090004	Rating Area 7	No Preference	28	352.21
53789PA0090004	Rating Area 7	No Preference	29	362.58
53789PA0090004	Rating Area 7	No Preference	30	367.76
53789PA0090004	Rating Area 7	No Preference	31	375.54
53789PA0090004	Rating Area 7	No Preference	32	383.32
53789PA0090004	Rating Area 7	No Preference	33	388.18
53789PA0090004	Rating Area 7	No Preference	34	393.36
53789PA0090004	Rating Area 7	No Preference	35	395.95
53789PA0090004	Rating Area 7	No Preference	36	398.55
53789PA0090004	Rating Area 7	No Preference	37	401.14
53789PA0090004	Rating Area 7	No Preference	38	403.73
53789PA0090004	Rating Area 7	No Preference	39	408.92
53789PA0090004	Rating Area 7	No Preference	40	414.10
53789PA0090004	Rating Area 7	No Preference	41	421.88
53789PA0090004	Rating Area 7	No Preference	42	429.33
53789PA0090004	Rating Area 7	No Preference	43	439.70
53789PA0090004	Rating Area 7	No Preference	44	452.66
53789PA0090004	Rating Area 7	No Preference	45	467.89
53789PA0090004	Rating Area 7	No Preference	46	486.03
53789PA0090004	Rating Area 7	No Preference	47	506.45
53789PA0090004	Rating Area 7	No Preference	48	529.78
53789PA0090004	Rating Area 7	No Preference	49	552.78
53789PA0090004	Rating Area 7	No Preference	50	578.70
53789PA0090004	Rating Area 7	No Preference	51	604.30



53789PA0090004	Rating Area 7	No Preference	52	632.49
53789PA0090004	Rating Area 7	No Preference	53	661.00
53789PA0090004	Rating Area 7	No Preference	54	691.79
53789PA0090004	Rating Area 7	No Preference	55	722.57
53789PA0090004	Rating Area 7	No Preference	56	755.94
53789PA0090004	Rating Area 7	No Preference	57	789.64
53789PA0090004	Rating Area 7	No Preference	58	825.61
53789PA0090004	Rating Area 7	No Preference	59	843.43
53789PA0090004	Rating Area 7	No Preference	60	879.39
53789PA0090004	Rating Area 7	No Preference	61	910.50
53789PA0090004	Rating Area 7	No Preference	62	930.91
53789PA0090004	Rating Area 7	No Preference	63	956.51
53789PA0090004	Rating Area 7	No Preference	64 and over	972.05
53789PA0090004	Rating Area 9	No Preference	0-14	234.11
53789PA0090004	Rating Area 9	No Preference	15	254.91
53789PA0090004	Rating Area 9	No Preference	16	262.87
53789PA0090004	Rating Area 9	No Preference	17	270.83
53789PA0090004	Rating Area 9	No Preference	18	279.40
53789PA0090004	Rating Area 9	No Preference	19	287.97
53789PA0090004	Rating Area 9	No Preference	20	296.84
53789PA0090004	Rating Area 9	No Preference	21	306.02
53789PA0090004	Rating Area 9	No Preference	22	306.02
53789PA0090004	Rating Area 9	No Preference	23	306.02
53789PA0090004	Rating Area 9	No Preference	24	306.02
53789PA0090004	Rating Area 9	No Preference	25	307.24
53789PA0090004	Rating Area 9	No Preference	26	313.36
53789PA0090004	Rating Area 9	No Preference	27	320.71
53789PA0090004	Rating Area 9	No Preference	28	332.64
53789PA0090004	Rating Area 9	No Preference	29	342.44
53789PA0090004	Rating Area 9	No Preference	30	347.33
53789PA0090004	Rating Area 9	No Preference	31	354.68
53789PA0090004	Rating Area 9	No Preference	32	362.02
53789PA0090004	Rating Area 9	No Preference	33	366.61
53789PA0090004	Rating Area 9	No Preference	34	371.51
53789PA0090004	Rating Area 9	No Preference	35	373.96
53789PA0090004	Rating Area 9	No Preference	36	376.41
53789PA0090004	Rating Area 9	No Preference	37	378.85
53789PA0090004	Rating Area 9	No Preference	38	381.30
53789PA0090004	Rating Area 9	No Preference	39	386.20
53789PA0090004	Rating Area 9	No Preference	40	391.09
53789PA0090004	Rating Area 9	No Preference	41	398.44
53789PA0090004	Rating Area 9	No Preference	42	405.48
53789PA0090004	Rating Area 9	No Preference	43	415.27
53789PA0090004	Rating Area 9	No Preference	44	427.51
53789PA0090004	Rating Area 9	No Preference	45	441.89
53789PA0090004	Rating Area 9	No Preference	46	459.03
53789PA0090004	Rating Area 9	No Preference	47	478.31
53789PA0090004	Rating Area 9	No Preference	48	500.34
53789PA0090004	Rating Area 9	No Preference	49	522.07
53789PA0090004	Rating Area 9	No Preference	50	546.55
53789PA0090004	Rating Area 9	No Preference	51	570.73
53789PA0090004	Rating Area 9	No Preference	52	597.35
53789PA0090004	Rating Area 9	No Preference	53	624.28
53789PA0090004	Rating Area 9	No Preference	54	653.35
53789PA0090004	Rating Area 9	No Preference	55	682.43
53789PA0090004	Rating Area 9	No Preference	56	713.95
53789PA0090004	Rating Area 9	No Preference	57	745.77
53789PA0090004	Rating Area 9	No Preference	58	779.74
53789PA0090004	Rating Area 9	No Preference	59	796.57
53789PA0090004	Rating Area 9	No Preference	60	830.54
53789PA0090004	Rating Area 9	No Preference	61	859.92
53789PA0090004	Rating Area 9	No Preference	62	879.20
53789PA0090004	Rating Area 9	No Preference	63	903.37
53789PA0090004	Rating Area 9	No Preference	64 and over	918.05

2020 Rates Table Template v9.0				
All fields with an asterisk (*) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.				
If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.				
If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band.				
If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.				
To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.				
HIOS Issuer ID*	53789			
Federal TIN*	23-2399845			
Rate Effective Date*	7/1/2020			
Rate Expiration Date*	9/30/2020			
Rating Method*	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
<b>Required:</b> Enter the 14-character Plan ID	<b>Required:</b> Select the Rating Area ID	<b>Required:</b> Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	<b>Required:</b> Select the age of a subscriber eligible for the rate	<b>Required:</b> Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
53789PA0090004	Rating Area 6	No Preference	0-14	233.85
53789PA0090004	Rating Area 6	No Preference	15	254.64
53789PA0090004	Rating Area 6	No Preference	16	262.59
53789PA0090004	Rating Area 6	No Preference	17	270.54
53789PA0090004	Rating Area 6	No Preference	18	279.09
53789PA0090004	Rating Area 6	No Preference	19	287.65
53789PA0090004	Rating Area 6	No Preference	20	296.52
53789PA0090004	Rating Area 6	No Preference	21	305.69
53789PA0090004	Rating Area 6	No Preference	22	305.69
53789PA0090004	Rating Area 6	No Preference	23	305.69
53789PA0090004	Rating Area 6	No Preference	24	305.69
53789PA0090004	Rating Area 6	No Preference	25	306.91
53789PA0090004	Rating Area 6	No Preference	26	313.03
53789PA0090004	Rating Area 6	No Preference	27	320.36
53789PA0090004	Rating Area 6	No Preference	28	332.29
53789PA0090004	Rating Area 6	No Preference	29	342.07
53789PA0090004	Rating Area 6	No Preference	30	346.96
53789PA0090004	Rating Area 6	No Preference	31	354.29
53789PA0090004	Rating Area 6	No Preference	32	361.63
53789PA0090004	Rating Area 6	No Preference	33	366.22
53789PA0090004	Rating Area 6	No Preference	34	371.11
53789PA0090004	Rating Area 6	No Preference	35	373.55
53789PA0090004	Rating Area 6	No Preference	36	376.00
53789PA0090004	Rating Area 6	No Preference	37	378.44
53789PA0090004	Rating Area 6	No Preference	38	380.89
53789PA0090004	Rating Area 6	No Preference	39	385.78
53789PA0090004	Rating Area 6	No Preference	40	390.67
53789PA0090004	Rating Area 6	No Preference	41	398.01
53789PA0090004	Rating Area 6	No Preference	42	405.04
53789PA0090004	Rating Area 6	No Preference	43	414.82
53789PA0090004	Rating Area 6	No Preference	44	427.05
53789PA0090004	Rating Area 6	No Preference	45	441.42
53789PA0090004	Rating Area 6	No Preference	46	458.54
53789PA0090004	Rating Area 6	No Preference	47	477.79
53789PA0090004	Rating Area 6	No Preference	48	499.80
53789PA0090004	Rating Area 6	No Preference	49	521.51
53789PA0090004	Rating Area 6	No Preference	50	545.96
53789PA0090004	Rating Area 6	No Preference	51	570.11
53789PA0090004	Rating Area 6	No Preference	52	596.71
53789PA0090004	Rating Area 6	No Preference	53	623.61
53789PA0090004	Rating Area 6	No Preference	54	652.65
53789PA0090004	Rating Area 6	No Preference	55	681.69
53789PA0090004	Rating Area 6	No Preference	56	713.17
53789PA0090004	Rating Area 6	No Preference	57	744.97
53789PA0090004	Rating Area 6	No Preference	58	778.90
53789PA0090004	Rating Area 6	No Preference	59	795.71
53789PA0090004	Rating Area 6	No Preference	60	829.64
53789PA0090004	Rating Area 6	No Preference	61	858.99
53789PA0090004	Rating Area 6	No Preference	62	878.25
53789PA0090004	Rating Area 6	No Preference	63	902.40
53789PA0090004	Rating Area 6	No Preference	64 and over	917.06
53789PA0090004	Rating Area 7	No Preference	0-14	252.56
53789PA0090004	Rating Area 7	No Preference	15	275.01
53789PA0090004	Rating Area 7	No Preference	16	283.59
53789PA0090004	Rating Area 7	No Preference	17	292.18
53789PA0090004	Rating Area 7	No Preference	18	301.42
53789PA0090004	Rating Area 7	No Preference	19	310.67
53789PA0090004	Rating Area 7	No Preference	20	320.24
53789PA0090004	Rating Area 7	No Preference	21	330.15
53789PA0090004	Rating Area 7	No Preference	22	330.15
53789PA0090004	Rating Area 7	No Preference	23	330.15
53789PA0090004	Rating Area 7	No Preference	24	330.15
53789PA0090004	Rating Area 7	No Preference	25	331.47
53789PA0090004	Rating Area 7	No Preference	26	338.07
53789PA0090004	Rating Area 7	No Preference	27	345.99
53789PA0090004	Rating Area 7	No Preference	28	358.87
53789PA0090004	Rating Area 7	No Preference	29	369.43
53789PA0090004	Rating Area 7	No Preference	30	374.71
53789PA0090004	Rating Area 7	No Preference	31	382.64
53789PA0090004	Rating Area 7	No Preference	32	390.56
53789PA0090004	Rating Area 7	No Preference	33	395.51
53789PA0090004	Rating Area 7	No Preference	34	400.80
53789PA0090004	Rating Area 7	No Preference	35	403.44
53789PA0090004	Rating Area 7	No Preference	36	406.08
53789PA0090004	Rating Area 7	No Preference	37	408.72
53789PA0090004	Rating Area 7	No Preference	38	411.36
53789PA0090004	Rating Area 7	No Preference	39	416.64
53789PA0090004	Rating Area 7	No Preference	40	421.93
53789PA0090004	Rating Area 7	No Preference	41	429.85
53789PA0090004	Rating Area 7	No Preference	42	437.44
53789PA0090004	Rating Area 7	No Preference	43	448.01
53789PA0090004	Rating Area 7	No Preference	44	461.21
53789PA0090004	Rating Area 7	No Preference	45	476.73
53789PA0090004	Rating Area 7	No Preference	46	495.22
53789PA0090004	Rating Area 7	No Preference	47	516.02
53789PA0090004	Rating Area 7	No Preference	48	539.79
53789PA0090004	Rating Area 7	No Preference	49	563.23
53789PA0090004	Rating Area 7	No Preference	50	589.64
53789PA0090004	Rating Area 7	No Preference	51	615.72

53789PA0090004	Rating Area 7	No Preference	52	644.44
53789PA0090004	Rating Area 7	No Preference	53	673.50
53789PA0090004	Rating Area 7	No Preference	54	704.86
53789PA0090004	Rating Area 7	No Preference	55	736.22
53789PA0090004	Rating Area 7	No Preference	56	770.23
53789PA0090004	Rating Area 7	No Preference	57	804.56
53789PA0090004	Rating Area 7	No Preference	58	841.21
53789PA0090004	Rating Area 7	No Preference	59	859.37
53789PA0090004	Rating Area 7	No Preference	60	896.01
53789PA0090004	Rating Area 7	No Preference	61	927.71
53789PA0090004	Rating Area 7	No Preference	62	948.51
53789PA0090004	Rating Area 7	No Preference	63	974.59
53789PA0090004	Rating Area 7	No Preference	64 and over	990.44
53789PA0090004	Rating Area 9	No Preference	0-14	238.53
53789PA0090004	Rating Area 9	No Preference	15	259.73
53789PA0090004	Rating Area 9	No Preference	16	267.84
53789PA0090004	Rating Area 9	No Preference	17	275.95
53789PA0090004	Rating Area 9	No Preference	18	284.68
53789PA0090004	Rating Area 9	No Preference	19	293.41
53789PA0090004	Rating Area 9	No Preference	20	302.45
53789PA0090004	Rating Area 9	No Preference	21	311.80
53789PA0090004	Rating Area 9	No Preference	22	311.80
53789PA0090004	Rating Area 9	No Preference	23	311.80
53789PA0090004	Rating Area 9	No Preference	24	311.80
53789PA0090004	Rating Area 9	No Preference	25	313.05
53789PA0090004	Rating Area 9	No Preference	26	319.29
53789PA0090004	Rating Area 9	No Preference	27	326.77
53789PA0090004	Rating Area 9	No Preference	28	338.93
53789PA0090004	Rating Area 9	No Preference	29	348.91
53789PA0090004	Rating Area 9	No Preference	30	353.90
53789PA0090004	Rating Area 9	No Preference	31	361.38
53789PA0090004	Rating Area 9	No Preference	32	368.86
53789PA0090004	Rating Area 9	No Preference	33	373.54
53789PA0090004	Rating Area 9	No Preference	34	378.53
53789PA0090004	Rating Area 9	No Preference	35	381.02
53789PA0090004	Rating Area 9	No Preference	36	383.52
53789PA0090004	Rating Area 9	No Preference	37	386.01
53789PA0090004	Rating Area 9	No Preference	38	388.51
53789PA0090004	Rating Area 9	No Preference	39	393.50
53789PA0090004	Rating Area 9	No Preference	40	398.49
53789PA0090004	Rating Area 9	No Preference	41	405.97
53789PA0090004	Rating Area 9	No Preference	42	413.14
53789PA0090004	Rating Area 9	No Preference	43	423.12
53789PA0090004	Rating Area 9	No Preference	44	435.59
53789PA0090004	Rating Area 9	No Preference	45	450.24
53789PA0090004	Rating Area 9	No Preference	46	467.71
53789PA0090004	Rating Area 9	No Preference	47	487.35
53789PA0090004	Rating Area 9	No Preference	48	509.80
53789PA0090004	Rating Area 9	No Preference	49	531.94
53789PA0090004	Rating Area 9	No Preference	50	556.88
53789PA0090004	Rating Area 9	No Preference	51	581.51
53789PA0090004	Rating Area 9	No Preference	52	608.64
53789PA0090004	Rating Area 9	No Preference	53	636.08
53789PA0090004	Rating Area 9	No Preference	54	665.70
53789PA0090004	Rating Area 9	No Preference	55	695.32
53789PA0090004	Rating Area 9	No Preference	56	727.44
53789PA0090004	Rating Area 9	No Preference	57	759.87
53789PA0090004	Rating Area 9	No Preference	58	794.48
53789PA0090004	Rating Area 9	No Preference	59	811.63
53789PA0090004	Rating Area 9	No Preference	60	846.24
53789PA0090004	Rating Area 9	No Preference	61	876.17
53789PA0090004	Rating Area 9	No Preference	62	895.81
53789PA0090004	Rating Area 9	No Preference	63	920.44
53789PA0090004	Rating Area 9	No Preference	64 and over	935.40

2020 Rates Table Template v9.0				
All fields with an asterisk (*) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.				
If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.				
If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band.				
If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.				
To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.				
HIOS Issuer ID*	53789			
Federal TIN*	23-2399845			
Rate Effective Date*	10/1/2020			
Rate Expiration Date*	12/31/2020			
Rating Method*	Age-Based Rates			
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*
<b>Required:</b> Enter the 14-character Plan ID	<b>Required:</b> Select the Rating Area ID	<b>Required:</b> Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	<b>Required:</b> Select the age of a subscriber eligible for the rate	<b>Required:</b> Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan
53789PA0090004	Rating Area 6	No Preference	0-14	238.27
53789PA0090004	Rating Area 6	No Preference	15	259.45
53789PA0090004	Rating Area 6	No Preference	16	267.54
53789PA0090004	Rating Area 6	No Preference	17	275.64
53789PA0090004	Rating Area 6	No Preference	18	284.36
53789PA0090004	Rating Area 6	No Preference	19	293.08
53789PA0090004	Rating Area 6	No Preference	20	302.12
53789PA0090004	Rating Area 6	No Preference	21	311.46
53789PA0090004	Rating Area 6	No Preference	22	311.46
53789PA0090004	Rating Area 6	No Preference	23	311.46
53789PA0090004	Rating Area 6	No Preference	24	311.46
53789PA0090004	Rating Area 6	No Preference	25	312.71
53789PA0090004	Rating Area 6	No Preference	26	318.94
53789PA0090004	Rating Area 6	No Preference	27	326.41
53789PA0090004	Rating Area 6	No Preference	28	338.56
53789PA0090004	Rating Area 6	No Preference	29	348.52
53789PA0090004	Rating Area 6	No Preference	30	353.51
53789PA0090004	Rating Area 6	No Preference	31	360.98
53789PA0090004	Rating Area 6	No Preference	32	368.46
53789PA0090004	Rating Area 6	No Preference	33	373.13
53789PA0090004	Rating Area 6	No Preference	34	378.11
53789PA0090004	Rating Area 6	No Preference	35	380.60
53789PA0090004	Rating Area 6	No Preference	36	383.10
53789PA0090004	Rating Area 6	No Preference	37	385.59
53789PA0090004	Rating Area 6	No Preference	38	388.08
53789PA0090004	Rating Area 6	No Preference	39	393.06
53789PA0090004	Rating Area 6	No Preference	40	398.05
53789PA0090004	Rating Area 6	No Preference	41	405.52
53789PA0090004	Rating Area 6	No Preference	42	412.68
53789PA0090004	Rating Area 6	No Preference	43	422.65
53789PA0090004	Rating Area 6	No Preference	44	435.11
53789PA0090004	Rating Area 6	No Preference	45	449.75
53789PA0090004	Rating Area 6	No Preference	46	467.19
53789PA0090004	Rating Area 6	No Preference	47	486.81
53789PA0090004	Rating Area 6	No Preference	48	509.24
53789PA0090004	Rating Area 6	No Preference	49	531.35
53789PA0090004	Rating Area 6	No Preference	50	556.27
53789PA0090004	Rating Area 6	No Preference	51	580.87
53789PA0090004	Rating Area 6	No Preference	52	607.97
53789PA0090004	Rating Area 6	No Preference	53	635.38
53789PA0090004	Rating Area 6	No Preference	54	664.97
53789PA0090004	Rating Area 6	No Preference	55	694.56
53789PA0090004	Rating Area 6	No Preference	56	726.64
53789PA0090004	Rating Area 6	No Preference	57	759.03
53789PA0090004	Rating Area 6	No Preference	58	793.60
53789PA0090004	Rating Area 6	No Preference	59	810.73
53789PA0090004	Rating Area 6	No Preference	60	845.30
53789PA0090004	Rating Area 6	No Preference	61	875.20
53789PA0090004	Rating Area 6	No Preference	62	894.82
53789PA0090004	Rating Area 6	No Preference	63	919.43
53789PA0090004	Rating Area 6	No Preference	64 and over	934.37
53789PA0090004	Rating Area 7	No Preference	0-14	257.33
53789PA0090004	Rating Area 7	No Preference	15	280.20
53789PA0090004	Rating Area 7	No Preference	16	288.95
53789PA0090004	Rating Area 7	No Preference	17	297.69
53789PA0090004	Rating Area 7	No Preference	18	307.11
53789PA0090004	Rating Area 7	No Preference	19	316.53
53789PA0090004	Rating Area 7	No Preference	20	326.29
53789PA0090004	Rating Area 7	No Preference	21	336.38
53789PA0090004	Rating Area 7	No Preference	22	336.38
53789PA0090004	Rating Area 7	No Preference	23	336.38
53789PA0090004	Rating Area 7	No Preference	24	336.38
53789PA0090004	Rating Area 7	No Preference	25	337.72
53789PA0090004	Rating Area 7	No Preference	26	344.45
53789PA0090004	Rating Area 7	No Preference	27	352.52
53789PA0090004	Rating Area 7	No Preference	28	365.64
53789PA0090004	Rating Area 7	No Preference	29	376.41
53789PA0090004	Rating Area 7	No Preference	30	381.79
53789PA0090004	Rating Area 7	No Preference	31	389.86
53789PA0090004	Rating Area 7	No Preference	32	397.93
53789PA0090004	Rating Area 7	No Preference	33	402.98
53789PA0090004	Rating Area 7	No Preference	34	408.36
53789PA0090004	Rating Area 7	No Preference	35	411.05
53789PA0090004	Rating Area 7	No Preference	36	413.74
53789PA0090004	Rating Area 7	No Preference	37	416.43
53789PA0090004	Rating Area 7	No Preference	38	419.13
53789PA0090004	Rating Area 7	No Preference	39	424.51
53789PA0090004	Rating Area 7	No Preference	40	429.89
53789PA0090004	Rating Area 7	No Preference	41	437.96
53789PA0090004	Rating Area 7	No Preference	42	445.70
53789PA0090004	Rating Area 7	No Preference	43	456.46
53789PA0090004	Rating Area 7	No Preference	44	469.92
53789PA0090004	Rating Area 7	No Preference	45	485.73
53789PA0090004	Rating Area 7	No Preference	46	504.57
53789PA0090004	Rating Area 7	No Preference	47	525.76
53789PA0090004	Rating Area 7	No Preference	48	549.98
53789PA0090004	Rating Area 7	No Preference	49	573.86
53789PA0090004	Rating Area 7	No Preference	50	600.77
53789PA0090004	Rating Area 7	No Preference	51	627.34

53789PA0090004	Rating Area 7	No Preference	52	656.61
53789PA0090004	Rating Area 7	No Preference	53	686.21
53789PA0090004	Rating Area 7	No Preference	54	718.16
53789PA0090004	Rating Area 7	No Preference	55	750.12
53789PA0090004	Rating Area 7	No Preference	56	784.77
53789PA0090004	Rating Area 7	No Preference	57	819.75
53789PA0090004	Rating Area 7	No Preference	58	857.09
53789PA0090004	Rating Area 7	No Preference	59	875.59
53789PA0090004	Rating Area 7	No Preference	60	912.93
53789PA0090004	Rating Area 7	No Preference	61	945.22
53789PA0090004	Rating Area 7	No Preference	62	966.41
53789PA0090004	Rating Area 7	No Preference	63	992.98
53789PA0090004	Rating Area 7	No Preference	64 and over	1009.13
53789PA0090004	Rating Area 9	No Preference	0-14	243.03
53789PA0090004	Rating Area 9	No Preference	15	264.64
53789PA0090004	Rating Area 9	No Preference	16	272.90
53789PA0090004	Rating Area 9	No Preference	17	281.15
53789PA0090004	Rating Area 9	No Preference	18	290.05
53789PA0090004	Rating Area 9	No Preference	19	298.95
53789PA0090004	Rating Area 9	No Preference	20	308.16
53789PA0090004	Rating Area 9	No Preference	21	317.69
53789PA0090004	Rating Area 9	No Preference	22	317.69
53789PA0090004	Rating Area 9	No Preference	23	317.69
53789PA0090004	Rating Area 9	No Preference	24	317.69
53789PA0090004	Rating Area 9	No Preference	25	318.96
53789PA0090004	Rating Area 9	No Preference	26	325.31
53789PA0090004	Rating Area 9	No Preference	27	332.94
53789PA0090004	Rating Area 9	No Preference	28	345.33
53789PA0090004	Rating Area 9	No Preference	29	355.49
53789PA0090004	Rating Area 9	No Preference	30	360.58
53789PA0090004	Rating Area 9	No Preference	31	368.20
53789PA0090004	Rating Area 9	No Preference	32	375.83
53789PA0090004	Rating Area 9	No Preference	33	380.59
53789PA0090004	Rating Area 9	No Preference	34	385.67
53789PA0090004	Rating Area 9	No Preference	35	388.22
53789PA0090004	Rating Area 9	No Preference	36	390.76
53789PA0090004	Rating Area 9	No Preference	37	393.30
53789PA0090004	Rating Area 9	No Preference	38	395.84
53789PA0090004	Rating Area 9	No Preference	39	400.92
53789PA0090004	Rating Area 9	No Preference	40	406.01
53789PA0090004	Rating Area 9	No Preference	41	413.63
53789PA0090004	Rating Area 9	No Preference	42	420.94
53789PA0090004	Rating Area 9	No Preference	43	431.10
53789PA0090004	Rating Area 9	No Preference	44	443.81
53789PA0090004	Rating Area 9	No Preference	45	458.74
53789PA0090004	Rating Area 9	No Preference	46	476.53
53789PA0090004	Rating Area 9	No Preference	47	496.55
53789PA0090004	Rating Area 9	No Preference	48	519.42
53789PA0090004	Rating Area 9	No Preference	49	541.98
53789PA0090004	Rating Area 9	No Preference	50	567.39
53789PA0090004	Rating Area 9	No Preference	51	592.49
53789PA0090004	Rating Area 9	No Preference	52	620.13
53789PA0090004	Rating Area 9	No Preference	53	648.09
53789PA0090004	Rating Area 9	No Preference	54	678.27
53789PA0090004	Rating Area 9	No Preference	55	708.45
53789PA0090004	Rating Area 9	No Preference	56	741.17
53789PA0090004	Rating Area 9	No Preference	57	774.21
53789PA0090004	Rating Area 9	No Preference	58	809.47
53789PA0090004	Rating Area 9	No Preference	59	826.94
53789PA0090004	Rating Area 9	No Preference	60	862.21
53789PA0090004	Rating Area 9	No Preference	61	892.71
53789PA0090004	Rating Area 9	No Preference	62	912.72
53789PA0090004	Rating Area 9	No Preference	63	937.82
53789PA0090004	Rating Area 9	No Preference	64 and over	953.06

**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Benefit Summary**

**SMALL GROUP 1-50 PORTFOLIO**

Changes	Plan Name	HIOS ID		Deductible (2x Family)	Coinsurance	Out-of-Pocket Maximum	PCP	Specialist	Emergency Room	Urgent Care	IP Hospital per day, maximum of 5 days	Hi-Tech Imaging	Lab Ind   Hos	OP Surgery ASC   ACH	Small Group: Rx \$0 Individual: Rx	Small Group: Rx \$250 (brand only deductible) Individual: N/A
		Small Group: Rx \$0 Individual: Rx	Small Group: Rx \$250 (brand only deductible) Individual: N/A													
<b>BRONZE PRODUCTS</b>																
1 No	Bronze HMO 7000/0/50	53789PA0090004		\$0	700000%	\$0	\$7,900	\$50	D/0	D/0	D/0	N/A	D/0   D/50	D/100   D/0	Rx Ded: \$D/0, Rx Gen - Ded Applies? Combined, Retail: Y/0/0/0, Mail: 0/0/0/0	

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



**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Benefit Change Summary**

Line	On/Off Exchange	New/Existing	HIOS		Med Description	Rx Description	AV		Pricing AV		Metal Level		HRA Amount		Deductible(2x Family)		Coinsurance	
			2019	2020			2019	2020	2019	2020	2019	2020	2019	2020	2019	2020		
1	Off Exchange	Existing	45127PA0010055	Platinum PPO 0/0/15		Rx 0	90.5%	91.1%	95.1%	94.5%	Platinum	Platinum	0	0	0	0	0%	0%

**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Benefit Change Summary**

Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	MOOP		ACA PCP		Non-ACA PCP		SPC		ER		UC		IP Hosp Copay Per Day		Hi-Tech Imaging		Low End Imaging		Lab Independent		Lab Hospital-Based	
						2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
1	Off Exchange	Existing	45127PA0010055	Platinum PPO 0/0/15	Rx 0	6,650	6,650	15	15	15	15	30	30	D/150	D/150	50	50	N/A	N/A	0	0	0	0	15	15	30	30



**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Benefit Change Summary**

Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	OP Surg ASC		OP Surg AHC		Rx Ded		Rx Gen - Ded Applies?		Rx Gen Pref		Rx Gen Non-Pref		Rx Brand Pref		Rx Brand Non-Pref		Rx Specialty Coin Tier 1		Rx Specialty Max Tier 1		Rx Specialty Coin Tier 2		Rx Specialty
						2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1	Off Exchange	Existing	45127PA0010055	Platinum PPO 0/0/15	Rx 0	0	0	0	0	0	0	N	N	4	4	15	15	45	45	70	70	20%	20%	250	250	20%	20%	350

**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Benefit Change Summary**

Line	On/Off Exchange	New/Existing	HIOS	Med Description	Rx Description	/ Max Tier 2 2020	Rx Gen Pref Coins		Rx Gen Non-Pref Coins		Rx Brand Pref Coin		Rx Brand Non-Pref Coins		Rx Gen Pref Mail Copay		Rx Gen Non-Pref Mail Copay		Rx Brand Pref Mail Copay	
							2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
1	Off Exchange	Existing	45127PA0010055	Platinum PPO 0/0/15	Rx 0	350	0%	0%	0%	0%	0%	0%	0%	0%	8	8	30	30	90	90

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

**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Benefit Mix Changes**

Benefit Mix Calculation			
	Med Manual Cost	Rx Manual Cost	Manual Cost PMPM
Average in Experience Period	290.20	50.31	340.51
Average in Rating Period	195.80	39.10	234.90
Benefit Mix Adjustment	0.67	0.78	0.69

BEP Manual Cost Calculation				290.20	50.31	340.51	750.224
	Med Plan	Rx Plan	Med Man Cost PMPM	Rx Man Cost	Manual Cost	BEP MM	
HIOS 14 Digit							
45127PA0010054	PPOCI362	RXRCI421	359.935	43.48	403.415	16,284	
45127PA0010055	PPOCI362	RXRCI422	360.02	52.43	412.45	38,206	
45127PA0010057	PPOCI363	RXRCI423	351.585	43.48	395.065	12,326	
45127PA0010058	PPOCI363	RXRCI424	351.62	52.43	404.05	30,916	
45127PA0010069	PPRCJ226	RXRCI425	266.75	43.48	310.23	1,354	
45127PA0010069	PPRCJ228	RXRCI460	266.31	43.48	309.79	217	
45127PA0010070	PPRCJ226	RXRCI426	267	52.43	319.43	3,243	
45127PA0010070	PPRCJ228	RXRCI461	0	0	0	0	
45127PA0010072	PPRCJ227	RXRCI427	259.8	43.48	303.28	638	
45127PA0010073	PPRCJ227	RXRCI428	260.02	52.43	312.45	2,934	
45127PA0010084	PPOCI364	RXRCI429	313.385	43.48	356.865	21,575	
45127PA0010085	PPOCI364	RXRCI430	313.48	52.43	365.91	78,785	
45127PA0010089	PPOCI365	RXRCI431	290.89	43.48	334.37	25,633	
45127PA0010089	PPOCI374	RXRCI458	293.21	43.48	336.69	14,978	
45127PA0010090	PPOCI365	RXRCI432	290.97	52.43	343.4	91,580	
45127PA0010090	PPOCI374	RXRCI459	293.33	52.43	345.76	53,562	
45127PA0010100	PPOCI366	RXRCI433	334.82	43.48	378.3	827	
45127PA0010100	PPOCI372	RXRCI452	339.37	43.48	382.85	989	
45127PA0010101	PPOCI366	RXRCI434	334.94	52.43	387.37	1,136	
45127PA0010101	PPOCI372	RXRCI453	339.47	52.43	391.9	1,795	
45127PA0010116	PPOCI367	RXRCI435	325.53	43.48	369.01	6,092	
45127PA0010116	PPOCI373	RXRCI454	328.08	43.48	371.56	5,045	
45127PA0010117	PPOCI367	RXRCI436	325.64	52.43	378.07	16,228	
45127PA0010117	PPOCI373	RXRCI455	328.17	52.43	380.6	19,314	
45127PA0010124	PQOCI612	RXQCI612	254.04	55.765	309.805	17,261	
45127PA0010124	PQOCI612	RXQCI612	254.04	55.765	309.805	34,551	
45127PA0010131	PPOCI368	RXRCI437	259.8	43.48	303.28	12,336	
45127PA0010131	PPOCI376	RXRCI466	263.98	43.48	307.46	10,470	
45127PA0010132	PPOCI368	RXRCI438	260.02	52.43	312.45	36,337	
45127PA0010132	PPOCI376	RXRCI467	264.22	52.43	316.65	22,733	
45127PA0010135	PQOCI614	RXQCI614	181.87	39.92	221.79	9,706	
45127PA0010135	PQOCI614	RXQCI614	181.87	39.92	221.79	17,217	
45127PA0010143	PPOCI369	RXRCI439	268.72	43.48	312.2	26,157	
45127PA0010144	PPOCI369	RXRCI440	268.95	52.43	321.38	75,860	
45127PA0010161	PQOCI616	RXQCI616	282.745	62.07	344.815	2,862	
45127PA0010161	PQOCI616	RXQCI616	282.745	62.07	344.815	7,538	
45127PA0010170	PQOCI619	RXQCI619	0	0	0	0	
45127PA0010170	PQOCI619	RXQCI619	0	0	0	0	
45127PA0010170	PQOCI620	RXQCI620	222.4	48.82	271.22	4,609	
45127PA0010170	PQOCI621	RXQCI621	0	0	0	0	
45127PA0010184	PPOCI370	RXRCI441	249.88	43.48	293.36	4,792	
45127PA0010184	PPOCI377	RXRCI468	254.38	43.48	297.86	2,096	
45127PA0010185	PPOCI370	RXRCI442	250.22	52.43	302.65	4,867	
45127PA0010185	PPOCI377	RXRCI469	254.72	52.43	307.15	5,616	
45127PA0010186	PPOCI371	RXRCI443	247.965	43.48	291.445	3,812	
45127PA0010187	PPOCI371	RXRCI444	248.305	52.43	300.735	2,493	
45127PA0130001	EPOCI378	RXRCI456	0	0	0	0	
45127PA0130002	EPOCI378	RXRCI457	0	0	0	0	
45127PA0130003	EPOCI379	RXRCI464	0	0	0	0	
45127PA0130004	EPOCI379	RXRCI465	0	0	0	0	
53789PA0090004	HMOCJ440	RXRCI445	204.985	44.995	249.98	1,734	
53789PA0090007	HMOCJ441	RXRCI446	287.3	43.48	330.78	596	
53789PA0090008	HMOCJ441	RXRCI447	287.4	52.43	339.83	684	
53789PA0090011	HMOCJ442	RXRCI448	257.91	43.48	301.39	466	
53789PA0090012	HMOCJ442	RXRCI449	258.17	52.43	310.6	506	
82795PA0110006	PGOCJ507	RXRCI450	320.57	50.9	371.47	312	
82795PA0110007	PGOCJ508	RXRCI451	267.35	50.9	318.25	956	

Projected 2020 Manual C				195.80	39.10	234.90	1,140
	Med Man Cost PMPM	Rx Man Cost	Manual Cost	Total	Proj Member	Dist	
Mapped 2020 Plan	195.8	39.1	234.9	234.9	1,140	1,140	
53789PA0090004	195.8	39.1	234.9	234.9	1,140	1,140	

**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Trend**

Trend by Service Category

Category	<u>Year 1</u>		<u>Year 2</u>		Induced Demand	Total Year 1	Total Year 2	Weights	Total Weights
	Cost	Util	Cost	Util					
Inpatient Hospital	6.40%	1.50%	7.00%	1.50%	0.0%	8.0%	8.6%	19%	20%
Outpatient Hospital	6.00%	1.00%	6.70%	1.00%	0.0%	7.1%	7.8%	40%	36%
Professional	4.70%	1.00%	4.40%	1.00%	0.0%	5.7%	5.4%	34%	23%
Other Medical	6.00%	1.00%	6.70%	1.00%	0.0%	7.1%	7.8%	6%	3%
Capitation	0.00%	0.00%	0.00%	0.00%	0.0%	0.0%	0.0%	0%	0%
Prescription Drug	9.90%	0.40%	9.70%	1.30%	0.0%	10.3%	11.1%	100%	18%
Dental & Vision	1.00%	2.00%	1.00%	2.00%	0.0%	3.0%	3.0%	100%	100%

<u>Aggregate Pricing Trend Year 1</u>	
Total	7.5%
Medical	6.8%
Drug	10.3%
Agg Med + Rx Trend	7.2%
Dental and Vision	3.0%

<u>Aggregate Pricing Trend Year 2</u>	
Total	8.0%
Medical	7.1%
Drug	11.1%
Agg Med + Rx Trend	7.6%
Dental and Vision	3.0%

<u>URRT Categories</u>	<u>Year 1 Raw Trends</u>			<u>Year 2 Raw Trends</u>		
	Cost	Utilization	Composite	Cost	Utilization	Composite
Inpatient Hospital	5.2%	1.5%	6.8%	5.8%	1.5%	7.4%
Outpatient Hospital	4.8%	1.0%	5.9%	5.5%	1.0%	6.5%
Professional	3.5%	1.0%	4.5%	3.2%	1.0%	4.3%
Other Medical	4.8%	1.0%	5.9%	5.5%	1.0%	6.5%
Capitation			0.0%			0.0%
Prescription Drugs	7.6%	0.4%	8.1%	7.4%	1.3%	8.7%
Dental & Vision	1.0%	2.0%	3.0%	1.0%	2.0%	3.0%

<u>Adjustments to Pricing Trend</u>			
<u>Medical</u>		<u>Drug</u>	
Intensity	0.5%	Contracting	-0.2%
Leveraging	0.7%	Leveraging	1.0%
Demographics	0.0%	Demographics	0.0%
Buy-Downs	0.0%	Buy-Downs	0.0%
Other	0.0%	Pipeline	1.5%
Total	1.2%	Total	2.3%

**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Credibility Manual Development for URRT**

**Experience Period Member Months** 782,036

**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		Incurred	Allowed	Utilization Count	PMPM
Inpatient Hospital	\$ 110.01	1.064	1.015	1.070	1.015	129.03	\$ 83,972,859	\$ 86,034,069	\$ -	\$ 110.01
Outpatient Hospital	\$ 198.70	1.060	1.010	1.067	1.010	229.25	\$ 128,887,944	\$ 155,389,154	\$ -	\$ 198.70
Professional	\$ 126.34	1.047	1.010	1.044	1.010	140.87	\$ 74,520,168	\$ 98,798,745	\$ -	\$ 126.34
Other Medical	\$ 16.03	1.060	1.010	1.067	1.010	18.49	\$ 9,644,925	\$ 12,538,876	\$ -	\$ 16.03
Capitation	\$ 0.08	1.000	1.000	1.000	1.000	0.08	\$ 60,947	\$ 60,947	\$ -	\$ 0.08
Prescription Drug	\$ 96.60	1.099	1.004	1.097	1.013	118.45	\$ 62,759,365	\$ 75,547,964	\$ -	\$ 96.60
<b>Total</b>	<b>\$ 547.76</b>					<b>636.18</b>			<b>\$ -</b>	<b>\$ 547.76</b>

\* All data experience is from CAAC, and other CBC subsidiaries - Capital Advantage Insurance Company (CAIC), and Keystone Health Plan Central (KHPC)

Morbidity	0.471
Other	
Change in Demographics	1.000
Change in Network	1.000
Change in Benefits	1.000
Change in Other	1.000

**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Paid to Allowed Ratio Development**

**Medical Rate Development**

Base Experience Period:	1/1/2018-12/31/2018
Data as of:	3/31/2019
Rating Period:	1/1/2020 - 12/31/2020
Trend Months:	24
Trend:	6.8%

**Drug Rate Development**

Base Experience Period:	1/1/2018-12/31/2018
Data as of:	3/31/2019
Rating Period:	1/1/2020 - 12/31/2020
Trend Months:	24
Trend:	10.3%

**Pediatric Dental Rate Development**

Base Experience Period:	1/1/2018-12/31/2018
Data as of:	3/31/2019
Rating Period:	1/1/2020 - 12/31/2020
Trend Months:	24
Trend:	3.0%

**Pediatric Vision Rate Development**

Base Experience Period:	1/1/2018-12/31/2018
Data as of:	3/31/2019
Rating Period:	1/1/2020 - 12/31/2020
Trend Months:	24
Trend:	3.0%

1	Medical Paid and Incurred Claims + ACA Payments	291,961,365
2	Completion Factor	0.99
3	BEP Completed Claims (1) / (2)	295,595,516
4	BEP Member Months	782,036
5	BEP Completed Claim PMPM (3) / (4)	377.98
6	Trend Factor	1.14
7	Trended Claim PMPM (5) x (6)	431.10
8	Benefit/Network Change Factor	0.67
9	Morbidity	0.471
10	Capitation	60,947
11	Capitation PMPM	0.08
12	Other Adjustment	1.000
13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	137.02

1	BEP Paid and Incurred Claims	79,367,107
2	Completion Factor	1.000
3	BEP Completed Claims (1) / (2)	79,367,107
4	BEP Member Months	782,036
5	BEP Completed Claim PMPM (3) / (4)	101.49
6	Trend Factor	1.22
7	Trended Claim PMPM (5) x (6)	123.56
8	Benefit Change Factor	0.78
9	Morbidity	0.47
10	Rx Rebates	16,607,743
11	Rx Rebates PMPM	21.24
12	Other Adjustment	1.000
13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	23.97

1	BEP Paid and Incurred Claims	1,285,581
2	Completion Factor	0.982
3	BEP Completed Claims (1) / (2)	1,309,126
4	BEP Member Months	782,036
5	BEP Completed Claim PMPM (3) / (4)	1.67
6	Trend Factor	1.06
7	Trended Claim PMPM (5) x (6)	1.78
8	Benefit Change Factor	1.00
9	Morbidity	0.47
10		
11		
12	Other Adjustment	1.000
13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	0.84

1	BEP Paid and Incurred Claims	120,321
2	Completion Factor	0.992
3	BEP Completed Claims (1) / (2)	121,254
4	BEP Member Months	782,036
5	BEP Completed Claim PMPM (3) / (4)	0.16
6	Trend Factor	1.06
7	Trended Claim PMPM (5) x (6)	0.16
8	Benefit Change Factor	1.00
9	Morbidity	0.47
10		
11		
12	Other Adjustment	1.000
13	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (11)] x (12)	0.08

	Expected Claim PMPM in Rating Period
Medical	137.02
Drug	23.97
Pediatric Dental	0.84
Pediatric Vision	0.08
Expected Distribution of Embedded Dental Benefit	100%
Total Expected Incurred in Rating Period	161.90
Total Expected Incurred in Rating Period Net RA	384.08

Projected Allowed	299.64
Paid to Allowed Ratio	0.540

**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Retention**

	<u>Medical + Rx</u>	<u>Dental</u>	<u>Vision</u>	<u>Total</u>	<u>% of Premium</u>
Reinsurance Contribution	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Risk Adjustment Fee	\$0.18	\$0.00	\$0.00	\$0.18	0.0%
Admin PMPM	\$40.01	\$0.60	\$0.09	\$40.70	8.5%
Broker PMPM	\$19.95	\$0.00	\$0.00	\$19.95	4.2%
Value Based Benefits	\$5.20	\$0.00	\$0.00	\$5.20	1.1%
BCBSA Identity Theft Protection	\$0.02	\$0.00	\$0.00	\$0.02	0.0%
Quality Improvement	0.4%	0.4%	0.4%	0.4%	0.4%
Contingency	2.0%	2.0%	2.0%	2.0%	2.0%
HRA Admin Fee PMPM *	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Patient-Centered Outcomes Research Trust Fund:	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Insurer Tax	3.0%	3.0%	3.0%	3.0%	3.0%
Exchange Fee	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Federal Income Tax	0.4%	0.4%	0.4%	0.4%	0.4%
Premium Tax	0.0%	0.0%	0.0%	0.0%	0.0%

\* HRA Admin fee in charged to HRA plans only

Insurer Tax and Admin Fee Calc

Applied HIF to All Quarters 3.03%

Quarter	% of Enrollees	HIF	2020 assessment	2021 assessment	
1	33%	2.89%	0	2.89%	3.24%
2	15%	2.98%	3	2.89%	3.24%
3	14%	3.07%	6	2.89%	3.24%
4	38%	3.15%	9	2.89%	3.24%

	<u>Admin</u>	<u>Profit</u>	<u>Taxes</u>
	14.2%	2.0%	3.5%
Claims	8.5%		
Broker	4.2%		
Quality Improvement	1.5%		



Expected Incurred	384.08
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HIOS	53789PA090004
Med Plan	Bronze HMO
Rx Plan	7000/0/50
Deductible	Combined
Expected Claim Cost	7000
Expected Premium PMPM *	161.90
	\$478.10
Allowed Adjustments to Premium for MLR	
Reinsurance Contribution	0.00
Patient-Centered Outcomes Research Trust Fund:	0.00
Risk Adjustment Fee	0.18
Premium Tax	0.00
Insurer Tax	14.49
Exchange Fee	0.00
Quality Improvement	1.91
Federal Income Tax**	2.01
MLR Adjusted Premium	\$459.51
Expected Member Distribution	100.0%

Unadjusted Premium	\$478.10
Expected MLR Adjusted Premium	\$459.51

<b>MLR</b>	<b>83.6%</b>
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\* From Exhibit L

\*\*21% of profit or contingency (assumed to be 2%)

**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Projected Index Rate**

Projected Index Rate	\$299.64
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<u>Effective Date</u>	<u>Total Index Rate</u>	<u>Trend</u>	<u>Distribution of Members</u>	<u>Projected Allowed</u>	<u>Market Adjusted Index Rate</u>
January - March (Index 1)	\$299.64		33%	\$299.52	
April - June (Index 2)	\$304.92	7.2%	15%	\$305.17	
July - September (Index 3)	\$310.30	7.2%	14%	\$310.93	
October - December (Index 4)	\$315.77	7.2%	38%	\$316.80	

Average for Projection Period	\$308.09			\$308.57	\$719.77
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\* From URRT and Exhibit B

## Small Group Rates

Effective 1/1/2020

## Market Adjusted Index Rate

**Development of Market Adjusted Index Rate**

Q1 Index Rate	299.64
Paid to Allowed	0.54
Q1 Projected Claims	161.90
Net Projected ACA Reinsurace Recoveries	0.00
Net Projected Risk Adjustments PMPM	-222.18
Exchange User Fee Adjustment	0.00
Q1 Market-Adjusted Projected Paid EHB Claims PMPM	384.08
Q1 Market Adjusted Index Rate	710.85

**Development of Exchange User Fee**

Average SHOP Premium	\$0.00
Average Exchange Fee	\$0.00
Percentage of Membership on SHOP	0%
Exchange Fee to Add to Market Index Rate	\$0.00

**Development of Risk Adjustment Projection**

Projected 2020 Risk Adjustment Payment	-\$222.18
Projected 2018 Risk Adjustment Payment Payable	-\$541,934
2018 MemberMonths	3,985
Projected 2018 Risk Adjustment Payment PMPM	-\$135.99

**Adjust Base Experience Period to Base Plan**

	<u>Medical</u>	<u>Rx</u>	<u>Ped Dental</u>	<u>Ped Vision</u>	<u>Total</u>
Expected Claim PMPM in Rating Period	137.02	23.97	0.84	0.08	161.90
Adjustment to Base Plan	1.000	1.000	1.00	1.00	1.000
Adjustment for Network	1.000	1.000	1.000	1.000	1.000
Adjustment for Induced Demand	1.000	1.000	1.000	1.000	1.000
Expected Claim Base Plan	137.01	23.97	0.84	0.08	161.90

Level of Coverage HIOS	Bronze 53789PA0090004
Med Plan Name:	Bronze HMO 7000/0/50
Rx:	Combined
Plan Type: HRA	HMO N
Q1 Market Adjusted Index Rate	710.85
AV and Cost Sharing Adjustment	0.540
Network	1.000
Induced Demand	1.000
<b>Plan Pricing Relativities:</b>	
Manual PMPM	234.90
Pricing Relativity	1.000
Projected Claims	161.90
Total Projected Claims PMPM + Market Level Adjustments:	384.08
<b>Retention</b>	
Admin PMPM	\$40.70
Broker PMPM	\$19.95
Risk Adjustment User Fee	\$0.18
HRA Admin Fee	\$0.00
Value-Based Benefits	\$5.20
BCBSA Identity Theft	\$0.02
Premium Tax	0.0%
Federal Income Tax	0.4%
Insurer Tax	3.0%
Contingency	2.0%
Quality Improvement	0.4%
Premium Neutrality	1.60
Total Premium Single Rate:	\$299.60
Plan Adjusted Index Rates	\$478.10
Expected Member Distribution	100.0%
<b>Relativity Checks</b>	
Claims	1.00
Premium	1.00
	\$65.87
Admin	14%
Taxes	3.5%

**Rate Development by Benefit Option**

Level of Coverage  
HIOS

Med Plan Name:

Rx:

Plan Type:  
HRA

Q1 Market Adjusted Index Rate

AV and Cost Sharing Adjustment  
Network  
Induced Demand

**Plan Pricing Relativities:**

Manual PMPM  
Pricing Relativity  
Projected Claims

Total Projected Claims PMPM + Market Level Adjustments:

**Retention**

Admin PMPM  
Broker PMPM  
Risk Adjustment User Fee  
HRA Admin Fee  
Value-Based Benefits  
BCBSA Identity Theft  
Premium Tax  
Federal Income Tax  
Insurer Tax  
Contingency  
Quality Improvement

Premium Neutrality  
Total Premium Single Rate:  
Plan Adjusted Index Rates  
Expected Member Distribution

**Relativity Checks**

Claims  
Premium

Admin  
Taxes

**Rate Development by Benefit Option**

Level of Coverage  
HIOS

Med Plan Name:

Rx:

Plan Type:  
HRA

Q1 Market Adjusted Index Rate

AV and Cost Sharing Adjustment  
Network  
Induced Demand

**Plan Pricing Relativities:**

Manual PMPM  
Pricing Relativity  
Projected Claims

Total Projected Claims PMPM + Market Level Adjustments:

**Retention**

Admin PMPM  
Broker PMPM  
Risk Adjustment User Fee  
HRA Admin Fee  
Value-Based Benefits  
BCBSA Identity Theft  
Premium Tax  
Federal Income Tax  
Insurer Tax  
Contingency  
Quality Improvement

Premium Neutrality  
Total Premium Single Rate:  
Plan Adjusted Index Rates  
Expected Member Distribution

**Relativity Checks**

Claims  
Premium

Admin  
Taxes

Benefit Plans

#	Combo Description	Projected Membership	Proj MM	New or Existing	Product ID	Plan ID	On/Off Exchange	Metal Level	Metal Value	Pricing Value	Network	Induced Demand	Product	Med Plan Description	Deductible	Drug Plan	Pediatric Dental	Pediatric Vision	Average Plan Adj Index Rate	Q1 Plan Adj Index Rate	Q2 Plan Adj Index Rate	Q3 Plan Adj Index Rate	Q4 Plan Adj Index Rate	Annual Trend	Medical & Rx
		100%	1,140	-																					



**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Calibration**

Expected Average Age Factor:	1.549
List-Billed Adjustment for Max 3 Children	1.007
Adjusted Average Age Factor	1.539
Expected Average Region Factor:	1.04
Expected Average Tobacco Factor	1.00
Cumulative Rating Factors (Premium Neutrality):	1.596

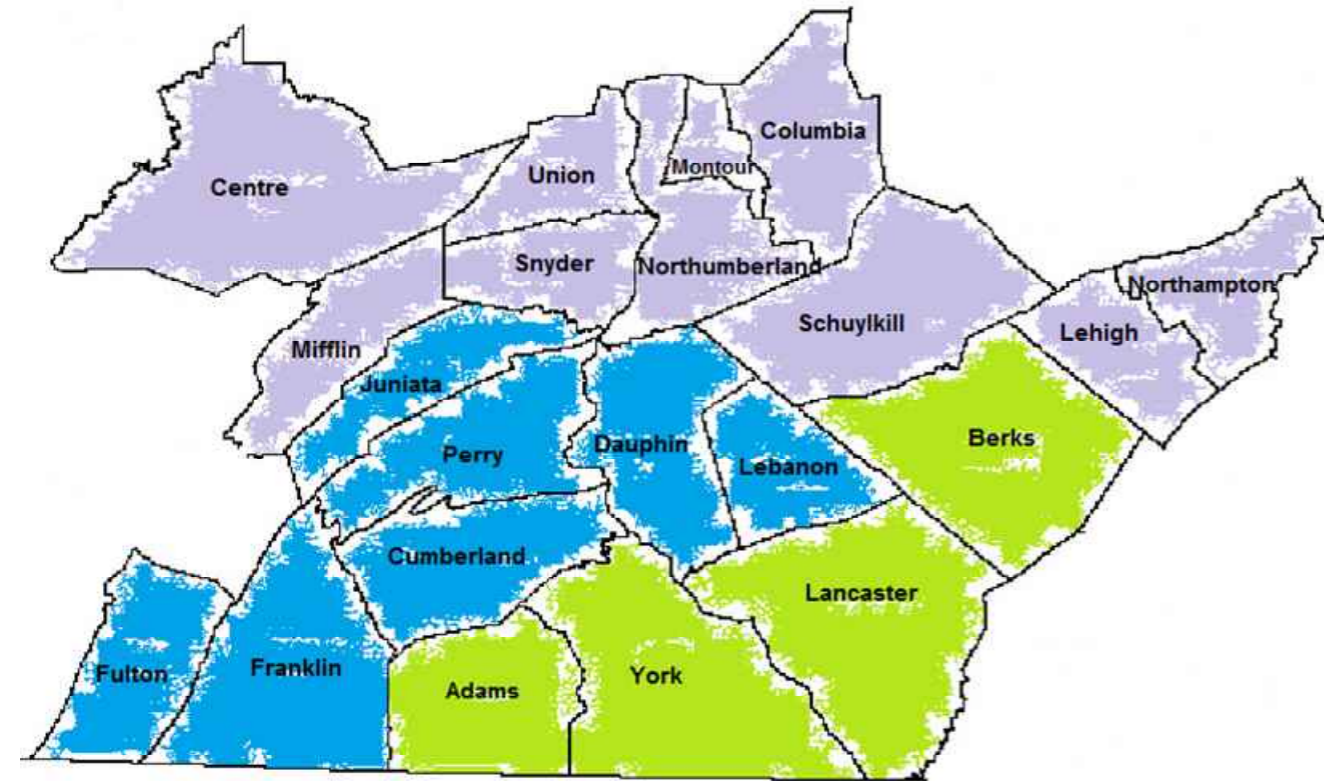
<b>Age Factors</b>			<b>Region Factors</b>		
<u>Age</u>	<u>Distribution of Population</u>	<u>Age Factor</u>	<u>Region</u>	<u>Distribution of Population</u>	<u>Factor</u>
0-14	13.3%	0.7650	6	39.3%	1.00
15	1.1%	0.8330	7	41.6%	1.08
16	1.0%	0.8590	9	19.1%	1.02
17	1.0%	0.8850			
18	1.1%	0.9130			
19	1.2%	0.9410			
20	1.2%	0.9700			
21	1.3%	1.0000			
22	1.4%	1.0000			
23	1.5%	1.0000			
24	1.5%	1.0000			
25	1.6%	1.0040			
26	1.5%	1.0240			
27	1.6%	1.0480			
28	1.7%	1.0870			
29	1.7%	1.1190			
30	1.7%	1.1350			
31	1.7%	1.1590			
32	1.6%	1.1830			
33	1.6%	1.1980			
34	1.5%	1.2140			
35	1.6%	1.2220			
36	1.6%	1.2300			
37	1.8%	1.2380			
38	1.6%	1.2460			
39	1.7%	1.2620			
40	1.6%	1.2780			
41	1.5%	1.3020			
42	1.7%	1.3250			
43	1.6%	1.3570			
44	1.5%	1.3970			
45	1.7%	1.4440			
46	1.7%	1.5000			
47	1.8%	1.5630			
48	2.0%	1.6350			
49	2.0%	1.7060			
50	1.9%	1.7860			
51	2.1%	1.8650			
52	2.1%	1.9520			
53	2.0%	2.0400			
54	2.2%	2.1350			
55	2.2%	2.2300			
56	2.1%	2.3330			
57	2.2%	2.4370			
58	2.2%	2.5480			
59	2.2%	2.6030			
60	2.2%	2.7140			
61	2.1%	2.8100			
62	1.9%	2.8730			
63	1.7%	2.9520			
64+	3.2%	3.0000			

Keystone Health Plan Central  
 Small Group Rates  
 Effective 1/1/2020  
 Rating Factors

Age Factors

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

Region



Region	Factor
6	1.00
7	1.08
9	1.02

Network	Factor
Valley Advantage EPO	0.000
PPO	1.00



**Keystone Health Plan Central  
Small Group Rates  
Effective 1/1/2020  
Regional Analysis**

Annual Increase	1.2%
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**Results**

<u>By Region</u>	<u>Current Month Members</u>	<u>Enrollment Dist</u>	<u>Projected LR w No Region Factor Change</u>	<u>Target LR</u>	<u>Adjusted for Regional Costs</u>	<u>Current Factors</u>	<u>Adj Factors</u>	<u>Final Rel to Region 6*</u>
6	17,471	39%	82.1%	82.9%	<b>0.2%</b>	1	0.99	<b>1.0000</b>
7	18,474	42%	93.9%	90.3%	<b>5.3%</b>	1.03	1.07	<b>1.0800</b>
9	8,509	19%	86.8%	92.9%	<b>-5.5%</b>	1.08	1.01	<b>1.0200</b>
Total	44,453	100%	87.9%	87.9%	1.2%	1.03	1.03	1.04

**Data - Claims and Enrollment for 12 Months Ending December 2018**

Region	Group County Name	2018 % Enrollment	MemberMonths	Current Month Members	Premium	Incurred Claims	Rx Rebates	RA Estimate	Loss Ratio
Total		1	782,036	44,453	440,864,802	376,453,950	(16,607,743)	(13,016,314)	80.8%
6	Lehigh	13.2%	103,396	6,963	\$58,663,039	\$47,231,684	-\$3,024,446	\$1,369,592	73.6%
6	Northampton	10.4%	81,683	5,535	\$46,537,156	\$41,087,938	-\$2,151,113	\$1,129,262	81.7%
6	Schuylkill	3.5%	27,747	1,948	\$16,345,146	\$13,483,399	-\$894,641	\$1,208,396	71.7%
6	Centre	1.9%	14,858	1,091	\$8,214,910	\$7,690,650	-\$521,459	\$550,484	81.8%
6	Northumberland	1.0%	8,172	574	\$4,942,360	\$4,703,848	-\$226,216	\$272,979	85.9%
6	Columbia	0.7%	5,162	462	\$2,964,986	\$3,553,562	-\$213,821	\$481,670	96.9%
6	Union	0.6%	5,033	364	\$2,695,583	\$2,261,128	-\$183,984	-\$694,068	103.8%
6	Mifflin	0.4%	3,507	254	\$2,147,325	\$1,841,568	-\$96,498	-\$469,624	104.0%
6	Snyder	0.4%	3,497	223	\$2,030,204	\$1,607,943	-\$106,618	-\$471,696	96.3%
6	Montour	0.1%	634	57	\$362,254	\$301,663	-\$27,919	-\$41,458	85.3%
7	Lancaster	17.1%	133,668	7,477	\$71,542,636	\$60,750,228	-\$2,680,955	-\$5,139,106	87.4%
7	Berks	12.0%	93,686	5,376	\$53,231,843	\$46,727,377	-\$2,119,942	-\$3,803,768	90.2%
7	York	10.4%	81,208	4,480	\$45,956,619	\$42,788,112	-\$1,809,065	-\$2,287,430	93.8%
7	Adams	2.4%	19,010	1,140	\$11,370,281	\$10,646,064	-\$405,058	\$622,412	85.4%
9	Dauphin	9.3%	72,770	3,222	\$42,384,740	\$35,271,664	-\$828,132	-\$1,062,787	83.4%
9	Cumberland	8.1%	63,618	2,196	\$34,895,721	\$28,464,118	-\$196,709	-\$2,723,526	87.9%
9	Lebanon	3.8%	29,538	1,398	\$15,999,044	\$9,754,824	-\$560,096	-\$1,771,315	64.6%
9	Franklin	3.4%	26,370	1,225	\$15,253,193	\$13,389,737	-\$375,110	-\$556,867	88.6%
9	Perry	0.4%	3,511	194	\$2,176,329	\$1,730,358	-\$69,802	\$409,298	64.2%
9	Fulton	0.4%	2,928	155	\$1,901,692	\$1,720,993	-\$58,971	-\$159,741	95.4%
9	Juniata	0.3%	2,040	119	\$1,249,742	\$1,447,091	-\$57,188	\$120,979	101.4%
6		32.4%	253,689	17,471	\$144,902,962	\$123,763,383	-\$7,446,715	\$3,335,537	78.5%
7		41.9%	327,572	18,474	\$182,101,379	\$160,911,781	-\$7,015,020	-\$10,607,892	89.7%
9		25.7%	200,775	8,509	\$113,860,461	\$91,778,786	-\$2,146,008	-\$5,743,959	82.9%



June 25, 2019

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

Re: **Keystone Health Plan Central**  
**Small Group Rates**  
**Filing No 19-47**  
**TOI Code: H15G Group Health – Hospital/Surgical/Medical Expense**  
**Sub-TOI Code: H15G.003 Small Group Only**  
**Filing Type: Rate**

Dear [REDACTED]:

KHPC received an objection letter from the Department dated June 18, 2019. KHPC is providing the following in response to the objection letter:

- Q&A written response
- Q&A exhibits
- Health Insurer Fee calculation workbook and memo
- Historical financial statements
- Risk adjustment calculation workbook
- Revised List-Billed adjustment workbook
- Revised Rate Development workbook
- Revised PAAM Exhibits to reflect the change in RA User Fee application and other requested changes
- Revised URRT
- Revised Rates (PA and Federal Templates)
- Revised Memos – Actuarial, Cover Letter, and Rate Change Summary

All changes are due to PID requests/questions and have been disclosed in the Q&A written response. The change to RA User fee application does slightly impact rates (\$0.01 - \$0.02).

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

Harrisburg, PA 17177 | [capbluecross.com](http://capbluecross.com)

Sincerely,

[REDACTED]

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

Enclosures

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

# KEYSTONE HEALTH PLAN CENTRAL, INC.

## Question and Answer Small Group Rates Effective January 1, 2020

With this response, please find corresponding Q&A Exhibits in SG\_19-47\_Initial\_KHP\_HMO\_Q&AExhibits1\_Supporting\_20190625.xlsx

**Question 1.** The Actuarial certification in the Part III Actuarial Memorandum appears to be based on last year's URRT and instructions. For example, it refers to "the percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV," which is not part of the current URRT. Please revise the certification consistent with this year's URR instructions.

**Answer 1.** The actuarial certification has been revised to meet current standards.

**Question 2.** What is the quarterly rate impact? I.e. the rate increase from 4Q2019 to 1Q2020.

**Answer 2.** The quarterly rate impact is 4.6%.

**Question 3.** Please explain the completion factors for 2015 and 2016 that are less than 1 in Table 4 of the PAAM.

**Answer 3.** As of March 2019, high claim reserves were still established for those months. Ordinary calculation of IBNR may be inadequate to reserve for known high-dollar cases. For actuarial consideration of IBNR for high-dollar cases, all cases having charges to date of \$500,000 and greater are considered. We then gather data such as billed/paid to date high claim amounts and demographic for the claims that meet the dollar amount criteria. Actuarial then calculates the current month High Dollar IBNR reserve, based upon the projected cost to date from the facility, any amounts billed to date, minus actuarially anticipated discount minus any amounts paid to date. The following are high claim reserves in those months:

Mbr	Admit Date	Cost To Date	Reserve Amount
1	21-May-15	\$1,202,811	\$ 625,000
2	01-Jan-16	\$5,221,435	\$ 2,715,000
3	12-Oct-16	\$4,543,695	\$ 2,126,000

Please note that completion factors are developed on a combined CBC subsidiary basis (CAAC, CAIC, KHPC) and are applied equally across each rate filing. Small Group filings use combined data as 100% credible, so this completion factor approach is appropriate.

**Question 4.** The URR instructions indicate the incurred claims in WS1 of the URRT are the allowed claims less cost sharing, and since the allowed claims are include capitation we interpret this to mean the incurred claims should also include capitation. Please correct.

**Answer 4.** URR WS1 does include capitation, but it seems that PAAM Table 2 Ultimate Incurred Claims should be net of capitation since capitation is explicitly shown in cell J36, and added to ultimate incurred claims in the loss ratio formula. Table 2 has been updated so capitation is not double counted. And URR WS1 incurred claims = Table 2 Ultimate Incurred + Capitation + Rx Rebates (expressed as negative).

This change was made to all Small Group filings and impacts 1.b Manual Data tabs, but does not impact the final answer as capitation was properly captured in the calculations (see Exhibit G, Paid-to-Allowed Ratio Development).

**Question 5.** Please provide the measurement used for each category included in “Other Medical” and the number of units and cost for each.

**Answer 5.** Please see Q&A Exhibit 1 for the data requested.

**Question 6.** Please provide quantitative support for the 7% morbidity adjustment due to movement of small group to ASO.

**Answer 6.** Over the 2018 experience period, an average of 65,000 members resided in CBCs Small Group PPACA risk pool. As of 201902, 44,453 members are in the SG PPACA risk pool. Q&A Exhibit 2 shows the experience period claims of all SG PPACA groups versus active SG PPACA groups as of 201902. Active groups have a higher claims PMPM and loss ratio, showing a deterioration in the pool. While the true deterioration from 2018 to early 2019 is 4.2% (deterioration in loss ratio), CBC expects this trend to continue into 2020 as groups continue migration into a Small Business ASO products. Therefore, an estimate of 7% deterioration was applied in pricing (impact of 2 years of migration). CBC expects this trend to happen statewide so CBC’s relative risk to the state will be unchanged by this migration, and therefore no risk adjustment impact is applied.

**Question 7.** Please explain how adjustments were made for large claims in the manual data that may not be repeated or that may be increase in 2020.

**Answer 7.** No explicit adjustment is made for large claims. In a large population, these claims are assumed to reflect future claim costs.

**Question 8.** Please confirm that there was no private reinsurance for this business or explain how and where it was reflected.

**Answer 8.** I confirm that there is no private reinsurance for this business.



**Question 9.** Please explain and provide a quantification of the adjustments made to the incurred claims for dates of service between January 1, 2018 and December 31, 2018 used as the basis of the manual rate to make it consistent with the population being rated.

**Answer 9.** For the purpose of rate development, KHPC small group products are combined with other product offerings (PPO) from CBC subsidiaries. Combining the experience is actuarially justifiable for several reasons:

1. The demographics of members buying PPO and HMO products are similar.
2. Cost and utilization between PPO and HMO are similar.
3. Medical policy between PPO and HMO are almost identical, with the exception of referrals and no out-of-network benefit on HMO.

The credibility manual PMPMs are the combination of KHPC, Capital Advantage Insurance Company (CAIC), and Capital Advantage Assurance Company (CAAC) data. The credibility manual BEP includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2018 and December 31, 2018. All data is trended and benefit-adjusted in the same manner as the experience data (same projection factors and trend).

**Question 10.** Considering KHPC includes capitated PCP and mental health services while the other CBC companies that make up the manual rate do not, please explain how capitation was accounted for.

**Answer 10.** Capitation was used in the manual base data. It has a minimal impact to the base data at \$0.08 PMPM. Capitation is used as part of the manual to reflect CBC's average claim cost across all subsidiaries.

**Question 11.** Please provide quantitative support for the pricing AV of .508.

**Answer 11.** Actuarial Value and Cost Sharing adjustment: The Actuarial Value and Cost Sharing Adjustment is determined using CBC's actuarial cost model. CBC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a claim PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on CPDs, where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.

The model calculates both an average allowed and paid manual cost PMPM.  $\text{Paid Manual Cost PMPM} / \text{Allowed Manual Cost PMPM} = \text{Pricing AV}$ .

**Question 12.** Please explain why the projected paid to allowed of 58% in Table 5 is so much lower than the Metallic Tier weighted average AV of 63% in Table 10 of PAAM.

**Answer 12.** As further explained in answer 19 below, my approach to pricing AV and induced demand results in (pricing AV) x (induced demand) = approximate paid-to-allowed ratio. This is because pricing AV is determined from CBC's internal actuarial cost model. The model is described in the Actuarial Memo, page 8, bullet 6a. The model calculates both an average allowed and paid manual cost PMPM. Paid Manual Cost PMPM / Allowed Manual Cost PMPM = Pricing AV. Induced demand is then calculated as described in answer 19 below in order to establish a true projected cost for each plan. For this reason, the product of pricing AV and induced demand must be compared to paid-to-allowed ratio.

**Question 13.** Please explain why the PA estimated 2018 risk adjustment was not used.

**Answer 13.** For the filed 2018 estimate, PA estimated risk adjustment was released too close to the submission of the filing. Data by HIOS and inputted in other exhibits was already completed at the time. CBC does intend to update the 2018 base experience period once final RA results are released at the end of June.

For the 2020 estimate, please see "SG\_19-47\_Initial\_KHP\_HMO\_RACalc\_Supporting\_CONF\_20190625.xlsx" for the CBC's best estimate to date of Small Group 2019 risk adjustment transfer payment PMPM. While 2018 actual transfer payment is useful in calculating future years, our best estimate of 2019 given our current population is most indicative of 2020 payments. The following are key points:

- CBC collects and tracks member risk score information using the HHS risk model. This is referred to as Care Modeler data in the documentation.
- The data for this analysis is Small Group member risk for members effective 1/1/2019 – 4/30/2019.
- CBC recognizes that risk through 4 months of the year requires maturity factors to estimate a 12-month risk score. A maturity factor is applied to the 4-month risk scores, which is calculated from 2018 actual risk score factor growth.
- Market risk scores are assumed to grow 1% from 2018 to account for statewide movement to Small Business ASO plans
- Other market factors are assumed flat from 2018.
- While \$16.29 is the calculated transfer payable, \$16.64 is used as a placeholder until RA results are finalized.
- Note for pricing purposes, Small Group RA transfer is calculated as all CBC companies combined and applied equally in each small group rate filing.

**Question 14.** Please explain how you plan to determine the projected 2020 risk adjustment transfer amount once HHS releases the actual amounts for 2018.

**Answer 14.** I plan to take the same approach as above, starting with 2018 actual and making the above adjustments for current enrollment.

**Question 15.** Please provide the calculation of the -\$16.64 risk adjustment showing the federal transfer formula including the relative risk of the block compared to the market.

**Answer 15.** Please see Answer 13 above and corresponding exhibits for the calculation of the risk adjustment transfer.

**Question 16.** According to Exhibit K, you anticipate the same relative risk as the manual rate. Please explain why.

**Answer 16.** As noted in answer 13 above, for pricing purposes, Small Group RA transfer is calculated as all CBC companies combined and applied equally in each small group rate filing. This is so rates are appropriately aligned across subsidiaries by benefit, just as in our manual rating and trend calculations.

**Question 17.** Please confirm that no adjustment was made for RADV.

**Answer 17.** I confirm that no adjustment was made for RADV.

**Question 18.** In the development of the health insurer fee please provide the development of the 2.89% assessment for 2020 and the 3.24% for 2021) and include all the data and assumptions used such as market share.

- a. Provide the actual paid HIT fees on a PMPM and percent of premium for calendar years 2018 and 2016.

**Answer 18.** Please see “SG\_19-47\_Initial\_KHP\_HMO\_HIFCalc\_Supporting\_20190625.xlsx” for the requested data. Tab 1 shows actual amounts for 2018 and 2016.

Also, please see “SG\_19-47\_Initial\_KHP\_HMO\_HIFCalcMemo\_CONF\_Supporting\_20190625.pdf for a detailed explanation of the HIF calculation provided by CBC’s Accounting Department.

**Question 19.** We note on Table 10, that you have not normalized the benefit richness (column L). Please resubmit your filing with the benefit richness normalized.

**Answer 19.** The rates are normalized for benefit richness. This is done by the following steps:

1. Calculate projected claim cost + market level adjustments by plan. For example, the projected claim cost PMPM for plan 53789PA0090004 is \$394.88.
  - a. Total Projected Claim Cost is \$394.88 at an average projected medical and Rx benefit level (value for relativity purposes only) of 234.90. See Exhibit D\_BenMix.
  - b. Plan 53789PA0090004 medical and Rx benefit level is 234.90. Benefit relativity to average projection period is 1.0 (since 53789PA0090004 is the only plan offered in the rating period). See Exhibit L\_RateDev cell F10.
  - c. Plan 53789PA0090004 projected claim cost PMPM is  $\$394.88/1.0 = \$394.88$
  - d. Plan 53789PA0090004 projected claim cost PMPM + market level adjustments =  $394.88 - \text{RA PMPM} + \text{Exchange Fee PMPM} = 394.88 - (-16.64) + 0 = 411.52$

2. Calculate Induced Demand by plan
  - a. Induced Demand is the factor needed after MAIR x allowable rating factors is order to establish (1) above.
  - b. Plan 53789PA0090004 MAIR x Pricing AV x Network =  $709.40 \times .51 \times 1.0 = 360.34$
  - c. Induced Demand =  $411.52/360.34 = 1.142$
3. The final projected claim cost by plan is not inflated for induced demand, rather reflects the plan-level claim cost in relation to the total projection period claim cost.

**Question 20.** Please explain why the retention amounts included in Exhibit L do not match Table 6 of the PAAM. For example, the broker fee in Exhibit L is 19.95, while Table 6 shows 20.58.

**Answer 20.** For Small Group filings with quarterly trend, the PMPMs will not match. The PMPMs in Exhibit L are intended to reflect Q1 2020. PMPMs calculated on Table 6 of PAAM will reflect the midpoint of the rating period, with allowance for quarterly adjustments.

**Question 21.** The taxes and fees in the MLR development in Exhibit I do not match Table 6 in the PAAM. We also note the risk adjustment fee of \$0.18 PMPM is being double counted (and called the PCORI fee) in the demonstration. Please correct.

**Answer 21.** Exhibit I is corrected to remove double counting of risk adjustment fee.

**Question 22.** Please provide support for the geographic factors and prove that they do not reflect morbidity. It appears that target loss ratios were used compared to actual loss ratios that could reflect morbidity.

**Answer 22.** Exhibit Q Regional Analysis provides actual loss ratio by region adjusted for risk adjustment (RA). The RA adjustment ensures that morbidity is not reflected in the geographic factors.

**Question 23.** Please explain the changes in the regional factors in Exhibit N from the prior filing.

**Answer 23.** Regional rating factor changes are driven by cost variance in region 7 from what was projected in prior filings. As seen in Exhibit Q, region 7 costs (adjusted for risk adjustment) are higher than target and higher relative to other regions (also adjusted for risk).

**Question 24.** Please explain why the premium rates in the binder Rates Template do not match the URRT or the PAAM. For example, the URRT WS2 shows \$318.39, the PAAM Table 11 shows \$318.01 in area 6 and the Rates Template shows \$213.03 for age 21 in area 6. Please correct the ones that are incorrect.

**Answer 24.** With this submission, PAAM Table 11 matches PA Rates template age 21, area 6. URRT WS2 is very close, with only differences for rounding.

**Question 25.** The updated URR instructions require the quantitative impact of rate increase drivers. Please provide the estimated impact of the drivers discussed in the Part III memorandum.

**Answer 25.** The actuarial memo, page 2, has been updated to include estimated impacts of the primary rate increase drivers.

*The following additional questions or comments are from PID.*

**Question 26.** URRT versus PAAM Exhibit Tables – Please explain and correct the following discrepancies:

- a. The cost sharing is \$251,841 in Tables 2, \$312,788 in Table 4 of PAAM and \$290,885 in WKST 2, Section II of URRT (cell D28)
- b. Incurred claims are \$1,177,265 in Table 2 of PAAM, \$1,116,318 in WKST 1 of URRT and \$1,138,221 in WKST 2, Section II (cell D30)

**Answer 26.**

- a. WKST 2, Section II of URRT has been corrected and now matches Tables 2 and 4 of PAAM.
- b. WKST 2, Section II of URRT has been corrected and now matches Table 2 (net rebates) of PAAM and WKST 1 of URRT.

**Question 27.** Trend - Please provide the worksheet with all the data used in the development of the trends. Please include all the adjustment factors used such as average age factor, product adjustment factor, average geographic factor, average tobacco factor, average benefit factor and please provide the normalized average PMPM.

**Answer 27.** Please see Actuarial Memo page 4 for a full description of the process used to determine trend. Future cost is used to determine pricing trend, using CBC's hospital, physician and prescription drug contracting models, as well as utilization projections monitored by CBC's medical director.

While historical data is not used to determine trend, please see Q&A Exhibit 3 for CBC's official trend report as of 201905 by market segment. Small Group allowed trend is running at 9.1%, compared to filed trend of 7.8%. You can also see a year prior, before the migration of PPACA insured groups to Small Business ASO, the trend was 7.6%.

**Question 28.** Paid-to-Allowed Ratio - Please explain why you believe that the method you have used in the calculation of the Paid-to-Allowed Ratio is more reasonable than the PID recommended calculation as per the formula in cell C28 of Table 5 of PAAM. The formula is auto-calculated from entries made for Plan Pricing AVs, Non-Funding CSR adjustment and Total Covered Mapped Lives as of 2/1/2019. The issuer may over-write the formula and use projected enrollment, if appropriate.

**Answer 28.** Please see the answer to 12 above. Because of my approach to pricing AV and induced demand, the paid-to-allowed ratio is better reflected by the product of the two variables. The calculated paid-to-allowed ratio is projected incurred claims / projected allowed claims as seen on Exhibit G, Paid-to-Allowed.

**Question 29.** Age Calibration Factor – Please explain the discrepancy between the List-Billed Adjustment for Max 3 Children of 1.00835 in the PAAM support Tab “Exhibit N\_Calibration” and 1.0067 in the workbook “SG\_19-47\_Initial\_KHP\_HMO\_List-Billed\_Supporting\_20190521”.

**Answer 29.** With this submission, the List Billed data has been corrected, and the result matches the factor applied in Exhibit N. See “SG\_19-47\_Revised\_KHP\_PPO\_List-Billed\_Supporting\_20190625.xlsb”

**Question 30.** Risk Adjustment – Please provide the calculation of the Projected RA PMPM that will be used in Table 5 of PAAM, starting from the CMS RA amount and billable member-months, after you replace the current place-holder of (\$16.64). This issue is in anticipation of any further question that PID may ask after you make the change. Please note that this change will impact the rate change.

**Answer 30.** Please see Answer 13 above and corresponding exhibits for the calculation of the risk adjustment transfer. While \$16.29 is the calculated transfer payable, \$16.64 is used as a placeholder until RA results are finalized.

**Question 31.** Please provide an exhibit that shows, by HIOS Plan ID, summary benefit and cost sharing changes for 2020 relative to the 2019 design for all plans to be offered in 2020. Include Pricing AV columns for 2019 and 2020. Please show the approved 2019 Pricing AVs for all plans in the 2019 column and the proposed 2020 Pricing AVs in the 2020 column.

**Answer 31.** Please see updated Exhibit B, Benefit Change Summary, that now includes the change in Pricing AVs.

**Question 32.** Risk Adjustment Data Validation process (RADV) -

- a. Please describe any adjustments or considerations made due to the Risk Adjustment Data Validation process (RADV).
- b. As you know CMS is performing a risk adjustment validation starting with 2017 risk adjustment data. We are considering allowing an estimate of the impact of risk adjustment modifications in rate filings as an adjustment to the projected risk adjustment. Before implementation, we are soliciting feedback from our issuers on the pros and cons of the inclusion of this adjustment. If allowed, all issuers would be required to submit an estimate. The estimate may be \$0. Please provide any feedback that you would like us to consider.

**Answer 32.**

- a. No adjustment was made for RADV.
- b. In 2017, Pennsylvania had a -0.15% Individual Market error rate for Non-Exiting issuers. Small Group and Catastrophic had 0% error rates. While CBC had a 0% error rate in both market segments, the total error rate is applied to statewide average risk scores. Because of the Individual error rate and CBC’s zero error rate, we can expect receivable estimates to decrease and payable estimates to increase. Although Small Group had a total 0% error rate in 2017, as the RADV process matures, it is likely that

the Small Group market will see variances closer to Individual. Due to these findings, CBC would likely submit a non-zero estimate for the impact of RADV.

**Question 33.** Induced Utilization Exhibit – Please provide Exhibit B: Induced Utilization Exhibit as per PA Rate Filing Guidance, Page 15.

- a. Please confirm that the ratio in Column (9) represents the pure induced utilization for each plan.
- b. Please show quantitatively, including an Excel spreadsheet with formulas, the derivation of the AV and cost sharing factors for each plan. Please note that it is assumed that the AV and cost sharing factor includes the average tobacco factor.
- c. Please provide any additional justification for induced utilization assumptions in the Company's pricing.
- d. Please confirm that each plan's induced utilization factor was normalized by an aggregate factor, and that the resulting sum product (against 2/1/2019 membership or the projected membership distribution) produces
- e. Please quantitatively demonstrate the calculation of the induced calibration factor.
- f. Please quantitatively show and provide a detailed description as to how the induced demand factor shown in Table 7 relates to the induced utilization factors calculated in the "Induced Utilization Exhibit" shown in the Actuarial Memorandum.

**Answer 33.**

- a. Column (9) represents the pure induced utilization for each plan.
- b. Provided in Table B.
- c. Please see Answer 13 above.
- d. Please see Answer 13 above. Induced demand is normalized so that projected claims are not overstated.
- e. Provided in Table 8 and Answer 13 above.
- f. With this submission, Table 7 is corrected to show the average induced utilization and ties to Table B.

**Question 34.** Please provide an exhibit showing the actual experience for calendar years 2014 – 2018 and the projections for 2019 and 2020 for the following categories: Member months, total administrative expenses, total incurred claims, total premium, total actual paid taxes and fees, profit, annual underwriting gain/loss and underwriting gain/loss PMPY. Also show how the financial gains and losses reconcile with the Annual Financial Statements for those periods.

**Answer 34.** Please see "SG\_19-47\_Initial\_KHP\_HMO\_FinancialStatements\_Supporting\_20190625.xlsx" for the requested data. This is taken directly from CBC's Annual Financial Statements.

Please note that all CBC Small Group financial reporting 2014-2017 applied to groups with 100 or less employees. No separate tracking was done for groups of 50 or less employees. The change was made effective 2018 to define Small Group as groups of 50 or less. The attached reports reflect this.

**Question 35.** Please show the development of the average commission as shown in Table 6. Additionally, the current and 2020 broker agreements should be included and used to develop the percent shown in Table 6 as well as the associated PMPM cost.

**Answer 35.** Small Group broker commissions amounts are expected to be unchanged between 2019 and 2020. The broker PMPM applied in rating is equal to the actual small group broker PMPM as of March 2019, as reported in CBC’s financial line of business reports. Current broker agreements were provided with the original submission:

- SG\_19-47\_Initial\_KHP\_HMO\_PPMABrokerGroupRedacted\_Supporting\_20190521.pdf
- SG\_19-47\_Initial\_KHP\_HMO\_SPMABrokerGroupRedacted\_Supporting\_20190521.pdf

While 2020 agreements are yet to be finalized, CBC does not expect to make changes.

**Question 36.** We have repurposed row 54 to capture RA User Fees. Please provide the RA User Fee percentage and PMPM amount in cells C54 and D54, respectively.

**Answer 36.** The changes have been made to our calculations and PAAM Exhibits are updated with this submission.

**Question 37.** 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, Federal Rates Template and the binder are identical.

**Answer 37.** I confirm that I have tested to ensure rates in PAAM Exhibits Table 11, PA Plan Design Summary and Rate Tables, Federal Rates Template and the binder are identical.

**Question 38.** For the expanded Bronze plans, please demonstrate that the copay is less than or equal to 50% coinsurance for that category.

**Answer 38.** For the expanded bronze test applied to plan 53789PA0090004, I pulled all CBC (regardless of market segment and insurance arrangement) 2018 physician office visit allowed claims and visits. The results are below:

<u>Allowed</u>	<u>Visits</u>	<u>Cost per Visit</u>	<u>Trend</u>	<u>2020 Cost Per Visit</u>	<u>Max Copay</u>	<u>Copay Applied</u>
\$498,142,412	\$4,570,050	\$109.00	3%	\$115.64	\$57.82	\$50

**Question 39.** Please provide an exhibit that quantitatively shows a comparison of the actual to projected claim cost PMPMs for calendar years 2015 – 2018, as applicable.

**Answer 39.** Please see Q&A Exhibit 4 for the requested data.



**Keystone Health Plan Central  
Small Group Rates  
Q&A Exhibit 1  
Other Category per Service**

<u>URRT - Other Category</u>		<u>Services</u>	<u>Incurred</u>	<u>Allowed</u>	<u>Incurred per Service</u>	<u>Allowed per Service</u>
OP - DME	Outpatient	0	0	0	0	0
Other - DME	Professional	114	21,384	26,033	188	228
Other - Prosthetics	Professional	0	0	0	0	0
OP - Home Health/PDN	Outpatient	0	0	0	0	0
Other - PDN/Home Health	Professional	120	10,669	10,669	89	89
OP - Medical Surgical Supplies	Outpatient	30	1,813	2,894	60	96
Preventive care - Vision Exams	Professional	34	1,191	3,581	35	105
Dental	Professional	12	0	0	0	0
OP - Ambulance	Outpatient	0	0	0	0	0
Other - Ambulance	Professional	12	2,522	3,474	210	290
Other - Glasses/Contacts	Professional	0	0	0	0	0
Other Med		322	37,579	46,651	117	145
Embedded Dental		144	7,518	27,870	52	194
Embedded Vision		31	570	570	18	18

**Keystone Health Plan Central  
Small Group Rates  
Q&A Exhibit 2  
Morbidity Factor Data**

**From Ib Manual Data Table 2**

Earned Premium	Ultimate Incurred Claims	Member Months	Total Prescription Drug Rebates*	Total EHB Capitation
\$ 440,864,801.85	\$ 376,393,003.21	782,036	\$ (16,607,742.51)	\$ 60,947.26

Premium PMPM	Incurred Clm PMPM	Loss Ratio*
\$ 563.74	\$ 460.14	81.6%

\*Loss Ratio gross of risk adjustment

**For Small Groups still in PPACA Insured Market as of 201902**

Earned Premium	Ultimate Incurred Claims	Member Months	Total Prescription Drug Rebates*	Total EHB Capitation
\$ 298,843,874.09	\$ 267,970,059.55	516,557	\$ (11,651,661.25)	\$ 32,093.49

Premium PMPM	Incurred Clm PMPM	Loss Ratio*
\$ 578.53	\$ 496.27	85.8%

\*Loss Ratio gross of risk adjustment

Change in Incurred Claims	Change in LR
7.9%	4.2%

**Keystone Health Plan Central  
Small Group Rates  
Q&A Exhibit 3  
Capital BlueCross Monthly Medical Trend Report**

**Individual**

For 12 Month Periods Ended

	12 Months Ended:			% Change	
	201905	201805	201705	2019/2018	2018/2017
<b>Allowed PMPM</b>					
<b>Medical + Pharmacy</b>	\$ <u>732.49</u>	\$ <u>679.67</u>	\$ <u>563.80</u>	7.8%	20.6%

**Small Group Insured**

For 12 Month Periods Ended

	12 Months Ended:			% Change	
	201905	201805	201705	2019/2018	2018/2017
<b>Allowed PMPM</b>					
<b>Medical + Pharmacy</b>	\$ <u>587.13</u>	\$ <u>538.31</u>	\$ <u>500.07</u>	9.1%	7.6%

**Keystone Health Plan Central  
Small Group Rates  
Q&A Exhibit 4  
Claim Cost Projection History**

Year	Paid		Risk Adjustment		Exchange User Fees		Market Adjusted Paid	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
2015	\$351.25	\$327.42	-\$0.08	\$1.99	\$9.10	\$6.01	\$360.43	\$331.43
2016	\$334.77	\$255.92	-\$0.15	-\$146.85	\$4.39	\$4.56	\$339.32	\$407.34
2017	\$403.76	\$450.91	-\$5.93	-\$3.46	\$0.00	\$0.00	\$409.70	\$455.01
2018	\$315.56	\$280.13	-\$42.86	-\$135.99	\$0.00	\$0.00	\$358.42	\$416.12



July 12, 2019

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

Re: **Keystone Health Plan Central**  
**Small Group Rates**  
**Filing No 19-47**  
**TOI Code: H15G Group Health – Hospital/Surgical/Medical Expense**  
**Sub-TOI Code: H15G.003 Small Group Only**  
**Filing Type: Rate**

Dear ██████████:

KHPC received an objection letter from the Department dated July 5, 2019. KHPC is providing the following in response to the objection letter:

- Q&A written response
- Q&A exhibits
- Risk adjustment calculation workbook
- Revised Rate Development workbook
- Revised PAAM Exhibits
- Revised URRT
- Revised rates (PA and Federal Templates)
- Revised memos – Actuarial, Cover Letter, and Rate Change Summary

Also, as requested, a public filing is being submitted with the objection response.

All changes are due to PID requests/questions and have been disclosed in the Q&A written response. Requested rates have changed due to finalized 2018 risk adjustment results released on June 28, 2019, and updated CBC 2019 risk data as of May 2019.

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

Harrisburg, PA 17177 | [capbluecross.com](http://capbluecross.com)

Sincerely,



y, ASA, MAAA  
Manager, Actuarial Services  
Capital BlueCross

Enclosures

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

# KEYSTONE HEALTH PLAN CENTRAL, INC.

## Question and Answer Small Group Rates Effective January 1, 2020

With this response, please find corresponding Q&A Exhibits in SG\_19-47\_Initial\_KHP\_HMO\_Q&AExhibits2\_Supporting\_20190712.xlsx

**Question 1.** Follow-up to questions 11, 12 and 19: please provide more information on the model described in the Actuarial Memo, page 8, bullet 6a.

- a. Does this model use actual claims experience?
- b. Is the pricing AV being calculated at the metal level using experience from the metal level?
- c. Please demonstrate that the resulting AV does not reflect morbidity?

**Answer 1.** CBC uses Milliman, Inc. Health Cost Guidelines Commercial Rating Structures (for active employees) to develop benefit relativities. To help answer questions, I am pulling from Milliman's methodology description. Anything in quotations is directly from Milliman, Inc.

- a. "Milliman utilizes an enrollment and utilization database of full medical and prescription drug claims experience for over 78 million lives, of which approximately 41 million lives were selected and used as the primary source in developing the [model]. Other sources include a database of inpatient admission representing a large percentage of all admissions nationwide, retail pharmacy information, and other reference data sources."
  - I. CBC adjusts nationwide data to CBC's average costs and contracting in our service area.
- b. The pricing AV is not calculated using the experience of that metal level. Instead, CBC uses the actuarial cost model noted above to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on cumulative probability distributions (CPDs), where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
- c. Two points on how the model does not reflect morbidity:
  - I. The model pulls from millions of lives and adjusts relative value by only the value of cost-sharing and differences in utilization (for example, cost barriers to emergency room care such as \$500 copay, will not only reduce ER costs by \$500, but more than \$500 because members will find alternative, less costly care).

- II. The actuarial model is intended to produce benefit relativities that are offered to employers with several benefit options. Small Groups are able to select up to five benefit options. If the value of morbidity is priced into lower AV plans, higher morbidity members will begin to choose those plans because the difference in premium outweighs the difference in benefits (members can set premium dollars aside to pay for the extra cost-sharing). That will result in the deterioration of lower AV plans, and pricing would then be modified. For this reason, the model is designed to not reflect morbidity by plan. The same model/methodology is used in the Individual market.

**Question 2.** Follow-up to question 19: according to the URRT instructions, the induced utilization must be normalized. This adjustment should be made in Table 10 since the induced demand cannot be used to increase or decrease the projected index rates only to adjust between plans. The normalization can be done based on projected membership rather than the default in Table 10.

**Answer 2.** With this submission, I have changed my methodology described in question 19. The same calculation is performed but the results of 2c are now an interim step in the pricing AV calculation. Factor 2c is applied to the pricing AV previously reported. Induced demand is now 1.0 for all plans.

**Question 3.** Follow-up to question 22: How were target loss ratios for each region developed and why do they vary by region?

**Answer 3.** The target loss ratios are described below. The purpose of varying target loss ratios is to incrementally change regional rating factors. For example, if region 7 would be priced based on an average target loss ratio, rates would increase by approximately [requested rate change] + 7% (region 7 projected LR (without GRA rating factor change) – avg target LR). But the incremental approach results in [requested rate change] +4%.

CBC performed regional analysis to quantify the cost difference between the three regions in our service area. The analysis gathered incurred claims net Rx rebates, projected risk adjustment, and premium for a 12-month period by region. The loss ratio of each region is then compared to the average loss ratio for the book of business. In theory, the change in regional rating factor is:

$$[\textit{Change in Regional Rating Factor Region A}] = [\textit{Region A LR}] \div [\textit{BOB LR}]$$

But our preferred approach is to gradually change factors, so not to shock the market, while moving rates in the appropriate direction. In order to do this, the following approach is being proposed:

$$[\textit{Change in Regional Rating Factor Region A}] = [\textit{Region A LR}] \div [\textit{Target LR}]$$

Where Target LR is in between Region A LR and BOB LR. With this gradual approach, annual rate change by region is shown on Exhibit Q, column G.



**Question 4.** Follow-up to question 33.e: Why is the average benefit richness in Table 7 0.876 when the benefit richness for the one plan is 1.142. It appears that Table 7 is the inverse and not the average. Please correct Table 7 to be the average benefit richness and use the resulting normalization factor. This should be coordinated with question 2 above.

**Answer 4.** With this submission, induced demand is 1.0 for all plans.

**Question 5.** Follow-up to question 34: Your reply did not include the financial information for the 2019 and 2020 projections. Please provide the financial information for 2019 and 2020 projections.

**Answer 5.** Please see Q&A Exhibit 1 for projected 2019 and 2020 results.

**Question 6.** The Revised PAAM exhibits is not using the template sent by PID on June 18, 2019. Table 6 does not show the Risk Adjustment User Fee in Row 54. Please upload the corrected version.

**Answer 6.** With this submission, the correct template is being used.

**Question 7.** Question 26.b. of June 18, 2019 letter – Please explain why the ultimate incurred claims do not match between Table 2 (\$1,093,204.16) and Table 4 (\$1,154,151.42) of PAAM.

**Answer 7.** Table 4 ultimate incurred includes capitation, while Table 2 specifies capitation in its own cell. Table 2 Ultimate Incurred + Capitation = Table 4 Ultimate Incurred.

**Question 8.** Question 38 of June 18, 2019 letter – Your response is in aggregate and not acceptable. For KHPC SG, for each expanded bronze plan, is there any major benefit category to which deductible is not applied. If there is, please demonstrate quantitatively that the proposed cost sharing (copay or coinsurance) for those major categories is less than or equal to 50% of the Projected Average cost to provide the service in your rating area

For example: for the following categories -

For example: for the following categories -

	Copay	Projected Average cost	50% Projected Av cost
Primary care	\$30	\$94	\$47
Specialty care	\$60	\$203	\$101.50

**Answer 8.** Please see Q&A Exhibit 2 for the requested analysis. I used Milliman, Inc. Health Cost Guidelines (HCG) described in Answer 1 above to get relative cost between PCP and SPC office visits. From HCG, on average, specialist office visits are 15% more costly than PCP

visits. The relative value was applied to CBC 2018 office visit data to split office visits into primary care and specialist, and trended for 2 years at 3%.

**Question 9.** If the risk adjustment results released on June 28, 2019 are inconsistent with your projected assumptions, you may modify the risk adjustment transfer amount in Table 5. If such a modification is made, revise all the documents and exhibits impacted and the PA Actuarial Memorandum to discuss this change. This change must be made with your responses due by July 12, 2019.

**Answer 9.** With this submission, we have updated all exhibits and memos to reflect actual 2018 risk adjustment results released on June 28, 2019. Also, with this update, we are updating our risk adjustment estimate from -\$16.64 PMPM to -\$9.10 PMPM. The updated risk adjustment calculation is found in SG\_19-47\_Initial\_CAAC\_HMO\_RACalc201905\_Supporting\_CONF\_20190712.xlsx.

**Question 10.** In response to the Department's RADV survey, issuers indicated that they did not include an adjustment in the initial submission, as there was no supportable reason for a RADV adjustment in the 2020 rate submission. Therefore, the Department has determined that there should be no RADV adjustments in the 2020 rate filings; please modify the filing accordingly, if necessary.

**Answer 10.** CBC has not included the impact of RADV and therefore no modification is necessary.

**Keystone Health Plan Central  
Small Group Rates  
Q&A Exhibit 1  
Financial Projection History**

Year	Member Months	Total Admin	Total Incurred	Total Premium	Total Taxes & Fees	Total Profit	Annual Underwriting gain/loss	Annual Underwriting gain/loss PMPY
2019*	3,085	\$217,948	\$1,130,425	\$1,645,323	\$21,588	\$275,362	\$275,362	\$1,071.16
2020	1,140	\$79,658	\$474,152	\$585,954	\$20,425	\$11,719	\$11,719	\$123.36

\*2019 MemberMonths, Incurred and Premium are from CBC's 2019 Corporate Budget. 2019 Admin and Taxes are 2019 filed PMPMs x Budget Membership

**Keystone Health Plan Central  
Small Group Rates  
Q&A Exhibit 2  
Expanded Bronze Data**

**From Milliman, Inc. Health Cost Guidelines (HCG) Commercial Rating Structures**

<u>Type</u>	<u>Utilization Per 1,000 (Visits)</u>	<u>Average Reimbursement</u>	<u>Per Member Per Month Claim Cost</u>
Office/Home Visits - PCP	1,895	\$183.15	\$28.92
Office/Home Visits - Specialist	1,612	\$210.79	\$28.32
Total	3,507	\$195.86	\$28.65

**CBC 2018 Physician Office Visit Data**

<u>Type</u>	<u>Allowed</u>	<u>Visits</u>	<u>Cost per Visit</u>	<u>Trend</u>	<u>2020 Cost Per Visit</u>	<u>Max Copay</u>	<u>Copay Applied</u>
All	\$498,142,412	4,570,050	\$109.00	3%	\$115.64	\$57.82	\$50

**Split PCP/Specialist using Milliman HCG Distribution**

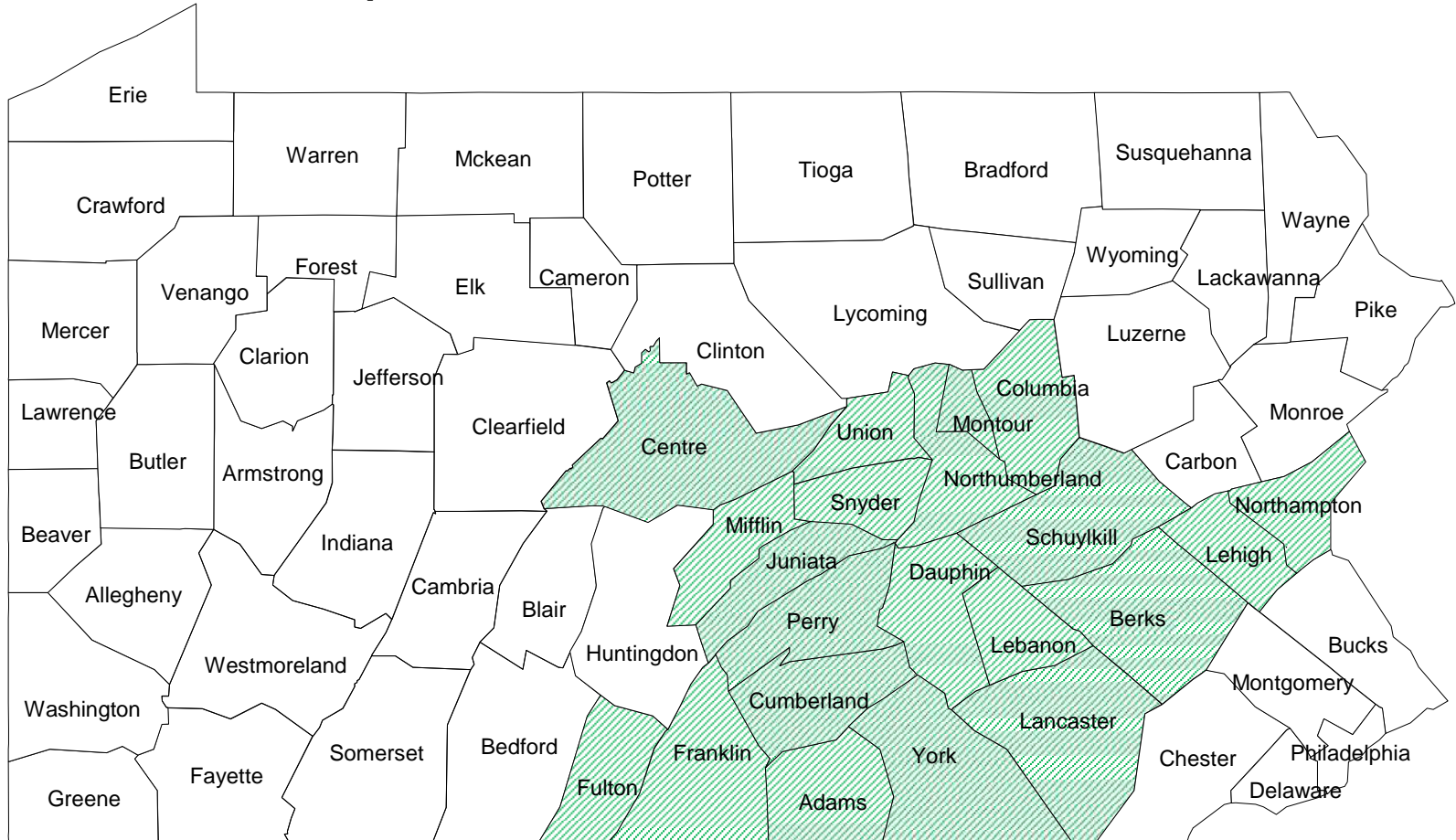
<u>Type</u>	<u>Allowed</u>	<u>Visits</u>	<u>Cost per Visit</u>	<u>Trend</u>	<u>2020 Cost Per Visit</u>	<u>Max Copay</u>	<u>Copay Applied*</u>
PCP	\$251,697,831	2,469,325	\$101.93	3%	\$108.14	\$54.07	\$50
SPC	\$246,437,619	2,100,725	\$117.31	3%	\$124.45	\$62.23	N/A

\*Deductible is applied to Specialist Visits



# 2019 Service Area

Issuer: 53789

Market: Small Group



**Key** (*modify as needed*)

-  : 2019 on-exchange service area
-  : 2019 off-exchange only service area

