

Independence Assurance Company – Small Group Plans

Rate Request filing ID # INAC-134056112 – This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at <https://www.insurance.pa.gov/Consumers/HealthInsuranceFilings/Pages/ACA-Health-Rate-Filings.aspx>

Overview

Initial requested average rate change:	7.17%
Revised requested average rate change:	7.15%
Range of requested rate change:	5.55% to 7.73%
Effective date:	January 1, 2025
Mapped members:	77,382
Available in:	Rating Area 8

Key Information

Jan. 2023-Dec. 2023 financial experience

Premiums	\$0
Claims	\$0
Administrative Expenses	\$0
Taxes & Fees	\$0
<hr/>	
Insurers made (after taxes)	\$0

How it plans to spend your premium¹

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

Claims:	85%
Administrative:	11%
Taxes & Fees:	3%
Profit:	2%

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

Our Decision

The insurer requested an average 7.17% rate change in the small group market for enrollees in current 2024 plans who will continue coverage with the insurer in 2025. The insurer later revised its rate filing to request a rate change of 7.15% due to revisions made during the Department’s standard review. The statewide average rate increase request across all insurers is 7.6%.

For each requested plan, the Department reviewed the contract to see if the plan included all the benefits required by state and federal law, if the rates were reasonable in relation to the benefits, and if the insurer would be able to pay projected claims and expenses. The Department also considered factors such as the insurer’s revenues, medical and administrative

¹ Due to rounding, the percent total, in How it plans to spend your premium section, may not sum to 100%.

costs, actual and projected profits, and past rate changes, as well as the effect the 2025 rate change would have on Pennsylvania consumers.

The Department notes that the 2025 rates have increased by an average of 7.6% compared to the 4.1% average increase approved in 2024. Insurers have cited the following as key drivers of these rate changes:

- Increased hospital, physician, and prescription drug costs;
- Increased anticipated subscriber usage;
- Changes in anticipated risk adjustment amounts (money from a federal program that redistributes funds from plans with lower-risk enrollees to plans with higher-risk enrollees);
- Increased administrative expenses; and
- The base experience claims deviated from expected claim levels.

The resulting average final rate change approved for this insurer is 7.15% ranging from 5.55% to 7.73%.

General Note: An insurer may not increase your rates more than once in a calendar year. Due to insurer movement between counties, employers are encouraged to shop around and compare plans. The change in premium for a specific individual or employer may vary from the average rate change shown in this summary due to plan-specific factors, like the benefit package and provider network used by the plan, as well as four factors specific to the individual or employer/employees: geographic location, age, tobacco use, and family size.

What we consider

Premium is made up of three parts: medical claims, administrative expenses, and profit or loss. We review all of the information in rate filings for individual and small group health plans, including the plans' medical claims, administrative expenses, and projected profit or loss.

A key component used to calculate projected claims is medical trend. Medical trend is the change in claims costs over a specific period of time—usually one to two years—and is often based on both the company's past claims costs and what they expect to spend on claims in the future.

Administrative expenses are any expenses not related to the cost of medical claims; including, but not limited to, employee salaries and benefits, the cost of the company's office and equipment, customer service, appeals costs, taxes, agent commissions, etc.

The company's projected profit (or contribution to surplus) is a small part of the premium. The reasonableness of the projected profit may depend on the company's current surplus level and other factors.

Federal law requires health insurance companies to have a medical loss ratio (MLR) of at least 80%. This means that your insurance company must spend at least 80% of your premium dollars on medical care and activities that improve the quality of care. If your insurance company spends less than 80% on medical care and quality improvement then the company must give you money back in the form of a rebate. A medical loss ratio of 80% indicates that the insurer is using the remaining 20 cents of each premium dollar for administrative costs and profits. The Department does not approve rates in this market that appear likely to result in an MLR of less than 80%.

Glossary

Annual rate change: Companies normally file a rate change each year due to their medical claims experience. The annual rate request may or may not include benefit changes.

Average rate change: The average amount rates will change for all enrollees.

For individual health plans: How much your premium will change depends on your age, where you live, how many family members are covered on your plan, whether or not you or your family members smoke and which benefits you choose

For small employer health plans: The employer's premium will vary based on their employees' age, the employer's location, their employee's family size, and the benefits they choose.

Claims/Medical Costs: What the health plan spends on direct medical services including hospital stays, providers, and prescription drugs.

Individual Plans: Insurance you buy from an insurance company for yourself and/or your dependents; not insurance you get from your employer.

Premium: Under federal law, insurance companies can take into account only four factors when varying your rate in order to set the premium costs you will be charged each month. These four factors are:

- Age: Older people can be charged up to 3 times more for premiums than younger people.
- Geographic location: Where you live has a big effect on your premiums. Competition, local regulation, and cost of living in different areas account for this.
- Tobacco Use: Insurers can charge tobacco users up to 50% more than those who don't use tobacco.
- Individual vs. family enrollment: Insurers can charge more for a plan that covers a spouse and/or dependents.

Profit: The amount of money remaining after the company's claims, administrative expenses, and taxes and fees are paid.

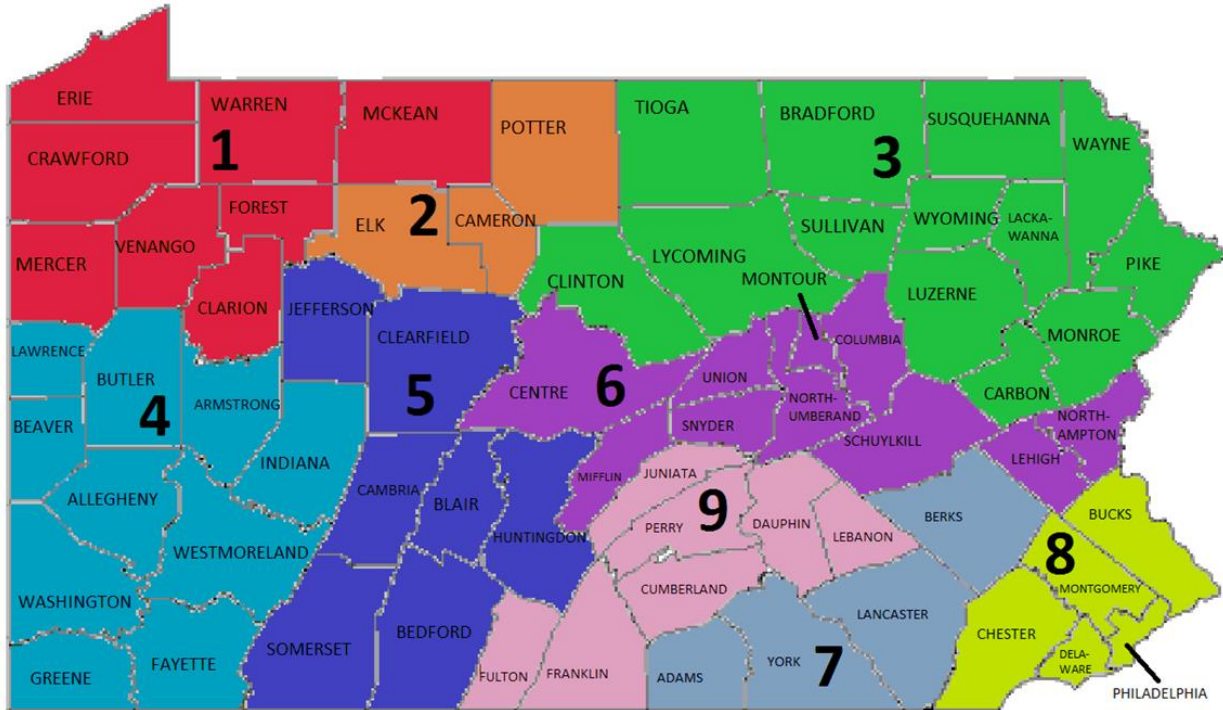
Rate: The rate is the base amount that an insurance company charges a person. An insurance company can increase the base rate depending on four factors in order to calculate the monthly premium that a consumer will be charged. See "Premium."

Rating Area: Federal law requires that each state have a set number of geographic areas that all insurance companies may use to adjust how much they charge consumers. When insurance companies calculate premiums, all enrollees within a rating area will have the same adjustment factor applied. Depending on the rating area you live in the prices you pay may be higher or lower than the state average. Pennsylvania has 9 rating areas. (See the Pennsylvania Geographic Rating Area Map below.)

Small Group Plans: Small group plans are those sold to employers with 1-50 employees.

Surplus: An insurer's funds on hand for which the company has no corresponding liabilities. Insurers maintain a surplus so that they have sufficient funds to withstand adverse business conditions such as unexpectedly high medical claims or low enrollment, and in order to make investments in infrastructure and technology.

Pennsylvania Geographic Rating Areas





May 15, 2024

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

SUBMITTED VIA SERFF

**RE: Independence Assurance Company
2025 Small Group PPO Rate Filing
INAC-134056112**

Dear Ms. Swartz:

Independence Assurance Company (IAC) is submitting this rate filing for Small Group Health Insurance rates effective January 1, 2025 and later.

Attached is the 2025 annual rate filing for PPO plans of Independence Assurance Company, Inc. (IAC) in the Small Group marketplace in the Commonwealth of Pennsylvania. Rates for all plans are being filed and satisfy market reform requirements of the Affordable Care Act (ACA). The rates are based on the combined experience of Small Group plans offered by Keystone Health Plan East and QCC Insurance Company, Inc.

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

The proposed rates represent a 6.88% increase over the previously approved 2024 rates. Information for the Pennsylvania Bulletin:

1.	Company Name and NAIC Number:	Independence Assurance Company 16053
2.	Market	Small Group
3.	On or Off Exchange	Off
4.	Effective Date of Coverage	January 1, 2025
5.	Average Rate Change Requested	6.88%
6.	Range of Rate Changes Requested	5.5 % to 7.7%
7.	Total Annual Revenue Generated from the Proposed Rate Change	\$40,903,643



- | | |
|--|---|
| 8. Products | PPO |
| 9. Rating Areas and Change from 2025 | Rating Area 8; N/A |
| 10. Metal Levels and Catastrophic Plans | Platinum, Gold, Silver, Bronze |
| 11. Current covered lives and policyholders as of February 1, 2024 | 0 lives |
| 12. Number of plans offered in 2025 and change from 2024 | 20 plans in 2025; 20 plans in 2024 |
| 13. Corresponding contract form number, SERFF, and binder numbers | SERFF # INLG-134079881,
INLG-134080019,
INLG-PA25-125118197
See appendix for form numbers. |
| 14. HIOS Issuer ID # and submission tracking Number | HIOS Issuer ID # 44415; Tracking #
N/A |

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

Sincerely,

[REDACTED]

cc:

[REDACTED]

APPENDIX

Form Numbers

17027.WR-III Rev. 1.25

17027-BC.SG.OFF Rev. 1.25

17027-BC.SG.OFF.HSAHRA Rev. 1.25

17028.WR Rev. 1.25

17028-BC.SG.OFF.HSA Rev. 1.25

PREV/SCH-II Rev. 1.25

PENNSYLVANIA ACTUARIAL MEMORANDUM

PURPOSES

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

1. BASIC INFORMATION AND DATA

A. COMPANY INFORMATION

Company Legal Name: Independence Assurance Company (“IAC”)
State: Pennsylvania
NAIC #: 16053
Market: Small Group
Marketplace: Off Exchange
Effective Date(s): 1/1/2025 – 3/31/2025, 4/1/2025 – 6/30/2025, 7/1/2025 – 9/30/2025, 10/1/2025 – 12/31/2025
Average Rate Change: 6.88%
Range of Rate Changes: 5.5% to 7.7%
Products: PPO
Rating Areas: Rating Area 8
Metal Levels: Platinum, Gold, Silver, Bronze
Current Members: 0
Number of 2025 Plans: 20
HIOS Issuer ID (5-digit): 44415

Worksheet 1 of the accompanying URRT contains experience period data and development of the projected Single Risk Pool Gross Premium Average Rate PMPM for the small group market for QCC. Worksheet 2 contains experience period data and projections by product for the single risk pool for the same entities. This memorandum pertains only to plans denoted in Worksheet 2 by Plan IDs starting with the sequence 44415.

COMPANY CONTACT INFORMATION

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

B. RATE HISTORY AND PROPOSED VARIATIONS IN RATE CHANGES

N/A

C. AVERAGE RATE CHANGE

The average proposed rate change shown in Cell AC15 of Table 10 is 6.88%. The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2023 to calendar year 2025 are incorporated into the pricing and reflected in the Unified Rate Review Template.

The change in 21-year-old Non-Tobacco Premium PMPM calculated in Table 11, Cell AN13 is 6.88%.

D. MEMBERSHIP COUNT

There are no members currently enrolled in IAC plans. We anticipate that members will begin enrolling beginning July 1, 2024.

E. BENEFIT CHANGES

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

F. EXPERIENCE PERIOD CLAIMS AND PREMIUMS

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

The experience period data used for IAC is the combined experience of QCC Insurance Company, Inc., and the experience period data for Keystone Health Plan East ("KHPE"). This should provide a more stable basis for projecting the Index Rate. The combined data is shown in Tab Ib. The Change in Network Factor is intended to result in IAC rates that are reasonable in relation to KHPE and QCC rates.

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

Projected Risk Adjustment PMPM

INAC-134056112
IAC Small Group

2

PA Actuarial Memorandum
May 15, 2024
Revised August 2, 2024

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

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

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

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

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

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

G. CREDIBILITY OF DATA

The experience period data, defined in Section F as the combined experience of QCC Insurance Company, Inc., and the experience period data for Keystone Health Plan East ("KHPE"). is considered 100% credible.

H. TREND IDENTIFICATION

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

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

I. HISTORICAL EXPERIENCE

IAC is a new legal entity and has no prior experience. Costs are projected from the historical experience of KHPE and QCC Small Group plans.

a. Annualized Cost Trend

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

b. Annualized Utilization Trend

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

c. Rebates

There are no rebate payments projected since IAC was not offering coverage in prior years.

J. TERMINATED PLANS

No plans are being terminated during 2025.

2. RATE DEVELOPMENT AND CHANGE

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

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

Changes in Population Risk Morbidity

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

Changes in Other Factors

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

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

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

B. RETENTION ITEMS

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

Administrative Expenses		14.12%
General and Claims	8.45%	
Agent/Broker Fees and Commissions	4.87%	
Quality Improvement Initiatives	0.80%	
Taxes and Fees		0.62%
Risk Adjustment User Fee	0.03%	
PCORI Fee	0.06%	
PA Premium Tax	0.00%	
Federal Income Tax	0.53%	
Health Insurance Providers Fee	0.00%	
Profit/Contingency		2.00%

Total Retention 16.73%

C. NORMALIZED MARKET-ADJUSTED PROJECTED ALLOWED TOTAL CLAIMS

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

D. COMPONENTS OF RATE CHANGE

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

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

E. MLR DEMONSTRATION

Projected Claims PMPM (After Reinsurance)	\$569.87
Premium PMPM	\$684.37
Quality Improvement Expense PMPM	\$5.47
Exchange User Fee PMPM	\$0.00
HIF PMPM	\$0.00
Federal Income Tax PMPM	\$3.64
Premium Tax PMPM	\$0.00
Federal MLR	84.5%

3. PLAN RATE DEVELOPMENT

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

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

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

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

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

5. PLAN FACTORS

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

6. ACTUARIAL CERTIFICATION

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

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

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

- The projected index rate is:
 - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.08(d)(1) and 147.106);
 - Developed in compliance with applicable Actuarial Standards of Practice;
 - Reasonable in relation to the benefits provided and the population anticipated to be covered; and
 - Neither excessive nor deficient.
- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
- The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.
- The AV Calculator was used to determine the AV Metal Values illustrated in Worksheet 2 of the Part I Unified Rate Review Template for all plans, unless an alternate methodology was required. If an alternate methodology was used to calculate the AV Metal Value for at least one plan offered, a copy of the actuarial certification required by 45 CFR Part 156, §156.135 will be included.
- All factor, benefit, and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
- New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.

- The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2025 Rate Filing Justification.

May 15, 2024

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	Independence Assurance Company		
Product/line:	PRO		
Market Segment:	Small Group		
Rate Effective Date:	1/1/2023	to	12/31/2025
Base Period Start Date:	1/1/2023	to	12/31/2023
Date of Most Recent Membership:	2/1/2024		

Table 1. Number of Members

Experience Period	Member-months	Members	Member-months
	Experience Period	Current Period (up to 6/30/2024)	Projected Rating Period
Average Age	0.0	0.0	0.0
Total	0	0	0
<18	0	0	0
18-24	0	0	0
25-29	0	0	0
30-34	0	0	0
35-39	0	0	0
40-44	0	0	0
45-49	0	0	0
50-54	0	0	0
55-59	0	0	0
60-63	0	0	0
64+	0	0	0

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

*Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weight*
Inpatient Hospital	5.60%	4.29%		10.12%	11.37%
Outpatient Hospital	4.19%	4.29%		3.29%	21.84%
Professional	2.90%	4.29%		7.31%	26.93%
Other Medical	2.90%	4.29%		7.31%	0.50%
Capitation				3.53%	11.04%
Prescription Drugs	-0.64%	4.29%		3.72%	24.82%
Total Annual Trend				6.89%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.143	

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

** Should equal URR Trend

Table 4. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factor*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Feb-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Mar-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Apr-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
May-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Jun-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Jul-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Aug-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Sep-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Oct-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Nov-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Dec-20	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Jan-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Feb-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Mar-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Apr-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
May-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Jun-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Jul-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Aug-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Sep-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Oct-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Nov-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Dec-21	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Jan-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Feb-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Mar-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Apr-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
May-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Jun-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Jul-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Aug-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Sep-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Oct-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Nov-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Dec-22	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Jan-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Feb-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Mar-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Apr-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
May-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Jun-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Jul-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Aug-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Sep-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Oct-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Nov-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!
Dec-23	\$	0.0000	#DIV/0!	#DIV/0!	-	#DIV/0!	\$	\$	#DIV/0!	#DIV/0!

*Express Completion Factor as a percentage

**Express Prescription Drug Rebates as a negative number

Carrier Name: Independence Assurance Company
 Product(s): PPO
 Market Segment: Small Group
 Rate Effective Date: 1/1/2025

Table 2b. Manual Experience Period Claims and Premiums

Year	Estimated Cost Sharing (Member & 65)	Allowed Claims (Non-Capitated)	Non-EM portion of Allowed Claims	Total Prescription Drug Rebates*	Total EMB Capitation	Total Non-EMB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
2024	\$ 189,864,923.63	\$ 1,124,945,462.47	\$ 1,124,945,462.47	\$ (104,216,757.93)	\$ 124,976,825.51	\$ 6,125,697.68	\$ (11,787,045.17)	\$ 574.04
2025	\$ 189,864,923.63	\$ 1,124,945,462.47	\$ 1,124,945,462.47	\$ (104,216,757.93)	\$ 124,976,825.51	\$ 6,125,697.68	\$ (11,787,045.17)	\$ 574.04
Total	\$ 379,729,847.26	\$ 2,249,890,924.94	\$ 2,249,890,924.94	\$ (208,433,515.86)	\$ 249,953,651.02	\$ 12,251,395.36	\$ (23,574,090.34)	\$ 1,148.08

*Express Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Index of Demand*	Composite Trend	Weight*
Inpatient Hospital	5.63%	4.23%		55.52%	15.37%
Outpatient Hospital	4.73%	4.23%		9.23%	21.83%
Professional	2.90%	4.23%		7.81%	26.53%
Other Medical	2.90%	4.23%		7.31%	5.00%
Capitation				3.53%	31.85%
Prescription Drugs	-0.54%	4.23%		3.72%	24.82%
Total Annual Trend				6.89%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.143	

*Express Cost, Utilization, Index of Demand and Weight as percentages

Table 4b. Historical Manual Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factor*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + 65)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-20	\$ 73,914,533.65	\$ 73,914,533.65	1.0000	\$ 73,914,533.65	186,378	\$ 396.57	\$	\$ (5,392,844.50)	\$ 68,521,689.15	\$ 459.46
Feb-20	\$ 71,179,245.86	\$ 71,179,245.86	1.0000	\$ 71,179,245.86	185,887	\$ 383.24	\$	\$ (5,179,084.79)	\$ 66,000,161.07	\$ 455.83
Mar-20	\$ 69,881,909.02	\$ 69,881,909.02	1.0000	\$ 69,881,909.02	185,620	\$ 376.58	\$	\$ (5,172,134.61)	\$ 64,709,774.41	\$ 452.58
Apr-20	\$ 49,269,183.75	\$ 49,269,183.75	1.0000	\$ 49,269,183.75	183,809	\$ 268.05	\$	\$ (5,513,564.33)	\$ 43,755,619.42	\$ 288.99
May-20	\$ 57,095,000.10	\$ 57,095,000.10	1.0000	\$ 57,095,000.10	183,499	\$ 311.48	\$	\$ (4,475,707.03)	\$ 52,619,293.07	\$ 344.13
Jun-20	\$ 68,103,161.46	\$ 68,103,161.46	1.0000	\$ 68,103,161.46	181,014	\$ 376.24	\$	\$ (4,741,887.56)	\$ 63,361,273.90	\$ 417.58
Jul-20	\$ 69,487,889.82	\$ 69,487,889.82	1.0000	\$ 69,487,889.82	180,869	\$ 383.24	\$	\$ (5,206,039.04)	\$ 64,281,850.78	\$ 426.79
Aug-20	\$ 69,072,381.52	\$ 69,072,381.52	1.0000	\$ 69,072,381.52	180,100	\$ 383.53	\$	\$ (4,745,489.56)	\$ 64,326,891.96	\$ 426.19
Sep-20	\$ 69,441,806.71	\$ 69,441,806.71	1.0000	\$ 69,441,806.71	178,670	\$ 388.66	\$	\$ (4,633,169.44)	\$ 64,808,637.27	\$ 431.61
Oct-20	\$ 70,349,525.78	\$ 70,349,525.78	1.0000	\$ 70,349,525.78	179,624	\$ 392.21	\$	\$ (4,803,644.30)	\$ 65,545,881.48	\$ 439.29
Nov-20	\$ 70,324,264.24	\$ 70,324,264.24	1.0000	\$ 70,324,264.24	177,466	\$ 396.27	\$	\$ (4,746,433.76)	\$ 65,577,830.48	\$ 438.09
Dec-20	\$ 70,324,264.24	\$ 70,324,264.24	1.0000	\$ 70,324,264.24	177,466	\$ 396.27	\$	\$ (4,746,433.76)	\$ 65,577,830.48	\$ 438.09
2021	\$ 1,202,660,239.95	\$ 1,202,660,239.95	1.0000	\$ 1,202,660,239.95	176,481	\$ 434.94	\$ 159,620,180.98	\$ (1,746,746.34)	\$ 1,042,914,493.61	\$ 605.01
Jan-21	\$ 70,921,871.60	\$ 70,921,871.60	1.0000	\$ 70,921,871.60	176,481	\$ 433.81	\$	\$ (1,513,027.76)	\$ 69,408,843.84	\$ 465.01
Feb-21	\$ 64,314,599.86	\$ 64,314,599.86	1.0000	\$ 64,314,599.86	176,307	\$ 364.79	\$	\$ (1,307,240.71)	\$ 63,007,359.15	\$ 467.24
Mar-21	\$ 62,148,319.87	\$ 62,148,319.87	1.0000	\$ 62,148,319.87	176,294	\$ 465.97	\$	\$ (1,312,189.03)	\$ 60,836,130.84	\$ 529.77
Apr-21	\$ 77,279,089.16	\$ 77,279,089.16	1.0000	\$ 77,279,089.16	176,737	\$ 439.74	\$	\$ (1,698,214.56)	\$ 75,580,874.60	\$ 490.00
May-21	\$ 73,707,922.43	\$ 73,707,922.43	1.0000	\$ 73,707,922.43	176,277	\$ 420.52	\$	\$ (1,685,193.51)	\$ 72,022,728.92	\$ 482.71
Jun-21	\$ 75,884,415.85	\$ 75,884,415.85	1.0000	\$ 75,884,415.85	175,650	\$ 434.83	\$	\$ (1,655,381.17)	\$ 74,229,034.68	\$ 482.38
Jul-21	\$ 67,322,995.37	\$ 67,322,995.37	1.0000	\$ 67,322,995.37	173,414	\$ 388.21	\$	\$ (1,543,174.18)	\$ 65,779,821.19	\$ 432.39
Aug-21	\$ 70,706,288.11	\$ 70,706,288.11	1.0000	\$ 70,706,288.11	173,094	\$ 405.86	\$	\$ (1,574,469.47)	\$ 69,131,818.64	\$ 474.10
Sep-21	\$ 72,518,425.52	\$ 72,518,425.52	1.0000	\$ 72,518,425.52	172,958	\$ 419.24	\$	\$ (1,532,828.66)	\$ 70,985,596.86	\$ 459.01
Oct-21	\$ 74,927,387.31	\$ 74,927,387.31	1.0000	\$ 74,927,387.31	172,399	\$ 434.62	\$	\$ (1,676,911.56)	\$ 73,250,475.75	\$ 475.76
Nov-21	\$ 74,027,448.17	\$ 74,027,448.17	1.0000	\$ 74,027,448.17	172,877	\$ 430.21	\$	\$ (1,671,853.37)	\$ 72,355,594.80	\$ 465.84
Dec-21	\$ 78,144,246.37	\$ 78,144,246.37	1.0000	\$ 78,144,246.37	177,809	\$ 489.69	\$ 172,099,599.01	\$ (1,648,339.66)	\$ 76,495,906.71	\$ 489.69
Jan-22	\$ 71,513,718.54	\$ 71,513,718.54	1.0000	\$ 71,513,718.54	173,460	\$ 414.63	\$	\$ (1,568,809.52)	\$ 69,944,909.02	\$ 452.52
Feb-22	\$ 67,928,636.98	\$ 67,928,636.98	1.0000	\$ 67,928,636.98	172,038	\$ 394.84	\$	\$ (1,525,267.87)	\$ 66,403,369.11	\$ 432.10
Mar-22	\$ 77,429,802.94	\$ 77,429,802.94	1.0000	\$ 77,429,802.94	171,829	\$ 450.60	\$	\$ (1,517,865.79)	\$ 75,911,937.15	\$ 502.03
Apr-22	\$ 70,121,809.77	\$ 70,121,809.77	1.0000	\$ 70,121,809.77	171,731	\$ 409.31	\$	\$ (1,515,712.22)	\$ 68,606,097.55	\$ 460.51
May-22	\$ 78,414,941.13	\$ 78,414,941.13	1.0000	\$ 78,414,941.13	171,461	\$ 457.31	\$	\$ (1,501,099.82)	\$ 76,913,841.31	\$ 499.01
Jun-22	\$ 74,509,774.89	\$ 74,509,774.89	1.0000	\$ 74,509,774.89	171,813	\$ 434.84	\$	\$ (1,510,029.24)	\$ 73,000,745.65	\$ 476.36
Jul-22	\$ 69,105,077.00	\$ 69,105,077.00	1.0000	\$ 69,105,077.00	171,011	\$ 404.15	\$	\$ (1,412,384.31)	\$ 67,692,692.69	\$ 439.60
Aug-22	\$ 76,997,961.46	\$ 76,997,961.46	1.0000	\$ 76,997,961.46	170,247	\$ 452.27	\$	\$ (1,518,017.82)	\$ 75,479,943.64	\$ 497.82
Sep-22	\$ 78,893,372.09	\$ 78,893,372.09	1.0000	\$ 78,893,372.09	169,761	\$ 464.71	\$	\$ (1,691,459.21)	\$ 77,201,912.88	\$ 506.10
Oct-22	\$ 75,244,508.67	\$ 75,244,508.67	1.0000	\$ 75,244,508.67	168,918	\$ 445.47	\$	\$ (1,701,254.17)	\$ 73,543,254.50	\$ 485.42
Nov-22	\$ 73,388,870.87	\$ 73,388,870.87	1.0000	\$ 73,388,870.87	168,588	\$ 435.31	\$	\$ (1,690,071.80)	\$ 71,698,800.07	\$ 475.24
Dec-22	\$ 1,227,438,638.48	\$ 1,227,438,638.48	1.0000	\$ 1,227,438,638.48	168,724	\$ 490.36	\$ 172,417,543.53	\$ (1,045,537.04)	\$ 1,121,893,101.44	\$ 472.88
Jan-23	\$ 74,023,022.81	\$ 74,023,022.81	0.9983	\$ 74,147,686.35	167,159	\$ 443.59	\$	\$ (1,639,399.29)	\$ 72,408,287.06	\$ 493.32
Feb-23	\$ 79,907,056.58	\$ 79,907,056.58	0.9978	\$ 79,809,897.80	166,907	\$ 491.28	\$	\$ (1,651,961.18)	\$ 78,157,936.62	\$ 492.33
Mar-23	\$ 83,022,566.95	\$ 83,022,566.95	0.9961	\$ 83,349,412.87	166,927	\$ 499.32	\$	\$ (1,637,158.31)	\$ 81,692,254.56	\$ 552.72
Apr-23	\$ 74,071,119.33	\$ 74,071,119.33	0.9957	\$ 74,391,194.81	166,183	\$ 447.64	\$	\$ (1,742,261.45)	\$ 72,348,933.36	\$ 488.61
May-23	\$ 81,821,215.92	\$ 81,821,215.92	0.9954	\$ 82,236,100.21	166,588	\$ 493.65	\$	\$ (1,720,445.24)	\$ 80,100,765.01	\$ 543.53
Jun-23	\$ 76,274,191.71	\$ 76,274,191.71	0.9928	\$ 76,824,110.15	166,420	\$ 461.62	\$	\$ (1,761,370.84)	\$ 75,012,839.31	\$ 504.49
Jul-23	\$ 79,014,864.23	\$ 79,014,864.23	0.9926	\$ 79,595,916.51	165,913	\$ 491.66	\$	\$ (1,641,954.39)	\$ 77,943,962.12	\$ 476.88
Aug-23	\$ 80,807,298.43	\$ 80,807,298.43	0.9894	\$ 81,672,070.64	165,974	\$ 492.08	\$	\$ (1,620,642.72)	\$ 79,181,627.92	\$ 535.03
Sep-23	\$ 74,607,386.41	\$ 74,607,386.41	0.9854	\$ 75,748,132.00	165,751	\$ 456.99	\$	\$ (1,710,909.39)	\$ 72,896,426.61	\$ 499.66
Oct-23	\$ 80,644,054.40	\$ 80,644,054.40	0.9819	\$ 82,125,085.56	165,480	\$ 496.24	\$	\$ (1,732,201.94)	\$ 78,912,883.52	\$ 537.54
Nov-23	\$ 80,514,099.86	\$ 80,514,099.86	0.9793	\$ 82,146,473.94	165,790	\$ 493.10	\$	\$ (1,737,275.12)	\$ 78,776,818.72	\$ 537.81
Dec-23	\$ 1,248,543,870.11	\$ 1,248,543,870.11	0.9749	\$ 1,251,920,903.88	165,614	\$ 631.18	\$ 189,864,923.63	\$ (1,729,097.30)	\$ 1,071,823,806.58	\$ 606.14

*Express Completion Factor as a percentage

**Express Prescription Drug Rebates as a negative number

PA Rate Template Part II
Rate Development and Change

Client Name: **Independent Assurance Company**
 Product#: **PO**
 Market Segment: **Small Group**
 Rate Effective Date: **1/1/2025**

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

Development of the Projected Index Rate	Actual Experience Data	Market Data	
Total Allowed DRB Claims + DRB Capitation PMPM (not of prescription drug related) PMPM	\$ -	\$ 174.04	- Actual Experience PMPM should be consistent with the Index Rate for Experience Period on UBRP
Two year trend adjustment factor	1.143	1.143	
Unadjusted Projected Allowed DRB Claims PMPM	\$ -	\$ 635.91	
Single Risk Pool Adjustment Factors			
Change in Mortality - Impact of Reinsurance Program	1.000	1.000	
Change in Mortality - All Other	1.000	1.000	- See UBRP Instructions
Total Non-Mortality Changes	0.000	0.000	
Change in Comorbidity	0.000	0.000	- See UBRP Instructions
Change in Network	0.000	0.000	- See UBRP Instructions
Change in Benefits	1.000	1.000	- See UBRP Instructions
Change in Other	0.000	0.000	- See UBRP Instructions
Total Adjusted Projected Allowed DRB Claims PMPM	\$ -	\$ 635.91	
Credibility Factors	8%	100%	- See Instructions
Blended Projected DRB Claims PMPM		\$ 602.62	- Projected Index Rate
Development of the Market-Adjusted Index Rate and Total Allowed Claims			
Adjusted Projected Allowed DRB Claims PMPM	\$ 602.62		- Index Rate for Projection Period on UBRP
Projected Incurred DRB Claims PMPM	\$ 175.64		
Unadjusted Allowance	\$ 0.75		
Projected Incurred Risk-Adjusted PMPM	\$ 171.74		
Projected Incurred Exchange User Fees PMPM	\$ 50.00		
Projected Incurred Reinsurance Reserve PMPM	\$ 50.00		
Market-Adjusted Projected Incurred DRB Claims PMPM	\$ 157.80		
Market-Adjusted Projected Allowed DRB Claims PMPM	\$ 775.90		- Market-Adjusted Index Rate
Projected Allowed Non-DRB Claims PMPM	\$ 0.20		
Catastrophic Eligibility Adjustment	\$ 2.000		
Market-Adjusted Projected Incurred Total Claims PMPM	\$ 62.20		
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 782.30		

For Informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 574.04	- Index Rate of Experience Period on UBRP
Blended Actual Premium	\$ 1,245.92,393.12	
Blended Loss Ratio	47.00%	

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

Effective Date	Index Rate				Total Long-Term Rate
	3/1/2021	6/1/2021	9/1/2021	12/1/2021	
# of Member Months Remaining in Quarter	84,364	186,941	154,414	80,883	907,602
Adjusted Projected Allowed DRB Claims PMPM	\$ 800.63	\$ 800.63	\$ 800.63	\$ 800.63	\$ 800.63
Months of Trend	0	0	0	0	0
Annual Trend	0.00%	0.00%	0.00%	0.00%	0.00%
Single Risk Pool Projected Allowed Claims	\$ 800.63	\$ 814.08	\$ 827.71	\$ 841.68	\$ 1,107.09
Quarterly Trend Factor	1.001	1.017	1.034	1.051	1.033

Table 6. Retention

Retention Item - Expense in percentage	Percentage	PMPM Amount
Administrative Expenses	14.21%	\$25.16
General and Claims	8.41%	\$12.07
Agent/Broker Fees and Commissions	4.81%	\$7.07
Quality Improvement Initiatives	0.00%	\$0.00
Reprint and Fees	0.42%	\$0.64
Risk Adjustment User Fee	0.00%	\$0.00
PCRB Fee	0.00%	\$0.00
PA Premiums & Other Taxes (if applicable)	0.00%	\$0.00
Federal Income Tax	0.18%	\$0.26
Health Insurance Providers Fee (Prorated for Small Groups only)	0.00%	\$0.00
Profit/Contingency (after tax)	2.00%	\$3.30
Total Retention	16.73%	\$23.39
Projected Required Revenue PMPM		\$ 675.30

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2024	2025
Average Age Factor	1.023	1.000
Average Geographic Factor	1.000	1.000
Average Benefit Factor	1.007	1.007
Average Benefit Ratio (Inflated demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 736.84	\$ 732.16
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 485.48	\$ 523.13

Table 8. Components of Rate Change

Rate Component	2024	2025	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$0/0/0	\$0/0/0	\$0/0/0	%/0/0
B. Base period allowed claims before normalization	\$ 174.04	\$ 174.04	\$ 0.00	0/0/0
C. Normalization factor component of change	\$ (178.22)	\$ (180.55)	\$ (2.33)	0/0/0
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Two year trend adjustment factor	\$ 346.98	\$ 346.98	\$ 0.00	0/0/0
D2. UBRP Trend	\$ 14.51	\$ 14.70	\$ 0.19	0/0/0
D3. UBRP Mortality	\$ -	\$ -	\$ -	0/0/0
D4. UBRP Morbidity	\$ 102.42	\$ 102.42	\$ 0.00	0/0/0
D5. Normalized UBRP Risk Adjustment on an allowed basis	\$ (12.28)	\$ (12.46)	\$ (0.18)	0/0/0
D6. Normalized Exchange User Fee on an allowed basis	\$ -	\$ -	\$ -	0/0/0
D7. Normalized Reinsurance Reserve on an allowed basis	\$ -	\$ -	\$ -	0/0/0
D8. Subtotal - Sum(D1-D7)	\$ 482.72	\$ 482.72	\$ 0.00	0/0/0
E. Change in Allowed Non-Adjusted Level Components				
E1. Network	\$ (0.51)	\$ (0.97)	\$ (0.46)	0/0/0
E2. Catastrophic Eligibility	\$ (12.20)	\$ (12.20)	\$ 0.00	0/0/0
E3. Benefit Returns	\$ (1.20)	\$ (1.20)	\$ 0.00	0/0/0
E4. Catastrophic Eligibility	\$ 1.71	\$ 1.71	\$ 0.00	0/0/0
E5. Benefits in Addition to DRB	\$ 3.34	\$ 3.34	\$ 0.00	0/0/0
E6. Subtotal - Sum(E1-E5)	\$ (1.26)	\$ (1.62)	\$ (0.36)	0/0/0
F. Change in Retention Components				
F1. Administrative Expenses	\$0/0/0	\$0/0/0	\$0/0/0	0/0/0
F2. Team and Fees	\$0/0/0	\$0/0/0	\$0/0/0	0/0/0
F3. Profit and/or Contingency	\$0/0/0	\$0/0/0	\$0/0/0	0/0/0
F4. Subtotal - Sum(F1-F3)	\$0/0/0	\$0/0/0	\$0/0/0	0/0/0
G. Change in Miscellaneous Items	\$ -	\$ -	\$ -	0/0/0
H. Sum of Components of Rate Change (Should approximate the change shown in Item A)	\$0/0/0	\$0/0/0	\$0/0/0	0/0/0

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

	2024	2025	
Index to Allowed	0.713	0.713	
UBRP Trend (Total Applied Trend Factor)	1.128	1.143	UBRP WL 12
UBRP Mortality	1.000	1.000	UBRP WL 12
UBRP Morbidity	1.000	1.000	UBRP WL 12
UBRP Other	1.000	1.000	
Risk Adjustment	\$ (12.28)	\$ (12.46)	UBRP WL 12
Exchange User Fee	\$ -	\$ -	UBRP WL 12
Reinsurance Reserve	\$ -	\$ -	UBRP WL 12
Capitation	\$ -	\$ -	UBRP WL 12
Network	0.998	0.998	
Printing Fee	0.714	0.713	
Catastrophic Eligibility	0.998	0.998	
Benefits in Addition to DRB	1.000	1.000	
Administrative Expenses	14.21%	14.21%	
Team and Fees	0.00%	0.00%	
Profit and/or Contingency	2.00%	2.00%	

- For 2024 to call 881, please include a factor equal to the product of the average Pricing 40 and the Non-Funding of CSR Adjustment

PA Rate Template Part VI - Rate Change Summary

Table 15. Rate Change Summary Information

Overview

Initial Requested Average Rate Change:	7.17%
Revised Requested Average Rate Change:	NDIV/01
Minimum Requested Rate Change:	5.55%
Maximum Requested Rate Change:	7.73%
Mapped Members:	0
Available in Rating Areas:	Rating Area 8

Carrier Name:	Independence Assurance Company
Product(s):	PPO
Market Segment:	Small Group
Rate Effective Date:	1/1/2025

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

Key Information

Jan. 2023	Dec. 2023 Financial Experience
Premium	\$ -
Claims	\$ -
Administrative Expenses	\$ -
Taxes & Fees	\$ -
Company Made After Taxes	\$ -

How It Plans to Spend Your Premium

This is how the company plans to spend the premium it collects in 2025:	
Claims:	85%
Administrative Expenses:	11%
Taxes & Fees:	3%
Profit:	2%

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

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

Table 16. Risk Adjustment Calculation

Component	Statewide	Insurer Specific
State Average Monthly Premium Before Adjustment	675.98	
Administrative Cost Adjustment	0.86	
State Average Monthly Premium	581.34	
Actuarial Value (AV)	0.78	0.77
Plan Liability Risk Score (PLRS)	1.26	1.26
Allowable Rating Factor (ARF)	1.50	1.49
Induced Demand Factor (IDF)	1.07	1.07
Geographic Cost Factor (GCF)	0.97	0.98
Factors Including Risk Score	1.31	1.33
Factors Excluding Risk Score	1.22	1.20
Risk Adjustment Transfer PMPM		17.74
Insurer Specific Manual Adjustment PMPM		
High Cost Risk Pool Adjustment PMPM		
Total Risk Adjustment Transfer		17.74

<-- Negative implies payer of RA

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

Company Name: ... Market: ... Product: ... Selling Date Range: ...

Main data table with columns for various metrics and categories. Includes sub-headers for different product lines and time periods.

**IAC Insurance Company
Small Group
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
44415PA0010001	Personal Choice EPO Silver HSA-0 \$3,000/80%	EPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020001	Personal Choice PPO Platinum Preferred \$10/\$20/\$150	PPO	Platinum	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020002	Personal Choice PPO Platinum Preferred \$10/\$20/\$200	PPO	Platinum	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020003	Personal Choice PPO Platinum Preferred \$20/\$40/\$250	PPO	Platinum	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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44415PA0020015	Personal Choice PPO Silver HSA-0 \$2,400/70%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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44415PA0020019	Personal Choice PPO Gold HRA-20 \$4,000/100%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia

Company Name: WJ Petroleum Company
Product: WJ-100
Billing Date (Actual): September 30, 2012

Table with columns for Customer, Product, Billing Date, and multiple columns for various product types (e.g., Diesel, Gasoline, Jet Fuel) and their respective quantities and prices.

**IAC Insurance Company
Small Group
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
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44415PA0020001	Personal Choice PPO Platinum Preferred \$10/\$20/\$150	PPO	Platinum	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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44415PA0020018	Personal Choice PPO Bronze HSA-0 \$8,000/100%	PPO	Bronze	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020019	Personal Choice PPO Gold HRA-20 \$4,000/100%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia

Company Name: US Postnet Corporation
Market: Retail
Product: FIM
Effective Date of Rates: December 1, 2005

Table with columns for ZIP codes (e.g., 00101, 00102) and various rate categories (e.g., Priority Mail, Priority Mail Express, First-Class Mail, etc.). Each cell contains a numerical rate value.

**IAC Insurance Company
Small Group
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
44415PA0010001	Personal Choice EPO Silver HSA-0 \$3,000/80%	EPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020001	Personal Choice PPO Platinum Preferred \$10/\$20/\$150	PPO	Platinum	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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44415PA0020014	Personal Choice PPO Silver HSA-0 \$4,400/100%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020015	Personal Choice PPO Silver HSA-0 \$2,400/70%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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44415PA0020019	Personal Choice PPO Gold HRA-20 \$4,000/100%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
1	Unified Rate Review v6.0																			<i>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.</i>
2																				
3	Company Legal Name:	Independence Assurance Company																		
4	HIOS Issuer ID:	44415	State:	PA																
5	Effective Date of Rate Change(s):	1/1/2025	Market:	Small Group																
6																				
7																				
8	Market Level Calculations (Same for all Plans)																			
9																				
10																				
11	Section I: Experience Period Data																			
12	Experience Period:	1/1/2023		to	12/31/2023															
13				Total	PMPM															
14	Allowed Claims				\$0.00		#DIV/0!													
15	Reinsurance				\$0.00		#DIV/0!													
16	Incurred Claims in Experience Period				\$0.00		#DIV/0!													
17	Risk Adjustment				\$0.00		#DIV/0!													
18	Experience Period Premium				\$0.00		#DIV/0!													
19	Experience Period Member Months				0															
20																				
21	Section II: Projections																			
22		Experience Period Index Rate PMPM	Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims PMPM													
23	Benefit Category		Cost	Utilization	Cost	Utilization														
24	Inpatient Hospital	\$0.00	1.056	1.043	1.056	1.043			\$0.00											
25	Outpatient Hospital	\$0.00	1.048	1.043	1.048	1.043			\$0.00											
26	Professional	\$0.00	1.029	1.043	1.029	1.043			\$0.00											
27	Other Medical	\$0.00	1.029	1.043	1.029	1.043			\$0.00											
28	Capitation	\$0.00	1.000	1.035	1.000	1.035			\$0.00											
29	Prescription Drug	\$0.00	0.995	1.043	0.995	1.043			\$0.00											
30	Total	\$0.00							\$0.00											
31																				
32	Morbidity Adjustment				1.000															
33	Demographic Shift				0.997															
34	Plan Design Changes				1.000															
35	Other				0.000															
36	Adjusted Trended EHB Allowed Claims PMPM for	1/1/2025			\$0.00															
37																				
38	Manual EHB Allowed Claims PMPM				\$800.63															
39	Applied Credibility %				0.00%															
40																				
41	Projected Period Totals																			
42	Projected Index Rate for	1/1/2025			\$800.63		\$743,452,207.92													
43	Reinsurance				\$0.00		\$0.00													
44	Risk Adjustment Payment/Charge				\$24.67		\$22,908,167.28													
45	Exchange User Fees				0.00%		\$0.00													
46	Market Adjusted Index Rate				\$775.96		\$720,544,040.64													
47																				
48	Projected Member Months				928,584															
49																				
50	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.																			
51																				

Rating Area Data Collection

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

Rating Area	Rating Factor
Rating Area 8	1.0000

GENERAL OVERVIEW

PURPOSES

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

GENERAL INFORMATION

COMPANY IDENTIFYING INFORMATION

Company Legal Name: Independence Assurance Company (“IAC”)

State: Pennsylvania

HIOS Issuer ID (5-digit): 44415

Market: Small Group

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

Worksheet 1 of the accompanying URRT contains experience period data and development of the projected Single Risk Pool Gross Premium Average Rate PMPM for the small group market for IAC using the combined experience of Keystone Health Plan East (“KHPE”) and QCC Insurance Company, Inc. (QCC). Worksheet 2 contains experience period data and projections by product for the single risk pool for the same entities.

COMPANY CONTACT INFORMATION

Primary Contact Name: [REDACTED]

Primary Contact Telephone Number: [REDACTED]

Primary Contact Email Address: [REDACTED]

PROPOSED RATE INCREASE

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

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

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

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

The weighted average increase across IAC plans based on projected membership, inclusive of the impact of benefit and cost sharing changes, is 6.88%. The minimum increase is 5.5% and the maximum increase is 7.7%.

WORKSHEET 1: MARKET EXPERIENCE

SECTION I: EXPERIENCE PERIOD DATA

SINGLE RISK POOL

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

PAID THROUGH DATE

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

PREMIUMS IN EXPERIENCE PERIOD

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

ALLOWED AND INCURRED CLAIMS INCURRED DURING THE EXPERIENCE PERIOD

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

Insurer fee-for-service claims expenses and member liabilities for dates of service in January 2023 through December 2023 and paid through February 2024 are sourced from the IBCFOC's internal data warehouse. The claims and member liabilities are completed with incurred but not reported (IBNR)

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

Allowed Claims

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

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

IBNR Development

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

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

Experience Period Index Rate

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

SECTION II: PROJECTIONS

BENEFIT CATEGORIES

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

PROJECTION FACTORS

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

Morbidity Adjustment

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

Demographic Shift

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

Plan Design Changes

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

Other Changes

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

Trend Factors

a. Annualized Cost Trend

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

b. Annualized Utilization Trend

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

c. Quarterly Premium Trend

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

CREDIBILITY MANUAL RATE DEVELOPMENT

The experience period claims for the single risk pool are determined to be fully credible; therefore no credibility adjustment is required.

RISK ADJUSTMENT AND REINSURANCE

Projected Risk Adjustment PMPM

Projected Risk Adjustment is accounted for in Projected Incurred Claims before the state based reinsurance program and Risk Adjustment to reflect anticipated risk adjustment transfer amounts for

the projection period. The amount reflects the projected morbidity for the single risk pool in the projection period.

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

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

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

MARKET ADJUSTED INDEX RATE

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

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

WORKSHEET 2: PRODUCT-PLAN DATA COLLECTION

SECTION I: GENERAL PRODUCT AND PLAN INFORMATION

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

AV METAL VALUES

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

SECTION II: EXPERIENCE PERIOD AND CURRENT PLAN LEVEL INFORMATION

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

SECTION III: PLAN ADJUSTMENT FACTORS

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

PLAN ADJUSTED INDEX RATE

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

NON-BENEFIT EXPENSES AND PROFIT & RISK

Administrative Expense Load

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

Profit & Risk Load/Contribution to Surplus

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

Taxes and Fees

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

CALIBRATION

The plan adjusted index rate is projected for all products using the same anticipated age distribution and the mandated age curve. Therefore the consumer adjusted premium rate is the plan adjusted index rate divided by the average age, geographic and tobacco factors for the expected distribution. The average age of the combined small group risk pool population is 36.

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

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

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

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

MEMBERSHIP PROJECTIONS

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

LOSS RATIO

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

INDEX RATE

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

TERMINATED PLANS

There are no plans being terminated during 2025.

WORKSHEET 3: RATING AREAS

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

ACTUARIAL CERTIFICATION

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

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

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

- The projected index rate is:
 - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102);
 - Developed in compliance with applicable Actuarial Standards of Practice;
 - Reasonable in relation to the benefits provided and the population anticipated to be covered; and
 - Neither excessive nor deficient.
- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
- Geographic rating factors reflect only differences in the costs of delivery of and do not include differences for population morbidity by geographic area.
- The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans, unless an alternate methodology was required. When an alternate methodology was used to calculate the AV Metal Value a copy of the actuarial certification required by 45 CFR Part 156, §156.135 was included.

[REDACTED]
May 15, 2024

Date		Description		Amount	
Year	Month	Particulars	Debit	Credit	Balance
2018	Jan	...	...	...	...
2018	Feb	...	...	...	...
2018	Mar	...	...	...	...
2018	Apr	...	...	...	...
2018	May	...	...	...	...
2018	Jun	...	...	...	...
2018	Jul	...	...	...	...
2018	Aug	...	...	...	...
2018	Sep	...	...	...	...
2018	Oct	...	...	...	...
2018	Nov	...	...	...	...
2018	Dec	...	...	...	...
2019	Jan	...	...	...	...
2019	Feb	...	...	...	...
2019	Mar	...	...	...	...
2019	Apr	...	...	...	...
2019	May	...	...	...	...
2019	Jun	...	...	...	...
2019	Jul	...	...	...	...
2019	Aug	...	...	...	...
2019	Sep	...	...	...	...
2019	Oct	...	...	...	...
2019	Nov	...	...	...	...
2019	Dec	...	...	...	...
2020	Jan	...	...	...	...
2020	Feb	...	...	...	...
2020	Mar	...	...	...	...
2020	Apr	...	...	...	...
2020	May	...	...	...	...
2020	Jun	...	...	...	...
2020	Jul	...	...	...	...
2020	Aug	...	...	...	...
2020	Sep	...	...	...	...
2020	Oct	...	...	...	...
2020	Nov	...	...	...	...
2020	Dec	...	...	...	...
2021	Jan	...	...	...	...
2021	Feb	...	...	...	...
2021	Mar	...	...	...	...
2021	Apr	...	...	...	...
2021	May	...	...	...	...
2021	Jun	...	...	...	...
2021	Jul	...	...	...	...
2021	Aug	...	...	...	...
2021	Sep	...	...	...	...
2021	Oct	...	...	...	...
2021	Nov	...	...	...	...
2021	Dec	...	...	...	...
2022	Jan	...	...	...	...
2022	Feb	...	...	...	...
2022	Mar	...	...	...	...
2022	Apr	...	...	...	...
2022	May	...	...	...	...
2022	Jun	...	...	...	...
2022	Jul	...	...	...	...
2022	Aug	...	...	...	...
2022	Sep	...	...	...	...
2022	Oct	...	...	...	...
2022	Nov	...	...	...	...
2022	Dec	...	...	...	...

Cover Page

HIOS Issuer ID: 44415

HIOS Product ID: 44415PA001, 44415PA002

Unique Plan Design Supporting Documentation and Justification

ACTUARIAL MEMORANDUM

HIOS Issuer ID: 44415

HIOS Product IDs: 44415PA001, 44415PA002

Applicable HIOS Plan IDs (Standard Component): 44415PA0020002, 44415PA0020001, 44415PA0020003, 44415PA0020004, 44415PA0020005, 44415PA0020006, 44415PA0020007, 44415PA0020008, 44415PA0020009, 44415PA0020010, 44415PA0010001, 44415PA0020011, 44415PA0020019, 44415PA0020012, 44415PA0020013, 44415PA0020014, 44415PA0020015, 44415PA0020016, 44415PA0020017, 44415PA0020018

Purpose of document:

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

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

The cost-sharing for laboratory outpatient and professional services for a subset of these plans varies by site of service. Lab work done at the office or a free-standing facility has zero cost-sharing, while lab work done by a hospital has 50% coinsurance after deductible (if applicable). Laboratory outpatient and professional services account for roughly 3% of allowed costs in the AV calculation.

The cost-sharing for occupational and physical therapy for a subset of these plans varies by site of service. Occupational and physical therapy accounts for roughly 2% of allowed costs in the AV calculation.

The cost-sharing for x-rays and diagnostic imaging for a subset of these plans varies by site of service. X-rays and diagnostic imaging accounts for roughly 3% of allowed costs in the AV calculation.

The cost-sharing for imaging (CT/PET scans, MRIs) for a subset of these plans varies by site of service. Imaging accounts for roughly 2% of allowed costs in the AV calculation.

The outpatient facility fee cost-sharing for a subset of these plans varies by site of service. Services have different copays or coinsurances for a free-standing facility setting and a hospital

setting. Outpatient facility fee accounts for about 13% of allowed costs in the AV calculation.

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

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

The cost-sharing for Outpatient Mental Health and Substance Abuse for these plans varies between Office visits and All Other services. Outpatient Mental Health and Substance Abuse accounts for about 4% of allowed costs in the AV calculation.

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

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

Method 156.135(b)(2) was used for laboratory site of service (for plans with no deductible), outpatient facility, primary care, specialist care, occupational and physical therapy, x-rays, imaging, outpatient mental health and substance abuse, and generic drugs cost-sharing.

Method 156.135(b)(3) was used for laboratory site of service cost-sharing (for plans with deductibles).

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

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

Description of the standardized plan population data used:

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

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

For the physical therapy and radiology site-of-service utilization, we considered our commercial PPO data incurred between January 2023 and December 2023.

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

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

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

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

Laboratory Site-of-service Differential for Plans with No Deductible

For the lab site of service cost-sharing, our recent data suggested that 20% of units are at a hospital setting with an average unit cost of \$58.81, while 80% of units are at a freestanding setting with an average unit cost of \$21.78. Taking a weighted average of a 50% issuer coinsurance applied to \$58.81 and a 100% issuer coinsurance applied to \$21.78 produced an average issuer paid amount of \$23.30 out of an average cost of \$29.18, giving an effective issuer coinsurance of 79.9% which was entered into the AV calculator. This applies to plans 44415PA0020002, 44415PA0020001, 44415PA0020003, 44415PA0020004, and 44415PA0020005 only.

Occupational and Physical Therapy Site-of-service Differential

For the physical therapy site of service cost-sharing, our recent data indicated that 80% of utilization came from the preferred site. The cost-sharing entered into the AV calculator is a weighted average of the copays at each site.

X-rays and Diagnostic Imaging Site-of-service Copay Differential

For the x-ray site of service cost-sharing, our recent data indicated that 30% of utilization came from the preferred site. The cost-sharing entered into the AV calculator is a weighted average of copays based on utilization at each site.

X-rays and Diagnostic Imaging Site-of-service Coinsurance Differential

For the x-ray site of service cost-sharing, our recent data indicated that 25% of claims came from the preferred site. The cost-sharing entered into the AV calculator is a weighted average of coinsurance based on claims at each site.

Imaging (CT/PET scans, MRIs) Site-of-service Copay Differential

For the imaging site of service cost-sharing, our recent data indicated that 30% of utilization came from the preferred site. The cost-sharing entered into the AV calculator is a weighted average of copays based on utilization at each site.

Imaging (CT/PET scans, MRIs) Site-of-service Coinsurance Differential

For the imaging site of service cost-sharing, our recent data indicated that 20% of claims came from the preferred site. The cost-sharing entered into the AV calculator is a weighted average of coinsurance based on claims at each site.

HIOS ID	Service Type	Cost-sharing		AV Input
		Preferred Site	Non-preferred Site	
44415PA0020002	Phys. Ther.	\$20	\$50	\$26.00
	X-rays	\$40	\$80	\$68.00
	Imaging	\$125	\$250	\$212.50
44415PA0020003	Phys. Ther.	\$40	\$70	\$46.00
	X-rays	\$40	\$80	\$68.00
	Imaging	\$125	\$250	\$212.50
44415PA0020001	Phys. Ther.	\$20	\$50	\$26.00
	X-rays	\$40	\$80	\$68.00
	Imaging	\$125	\$250	\$212.50
44415PA0020004	Phys. Ther.	\$80	\$110	\$86.00
	X-rays	\$70	\$175	\$143.50
	Imaging	\$150	\$300	\$255.00
44415PA0020005	Phys. Ther.	\$80	\$110	\$86.00
	X-rays	\$70	\$175	\$143.50
	Imaging	\$150	\$300	\$255.00
44415PA0020006	Phys. Ther.	\$40	\$80	\$48.00
	X-rays	20%	40%	65%
	Imaging	20%	40%	64%
44415PA0020007	Phys. Ther.	\$80	\$110	\$86.00
	X-rays	10%	10%	90%
	Imaging	10%	10%	90%
44415PA0020008	Phys. Ther.	\$80	\$110	\$86.00
	X-rays	\$100	\$250	\$205.00
	Imaging	\$250	\$500	\$425.00
44415PA0020009	Phys. Ther.	\$100	\$130	\$106.00
	X-rays	\$80	\$200	\$164.00
	Imaging	\$200	\$400	\$340.00
44415PA0020010	Phys. Ther.	\$80	\$110	\$86.00
	X-rays	30%	50%	55%
	Imaging	30%	50%	54%

Outpatient Facility Fee Site-of-service Differential

For the outpatient facility site of service cost-sharing, our recent data indicated that 80% of outpatient facility claims came from the hospital setting. This assumption was used for plans with coinsurance cost-sharing for outpatient facility. Our recent data indicated that 55% of outpatient facility utilization came from the hospital setting. This assumption was used for plans with copay cost-sharing for outpatient facility.

The cost-sharing entered into the AV calculator is a weighted average of the coinsurance or copay at a hospital and the coinsurance or copay at an ambulatory surgery center.

HIOS ID	Service Type	Cost-sharing		AV Input
		ASC	Hospital	
44415PA0020002	OP Facility	\$50	\$100	\$77.50
44415PA0020003	OP Facility	\$50	\$100	\$77.50
44415PA0020001	OP Facility	\$50	\$100	\$77.50
44415PA0020004	OP Facility	\$300	\$700	\$520.00
44415PA0020005	OP Facility	\$150	\$350	\$260.00
44415PA0020006	OP Facility	20%	50%	56%
44415PA0020007	OP Facility	10%	30%	74%
44415PA0020009	OP Facility	\$400	\$750	\$592.50
44415PA0020010	OP Facility	30%	50%	54%

Primary Care Copay Differential

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

HIOS_ID	Cost - sharing		AV Input
	PCP	Virtual PCP	
44415PA0020002	\$10	\$5	\$ 9.25
44415PA0020001	\$10	\$5	\$ 9.25
44415PA0020003	\$20	\$15	\$ 19.25
44415PA0020004	\$40	\$30	\$ 38.50
44415PA0020005	\$40	\$30	\$ 38.50
44415PA0020006	\$20	\$15	\$ 19.25
44415PA0020007	\$40	\$30	\$ 38.50
44415PA0020008	\$40	\$30	\$ 38.50
44415PA0020009	\$50	\$35	\$ 47.75
44415PA0020010	\$40	\$30	\$ 38.50
44415PA0020012	\$25	\$20	\$ 24.25

Specialist Copay Differential

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

HIOS_ID	Cost - sharing		AV Input
	SP	Virtual SP	
44415PA0020002	\$20	\$10	\$ 19.50
44415PA0020001	\$20	\$10	\$ 19.50
44415PA0020003	\$40	\$25	\$ 39.25
44415PA0020004	\$80	\$55	\$ 78.75
44415PA0020005	\$80	\$55	\$ 78.75
44415PA0020006	\$40	\$25	\$ 39.25
44415PA0020007	\$80	\$55	\$ 78.75
44415PA0020008	\$80	\$55	\$ 78.75
44415PA0020009	\$100	\$70	\$ 98.50
44415PA0020010	\$80	\$55	\$ 78.75
44415PA0020012	\$50	\$35	\$ 49.25

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

For the outpatient mental health and substance abuse cost-sharing, our recent data indicated that 75% of outpatient mental health utilization came from office visits. The cost-sharing entered into the AV calculator is a blend of the cost-sharing for outpatient mental health office visits and the cost-sharing for all other outpatient mental health services. For plans where this cost-sharing is a combination of copay and coinsurance, a separate exhibit has been included to show the development of the effective copay that was used in the AV calculator.

HIOS_ID	Cost - sharing		AV Input
	MH/SA Office	MH/SA Other	
44415PA0020002	\$20	\$20	\$ 20.00
44415PA0020001	\$20	\$20	\$ 20.00
44415PA0020003	\$40	\$40	\$ 40.00
44415PA0020004	\$80	\$80	\$ 80.00
44415PA0020005	\$80	\$80	\$ 80.00
44415PA0020008	\$80	\$80	\$ 80.00
44415PA0020009	\$100	\$100	\$ 100.00
44415PA0010001	20%	20%	80%
44415PA0020011	0%	0%	100%
44415PA0020019	0%	0%	100%
44415PA0020013	0%	0%	100%
44415PA0020014	0%	0%	100%
44415PA0020015	30%	30%	70%
44415PA0020016	10%	10%	90%
44415PA0020017	50%	50%	50%
44415PA0020018	0%	0%	100%

For plans 44415PA0020006, 44415PA0020007, 44415PA0020010, and 44415PA0020012, the cost-sharing for outpatient mental health was input in the AV calculator as an effective copay to capture the blending of a copay for outpatient mental health visits and coinsurance for all other outpatient mental health services. For plans 44415PA0020006 and 44415PA0020012, the coinsurance for all other outpatient mental health services was effective after the deductible. Accordingly, the effective copays for these plans were developed to recognize separate costs for when the member was in the deductible. We determined a utilization split for services in the deductible using the plan's deductible value and our CPD model.

	44415PA0020006	44415PA0020007
OP Visit Cost-sharing	\$40	\$80
OP Visit Weight	75%	75%
Avg Cost/Unit OP Other	\$269.32	\$269.32
OP Other Cost-sharing in Deductible	100%	N/A
OP Other Weight in Deductible	7%	N/A
OP Other Cost-sharing after Deductible	20%	0%
OP Other Weight after Deductible	18%	25%
Effective Copay (AV Input)	\$57.54	\$60.00

	44415PA0020010	44415PA0020012
OP Visit Cost-sharing	\$80	\$50
OP Visit Weight	75%	75%
Avg Cost/Unit OP Other	\$269.32	\$269.32
OP Other Cost-sharing in Deductible	N/A	100%
OP Other Weight in Deductible	N/A	9%
OP Other Cost-sharing after Deductible	30%	10%
OP Other Weight after Deductible	25%	16%
Effective Copay (AV Input)	\$80.20	\$66.74

Generic Drugs Copay Differential

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

HIOS_ID	Cost - sharing		AV Input
	Low-Cost Generic	Generic	
44415PA0020002	\$3	\$10	\$ 7.20
44415PA0020001	\$3	\$10	\$ 7.20
44415PA0020003	\$3	\$10	\$ 7.20
44415PA0020004	\$3	\$15	\$ 10.20
44415PA0020005	\$3	\$15	\$ 10.20
44415PA0020006	\$3	\$20	\$ 13.20
44415PA0020007	\$3	\$20	\$ 13.20
44415PA0020008	\$5	\$25	\$ 17.00
44415PA0020009	\$5	\$25	\$ 17.00
44415PA0020010	\$5	\$25	\$ 17.00
44415PA0010001	\$5	\$25	\$ 17.00
44415PA0020011	\$3	\$10	\$ 7.20
44415PA0020019	\$3	\$20	\$ 13.20
44415PA0020012	\$3	\$20	\$ 13.20
44415PA0020013	\$3	\$20	\$ 13.20
44415PA0020014	\$5	\$25	\$ 17.00
44415PA0020015	\$5	\$25	\$ 17.00
44415PA0020016	\$5	\$25	\$ 17.00
44415PA0020017	\$7	\$30	\$ 20.80

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

Laboratory Site-of-service Differential for Plans with Deductible

For the lab site of service cost-sharing, our recent data indicated that 20% of lab claims came from the hospital setting.

Using the AV calculation resulting from method 156.135(b)(2), two separate AVs were calculated; the first AV was calculated with zero lab cost-sharing to reflect lab work done by an office or free-standing facility, and the second AV was calculated with 50% coinsurance after deductible to reflect lab work done by a hospital. The final AV for the plan was then calculated by taking a weighted average of the two AVs using the utilizations by lab site. The following exhibit details this calculation.

HIOS ID	AV		
	Free-standing	Hospital	Average
44415PA0020006	79.32%	77.91%	79.04%
44415PA0020007	80.84%	79.09%	80.49%
44415PA0020008	71.36%	69.41%	70.97%
44415PA0020009	70.49%	68.48%	70.09%
44415PA0020010	71.52%	69.57%	71.13%

Utilization	80%	20%
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Certification Language:

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

The analysis was

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

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

Actuary signature: _____

Actuary Printed Name: _____

Date: _____ 4/29/2024

AV screenshots redacted.

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

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

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

	2024	2025	
	Filing	Filing	Change
Age Factor	1.502	1.486	0.989
Geographic Factor	1.000	1.000	1.000
Tobacco Factor	1.007	1.007	1.000
Total change			0.989

No changes were assumed for this filing.

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

The network factor used for PPO was 1.000.

The network factor used for EPO was 0.950.

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

Table 10 factors:	PPO	1.001
	EPO	0.951

REDACTION JUSTIFICATION – IAC SMALL GROUP

DOCUMENT

URRT Part III – Federal Actuarial Memorandum

Redacted Name of opining actuary (page 8)

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

PA Actuarial Memorandum

Redacted Name of opining actuary (pages 7 and 8)

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

Cover Letter

Redacted names and contact information (page 2)

AV Screenshots

Entire File Redacted

Unique AV Justification file

Redacted name of opining actuary (page 13)

Redacted AV Screenshots (all)



2024 and 2025 Service Area

Issuer: Independence Assurance Company

Market: Small Group



Key (*modify as needed*)

-  : On-exchange service area
-  : Off-exchange only service area

Responses to Section E, Standard Questions

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

We began issuing IAC plans in force as of 2024. We do not project that 2025 membership will differ significantly from the current membership when combined with enrollments into plans offered by QCC.

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

We confirm that capitated claims have been removed.

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

We confirm that non-EHB claims have been removed.

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

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

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

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

4. Trend

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

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

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

These cells are equal to cell J32. We are anticipating relatively smooth increases to the Index

rate going from 2025 to 2026 for these plans.

5. Table 6 – Retention

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

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

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

We confirm that these factors are consistent.

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

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

6. Pricing AVs

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

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

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

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

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

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

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

7. Expanded Bronze Plans

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

Please see the attached "EBP" exhibit.

8. PAAM Exhibits – Consumer Factors

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

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

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

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

9. MLR Exhibit

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

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

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

IAC is a new entity. Plans were not issued prior to 2024.

10. Plan of Withdrawal:

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

No withdrawals are proposed in this filing.

11. Transitional Plans:

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

There are no transitional plans.

12. Copay Adjustment Programs

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

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

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

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

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

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

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

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

IAC	<u>HIOS IDs</u>	<u>Plan Marketing Name</u>	<u>HSA Plan</u>
	44415PA0020017	Personal Choice PPO Bronze HSA-0 \$5,600/50%	X
	44415PA0020018	Personal Choice PPO Bronze HSA-0 \$8,300/100%	X

Completeness and Redaction Justification Checklist

Issuer Name: Independence Assurance Company
 Market: Small Group PPO
 SERFF ID: INAC-134056112

TOC #	Description	Completed (Mark with "X")	Redaction Justification		
			Redacted (Y/N)	Page # in Public PDF	Justification submitted (Y/NA)
Federal Documents Required to Be Filed with PID					
A.2.	RFJ Part I - Unified Rate Review Template	X			
	RFJ Part II – Consumer Friendly Justification				
	RFJ Part III – Actuarial Memorandum	X	Y	37-45	Y
	Federal Rates Template	X			
Summary Documents/Confirmation of HIOS & SERFF Submissions					
A.2.B.	HIOS Submission	X			
A.2.C.	SERFF Submission	X			
A.2.D.	SERFF Rate/Rule Schedule Tab	X			
B.	Cover Letter & PA Bulletin Information	X			
PA Actuarial Memorandum and Rate Exhibits					
D.1.A.	Company Information	X	Y	4	Y
D.1.B.	Rate History & Proposed Variation in Rate Changes	X	N	5	N/A
D.1.C.	Average Rate Change	X	N	5	N/A
D.1.D.	Membership Count	X	N	5	N/A
	<i>PA Act. Exhibits Table 1</i>	X	N	12	N/A
D.1.E.	Benefit Changes	X	N	5	N/A
D.1.F.	Experience Period Claims & Premium	X	N	5	N/A
	<i>PA Act. Exhibits Table 2</i>	X	N	12	N/A
D.1.G.	Credibility of Data	X	N	6	N/A
	<i>PA Act. Exhibits Tables 2b, 3b, 4b (if applicable)</i>	X	N	13	N/A
D.1.H.	Trend Identification	X	N	6-7	N/A
	<i>PA Act. Exhibits Table 3</i>	X	N	12	N/A
D.1.I.	Historical Experience	X	N	7	N/A
	<i>PA Act. Exhibits Table 4</i>	X	N	12	N/A
D.2.A.	Development of PAIR, MAIR and Total Allowed Claims	X	N	7-8	N/A
	<i>PA Act. Exhibits Table 5</i>	X	N	14	N/A
D.2.B.	Retention Items	X	N	8-9	N/A
	<i>PA Act. Exhibits Table 6</i>	X	N	14	N/A
D.2.C.	Normalized Market-Adjusted Projected Allowed Total Claims	X	N	9	N/A
	<i>PA Act. Exhibits Table 7</i>	X	N	14	N/A
D.2.D.	Components of Rate Change	X	N	9	N/A
	<i>PA Act. Exhibits Table 8</i>	X	N	14	N/A
	<i>PA Act. Exhibits Table 9</i>	X	N	14	N/A
D.3.	Plan Rate Development	X	N	9	N/A
	<i>PA Act. Exhibits Table 10</i>	X	N	16	N/A
D.4.	Plan Premium Development for 21-Year-Old Non-Tobacco User	X	N	10	N/A
	<i>PA Act. Exhibits Table 11</i>	X	N	17-18	N/A
D.5.A.	Age and Tobacco Factors	X	N	10	N/A
	<i>PA Act. Exhibits Table 12</i>	X	N	19	N/A
D.5.B.	Geographic Factors	X	N	10	N/A
	<i>PA Act. Exhibits Table 13</i>	X	N	19	N/A
D.5.C.	Network Factors	X	N	10	N/A
	<i>PA Act. Exhibits Table 14</i>	X	N	19	N/A
D.5.D.	<i>Rate Change Request Summary</i>	X	N	20	N/A
	<i>PA Act. Exhibits Table 15</i>	X	N	20	N/A
D.5.E.	Service Area Composition	X	N	10	N/A
D.5.F.	Composite Rating	X	N	10	N/A
D.6.	Actuarial Certifications	X	Y	10-11	Y
Additional Exhibits					
E.	Department Plan Design Summary & Rate Tables	X	N	22-33	N/A
	Service Area Map	X	N	76	N/A
Summary Documents/Confirmation of HIOS & SERFF Submissions		X			Y