

## 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 request average rate change:	7.17%
Revised requested average rate change: <sup>1</sup>	7.17%
Range of requested:	5.56% to 7.74%
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/>	
Insurer made (after taxes)	\$0

#### How insurer plans to spend your premium

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%.

### Explanation of Requested Rate Change:

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

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



May 15, 2024

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

**SUBMITTED VIA SERFF**

**RE: 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 7.17% 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	7.17%
6.	Range of Rate Changes Requested	5.6 % to 7.7%
7.	Total Annual Revenue Generated from the Proposed Rate Change	\$40,992,554



- |                                                                    |                                                                                                     |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 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,<br>INLG-134080019,<br>INLG-PA25-125118197<br>See appendix for form numbers. |
| 14. HIOS Issuer ID # and submission tracking Number                | HIOS Issuer ID # 44415; Tracking #<br>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:** 7.17%  
**Range of Rate Changes:** 5.6 % 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 7.17%. The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2023 to calendar year 2025 are incorporated into the pricing and reflected in the Unified Rate Review Template.

The change in 21-year-old Non-Tobacco Premium PMPM calculated in Table 11, Cell AN13 is 7.17%

## **D. MEMBERSHIP COUNT**

There are no members currently enrolled in IAC plans. We anticipate that members will be 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**

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		0.63%
Risk Adjustment User Fee	0.04%	
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	16.74%

**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	\$684.47
Quality Improvement Expense PMPM	\$5.48
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 URRRT requires factors to be rounded to four decimal places, resulting in small differences.

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

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

#### **5. PLAN FACTORS**

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

#### **6. ACTUARIAL CERTIFICATION**

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

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

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

- The projected index rate is:
  - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.08(d)(1) and 147.106);
  - Developed in compliance with applicable Actuarial Standards of Practice;
  - Reasonable in relation to the benefits provided and the population anticipated to be covered; and
  - Neither excessive nor deficient.
- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
- The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.

- The AV Calculator was used to determine the AV Metal Values illustrated in Worksheet 2 of the Part I Unified Rate Review Template for all plans, unless an alternate methodology was required. If an alternate methodology was used to calculate the AV Metal Value for at least one plan offered, a copy of the actuarial certification required by 45 CFR Part 156, §156.135 will be included.
- All factor, benefit, and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
- New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
- The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2025 Rate Filing Justification.

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May 15, 2024

PA Rate Template Part I  
Data Relevant to the Rate Filing

Table 0. Identifying Information

Center Name:	Independence Assurance Company		
Product/Plan:	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
	Current Period (w/ of 01/01/2024)	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 & RRS)	Allowed Claims (Non-Capitated)	Non-ERB portion of Allowed Claims	Total Prescription Drug Rebates*	Total ERB Capitation	Total Non-ERB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
				\$	\$	\$	\$	\$	\$	\$	\$
Experience Period Total Allowed ERB Claims + ERB 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%	4.23%	10.12%	10.12%	11.37%
Outpatient Hospital	4.79%	4.23%	9.29%	9.29%	21.84%
Professional	7.60%	4.23%	7.31%	7.31%	26.93%
Other Medical	7.99%	4.23%	7.31%	7.31%	0.90%
Capitation			3.33%	3.33%	11.04%
Prescription Drugs	0.64%	4.23%	3.72%	3.72%	24.82%
Total Annual Trend			6.89%	6.89%	100.00%
Months of Trend			24		
Total Annual Trend Projection Factor			1.141		

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

\*\* should equal 100% 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 + RRS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Feb-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Mar-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Apr-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
May-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Jun-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Jul-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Aug-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Sep-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Oct-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Nov-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Dec-20	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Jan-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Feb-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Mar-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Apr-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
May-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Jun-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Jul-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Aug-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Sep-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Oct-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Nov-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Dec-21	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Jan-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Feb-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Mar-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Apr-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
May-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Jun-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Jul-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Aug-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Sep-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Oct-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Nov-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Dec-22	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Jan-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Feb-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Mar-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Apr-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
May-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Jun-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Jul-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Aug-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Sep-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Oct-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Nov-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000
Dec-23	\$	0.0000	0.0000	0.0000	-	0.0000	\$	\$	0.0000	0.0000

\*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

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & DSI)	Allowed Claims (Non-Capitated)	Non-ENB portion of Allowed Claims	Total Prescription Drug Rebates*	Total ENB Capitation	Total Non-ENB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recovery
\$ 1,148,429.24	\$ 712,429.13	\$ 708,494.18	1,499,742	\$ 181,864,922.42	\$ 1,242,945,092.42	\$	\$ 108,206,757.91	\$ 24,478,824.41	\$ 2,174,697.68	\$ 114,258,087.41	\$ 574.01
Experience Period Total Allowed Final Claims + ENB Capitation PMPM (net of prescription drug rebates)											
Loss Ratio											
*Express Prescription Drug Rebates as a negative number											

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Indexed Demand**	Composite Trend	Weight*
Inpatient Hospital	4.67%	4.29%		50.82%	15.37%
Outpatient Hospital	4.29%	4.29%		9.40%	21.44%
Professional	4.90%	4.29%		7.83%	26.93%
Other Medical	9.70%	4.29%		7.31%	0.50%
Capitation				3.53%	31.68%
Prescription Drugs	-6.54%	4.29%		3.72%	24.82%
Total Annual Trend				6.29%	100.00%
Manual Trend				-2%	
Total Applied Trend Projection Factor				1.181	

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

Table 4b. Historical Manual Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factor*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member & DSI)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-20	\$	\$ 73,912,533.85	1.0000	\$ 73,912,533.85	186,371	\$ 396.52	\$	\$ 5,397,814.50	\$ 65,624,619.35	\$ 459.40
Feb-20	\$	\$ 71,179,245.08	1.0000	\$ 71,179,245.08	185,883	\$ 383.50	\$	\$ 5,178,001.79	\$ 66,001,243.29	\$ 455.81
Mar-20	\$	\$ 63,881,909.03	1.0000	\$ 63,881,909.03	185,874	\$ 344.00	\$	\$ 4,519,138.44	\$ 59,362,770.59	\$ 387.48
Apr-20	\$	\$ 49,269,183.75	1.0000	\$ 49,269,183.75	181,803	\$ 269.95	\$	\$ 3,511,568.11	\$ 45,757,615.64	\$ 288.99
May-20	\$	\$ 57,029,503.10	1.0000	\$ 57,029,503.10	182,603	\$ 312.18	\$	\$ 4,475,707.03	\$ 52,553,796.07	\$ 346.13
Jun-20	\$	\$ 68,101,161.46	1.0000	\$ 68,101,161.46	181,011	\$ 376.24	\$	\$ 4,471,887.64	\$ 63,629,273.82	\$ 417.08
Jul-20	\$	\$ 68,407,391.82	1.0000	\$ 68,407,391.82	180,881	\$ 381.79	\$	\$ 4,581,150.26	\$ 63,826,241.56	\$ 426.29
Aug-20	\$	\$ 69,071,381.52	1.0000	\$ 69,071,381.52	180,551	\$ 382.51	\$	\$ 4,674,489.54	\$ 64,396,892.00	\$ 428.14
Sep-20	\$	\$ 69,441,826.71	1.0000	\$ 69,441,826.71	178,426	\$ 389.66	\$	\$ 4,431,149.41	\$ 65,010,677.30	\$ 431.64
Oct-20	\$	\$ 74,149,525.78	1.0000	\$ 74,149,525.78	179,624	\$ 412.93	\$	\$ 4,843,164.39	\$ 69,306,361.39	\$ 469.29
Nov-20	\$	\$ 70,324,264.24	1.0000	\$ 70,324,264.24	177,466	\$ 396.27	\$	\$ 4,764,438.76	\$ 65,559,825.48	\$ 438.09
Dec-20	\$	\$ 73,329,391.08	1.0000	\$ 73,329,391.08	176,977	\$ 414.40	\$	\$ 4,794,748.14	\$ 68,534,642.94	\$ 455.94
Jan-21	\$ 1,209,260,239.85	\$ 72,621,871.40	1.0000	\$ 72,621,871.40	174,481	\$ 415.18	\$ 109,629,140.99	\$ 6,611,072.78	\$ 65,010,798.62	\$ 405.16
Feb-21	\$	\$ 64,314,599.86	1.0000	\$ 64,314,599.86	176,307	\$ 364.79	\$	\$ 4,307,240.71	\$ 60,007,359.15	\$ 407.21
Mar-21	\$	\$ 82,148,339.87	1.0000	\$ 82,148,339.87	176,294	\$ 465.87	\$	\$ 6,102,189.03	\$ 76,046,150.84	\$ 528.71
Apr-21	\$	\$ 72,279,089.16	1.0000	\$ 72,279,089.16	175,731	\$ 409.74	\$	\$ 6,096,212.64	\$ 66,182,876.52	\$ 480.20
May-21	\$	\$ 73,707,022.43	1.0000	\$ 73,707,022.43	176,277	\$ 420.57	\$	\$ 6,083,191.51	\$ 67,623,830.92	\$ 482.71
Jun-21	\$	\$ 75,896,451.81	1.0000	\$ 75,896,451.81	175,523	\$ 434.83	\$	\$ 6,055,385.17	\$ 69,841,066.64	\$ 482.38
Jul-21	\$	\$ 67,322,995.17	1.0000	\$ 67,322,995.17	173,411	\$ 388.21	\$	\$ 5,583,174.18	\$ 61,739,821.00	\$ 432.39
Aug-21	\$	\$ 72,206,338.11	1.0000	\$ 72,206,338.11	173,098	\$ 416.98	\$	\$ 6,143,866.43	\$ 66,062,471.68	\$ 474.64
Sep-21	\$	\$ 72,510,425.52	1.0000	\$ 72,510,425.52	172,954	\$ 419.24	\$	\$ 6,172,828.64	\$ 66,337,596.88	\$ 458.01
Oct-21	\$	\$ 74,027,387.11	1.0000	\$ 74,027,387.11	172,799	\$ 424.67	\$	\$ 6,678,911.66	\$ 67,348,475.52	\$ 475.26
Nov-21	\$	\$ 74,027,448.17	1.0000	\$ 74,027,448.17	172,717	\$ 425.21	\$	\$ 6,672,451.37	\$ 67,355,000.80	\$ 465.84
Dec-21	\$ 1,207,866,070.03	\$ 78,144,246.17	1.0000	\$ 78,144,246.17	172,809	\$ 452.04	\$ 172,099,099.03	\$ 6,640,339.66	\$ 71,503,906.51	\$ 489.69
Jan-22	\$	\$ 71,513,718.54	1.0000	\$ 71,513,718.54	173,461	\$ 414.64	\$	\$ 7,058,629.53	\$ 64,455,089.01	\$ 472.53
Feb-22	\$	\$ 67,928,436.98	1.0000	\$ 67,928,436.98	173,034	\$ 394.84	\$	\$ 7,511,261.87	\$ 60,417,175.11	\$ 432.10
Mar-22	\$	\$ 77,429,802.54	1.0000	\$ 77,429,802.54	171,829	\$ 450.60	\$	\$ 7,157,665.79	\$ 70,272,136.75	\$ 502.03
Apr-22	\$	\$ 70,121,809.17	1.0000	\$ 70,121,809.17	171,793	\$ 409.33	\$	\$ 7,016,711.22	\$ 63,105,097.95	\$ 459.33
May-22	\$	\$ 78,414,941.51	1.0000	\$ 78,414,941.51	171,463	\$ 457.33	\$	\$ 7,501,098.82	\$ 70,913,843.13	\$ 509.61
Jun-22	\$	\$ 74,589,774.96	1.0000	\$ 74,589,774.96	171,813	\$ 434.14	\$	\$ 7,510,029.14	\$ 67,079,745.82	\$ 476.36
Jul-22	\$	\$ 68,100,077.00	1.0000	\$ 68,100,077.00	171,011	\$ 404.10	\$	\$ 7,112,384.11	\$ 60,987,692.89	\$ 438.60
Aug-22	\$	\$ 76,997,981.46	1.0000	\$ 76,997,981.46	170,247	\$ 452.27	\$	\$ 7,193,017.82	\$ 69,804,963.64	\$ 497.82
Sep-22	\$	\$ 78,893,312.09	1.0000	\$ 78,893,312.09	169,763	\$ 464.91	\$	\$ 7,091,439.12	\$ 71,801,872.97	\$ 506.91
Oct-22	\$	\$ 75,248,528.67	1.0000	\$ 75,248,528.67	168,911	\$ 445.47	\$	\$ 7,051,254.37	\$ 68,197,274.30	\$ 485.42
Nov-22	\$	\$ 73,388,870.87	1.0000	\$ 73,388,870.87	168,581	\$ 435.31	\$	\$ 7,010,071.81	\$ 66,378,800.06	\$ 475.11
Dec-22	\$ 1,227,818,618.48	\$ 74,610,668.90	1.0000	\$ 74,610,668.90	168,774	\$ 449.38	\$ 172,047,561.53	\$ 6,974,513.04	\$ 67,636,154.86	\$ 472.88
Jan-23	\$	\$ 74,027,027.11	0.9983	\$ 74,147,686.35	167,159	\$ 443.99	\$	\$ 6,819,399.29	\$ 67,328,287.06	\$ 483.32
Feb-23	\$	\$ 74,909,056.58	0.9978	\$ 74,909,057.61	166,901	\$ 450.78	\$	\$ 6,815,061.18	\$ 68,093,996.43	\$ 487.33
Mar-23	\$	\$ 81,022,566.95	0.9964	\$ 81,349,432.87	166,927	\$ 489.22	\$	\$ 8,437,138.11	\$ 72,912,304.76	\$ 543.22
Apr-23	\$	\$ 80,071,119.33	0.9953	\$ 79,395,194.81	166,181	\$ 471.64	\$	\$ 8,242,262.43	\$ 71,152,932.38	\$ 508.63
May-23	\$	\$ 81,837,211.92	0.9914	\$ 82,236,100.21	164,588	\$ 493.65	\$	\$ 8,770,448.24	\$ 73,465,651.97	\$ 543.51
Jun-23	\$	\$ 78,274,191.71	0.9948	\$ 78,824,140.14	164,424	\$ 481.62	\$	\$ 8,764,170.64	\$ 70,060,001.50	\$ 506.96
Jul-23	\$	\$ 72,031,664.23	0.9949	\$ 72,095,901.51	163,931	\$ 437.90	\$	\$ 8,614,051.39	\$ 63,481,850.12	\$ 474.58
Aug-23	\$	\$ 80,807,298.43	0.9894	\$ 81,872,070.64	163,974	\$ 492.08	\$	\$ 8,820,444.22	\$ 73,051,626.42	\$ 535.03
Sep-23	\$	\$ 74,663,786.41	0.9958	\$ 75,746,132.20	163,725	\$ 459.99	\$	\$ 8,610,209.09	\$ 67,135,923.11	\$ 493.64
Oct-23	\$	\$ 80,441,054.40	0.9819	\$ 82,125,085.56	161,488	\$ 486.28	\$	\$ 8,717,207.84	\$ 73,407,877.72	\$ 537.54
Nov-23	\$	\$ 80,314,599.86	0.9788	\$ 82,786,473.88	161,298	\$ 509.10	\$	\$ 8,702,270.11	\$ 74,084,203.77	\$ 537.84
Dec-23	\$ 1,248,543,970.11	\$ 74,861,012.18	0.9914	\$ 75,174,901.83	161,611	\$ 451.18	\$ 189,864,923.64	\$ 8,729,991.33	\$ 66,444,910.55	\$ 490.11

\*Express Completion Factor as a percentage

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

PA Rate Template Part II  
Rate Development and Change

Center Name: Independence Assurance Company  
Product#: FPO  
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 2024	Manual Data
Total Allowed EIB Claims + EIB Closures PMPM (net of amortization due releases) PMPM	\$ 1,343	\$ 1,343
Two year trend projection factor	\$ -	\$ 653.93
Unadjusted Projected Allowed EIB Claims PMPM	\$ -	\$ 653.93
<b>Market-Adjusted Allowance Factors</b>		
Change in Mortality - Impact of Reinsurance Program	1.000	1.000
Change in Mortality - All Other	1.000	1.000
Total Non-Mortality Changes	0.000	1.221
Change in Demographics	0.000	0.908
Change in Network	0.000	1.233
Change in Benefits	1.000	1.000
Change in Other	1.000	1.000
Total Adjusted Projected Allowed EIB Claims PMPM	\$ -	\$ 800.63
Credibility Factors	8%	80%
Revised Projected EIB Claims PMPM	\$ -	\$ 800.63
<b>Development of the Market-Adjusted Index Rate and Total Allowed Claims</b>		
Adjusted Projected Allowed EIB Claims PMPM	\$ 800.63	Index Rate for Projection Period on UBRP
Projected Paid to Allowed Rate	\$ (21.78)	
Projected Incurred EIB Claims PMPM	\$ 578.84	
<b>Market-Adjusted Factors</b>		
Projected Incurred Risk Adjustment PMPM	\$ 17.74	
Projected Incurred Exchange User Fee PMPM	\$ 50.00	
Projected Incurred Reinsurance Recoveries PMPM	\$ (50.00)	
Market-Adjusted Projected Incurred EIB Claims PMPM	\$ 595.58	
Market-Adjusted Projected Allowed EIB Claims PMPM	\$ 775.36	Market-Adjusted Index Rate
Projected Allowed Non-EIB Claims PMPM	\$ 6.28	
Catastrophe Eligibility Adjustment	\$ 1.000	
Market-Adjusted Projected Incurred Total Claims PMPM	\$ 601.86	
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 782.36	

Table 6. Retention

Retention Category	Percentage	PMPM Amounts
Administrative Expenses	0.00%	\$95.39
General and Claims	0.00%	\$57.08
Agent/Broker Fee and Commissions	0.00%	\$12.00
Quality Improvement Initiatives	0.00%	\$5.00
Taxes and Fees	0.00%	\$4.24
Risk Adjustment User Fee	0.00%	\$0.39
FCRM Fee	0.00%	\$2.00
PA Premium & Other Taxes (if applicable)	0.00%	\$2.00
Federal Income Tax	0.00%	\$3.50
Health Insurance Provider Fee (Prorated for Small Groups only)	0.00%	\$2.00
Profit/Contingency (after tax)	2.00%	\$13.30
Total Retention	16.74%	\$113.04
Projected Required Reserve PMPM	0.00%	\$ 678.45

Table 8. Components of Rate Change

Rate Components	2024	2025	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	NDV(0)	NDV(0)	NDV(0)	NDV(0)
B. Base period allowed claims before normalization	\$ 525.21	\$ 574.04	\$ 48.83	NDV(0)
C. Normalization factor component of change	\$ (178.22)	\$ (190.55)	\$ (12.33)	NDV(0)
D. Change in Normalized Allowed Claims Adjustment Components				
01. UBRP Trend	\$ 346.89	\$ 383.49	\$ 36.50	NDV(0)
02. UBRP Trend	\$ 44.51	\$ 54.70	\$ 10.19	NDV(0)
03. UBRP Mortality	\$ -	\$ -	\$ -	NDV(0)
04. UBRP Other	\$ 302.42	\$ 366.68	\$ (64.26)	NDV(0)
05. Normalized UBRP Risk Adjustment on an allowed basis	\$ (12.26)	\$ (16.46)	\$ (4.20)	NDV(0)
06. Normalized Exchange User Fee on an allowed basis	\$ -	\$ -	\$ -	NDV(0)
07. Normalized Reinsurance Recoveries on an allowed basis	\$ -	\$ -	\$ -	NDV(0)
08. Subtotal - Sum(01-07)	\$ 481.72	\$ 518.39	\$ 36.67	NDV(0)
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ (0.95)	\$ (0.97)	\$ (0.02)	NDV(0)
E2. Pricing AV	\$ (212.58)	\$ (244.79)	\$ (32.21)	NDV(0)
E3. Benefit Rubens	\$ (1.32)	\$ (1.42)	\$ (0.09)	NDV(0)
E4. Catastrophe Eligibility	\$ -	\$ -	\$ -	NDV(0)
E5. Benefits in Addition to EIB	\$ 3.31	\$ 3.36	\$ 0.05	NDV(0)
E6. Subtotal - Sum(E1-E5)	\$ (131.47)	\$ (149.82)	\$ (18.35)	NDV(0)
F. Change in Retention Components				
F1. Administrative Expenses	NDV(0)	NDV(0)	NDV(0)	NDV(0)
F2. Taxes and Fees	NDV(0)	NDV(0)	NDV(0)	NDV(0)
F3. Profit and/or Contingency	NDV(0)	NDV(0)	NDV(0)	NDV(0)
F4. Subtotal - Sum(F1-F3)	NDV(0)	NDV(0)	NDV(0)	NDV(0)
G. Change in Miscellaneous Items	\$ -	\$ -	\$ -	NDV(0)
H. Sum of Components of Rate Change (should approximate the change shown in line A)	NDV(0)	NDV(0)	NDV(0)	NDV(0)

For Informational Purposes only - No input required.

Standard Base Period (Unadjusted) Claims before Normalization	\$ 538.06
Standard Earned Premium	\$ 1,248,342,930.15
Standard Loss Ratio	78.98%

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

Effective Date	1/1/2025	4/1/2025	7/1/2025	10/1/2025	Total Small Group Risk Ratio
# of Member Months Remaining in Quarter	366,264	188,941	154,615	200,912	907,692
Adjusted Projected Allowed EIB Claims PMPM	\$ 800.63	\$ 800.63	\$ 800.63	\$ 800.63	\$ 800.63
Months of Trend	3	3	3	3	3
Annual Trend	6.24%	6.46%	6.56%	6.66%	6.48%
Single Risk Pool Projected Allowed Claims	\$ 800.63	\$ 822.64	\$ 824.80	\$ 827.20	\$ 835.30
Quarterly Trend Factor	1.000	1.003	1.006	1.009	1.013

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2024	2025
Normal Age Factor	1.000	1.000
Average Geographic Factor	1.000	1.000
Average Tobacco Usage	1.000	1.000
Average Benefit Business (Induced demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 784.84	\$ 782.16
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 485.48	\$ 522.53

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

	2024	2025
Paid-to-Allowed	0.718	0.719
UBRP Trend (Total Applied Trend Factor)	1.128	1.143
UBRP Mortality	1.000	1.000
UBRP "Other"	1.261	1.271
Risk Adjustment	\$ (13.31)	\$ (12.74)
Exchange User Fee	\$ -	\$ -
Reinsurance Recoveries	\$ -	\$ -
Capitation	\$ -	\$ -
Network	0.998	0.998
Pricing AV	0.714	0.720
Benefit Rubens	0.996	0.996
Catastrophe Eligibility	1.000	1.000
Benefits in Addition to EIB	1.002	1.002
Administrative Expenses	14.18%	14.12%
Taxes and Fees	16.86%	0.00%
Profit and/or Contingency	2.00%	2.00%

\* For 2024 in cell B1, please include a factor equal to the product of the average Pricing AV and the Non-Funding of CRR Adjusted













**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:	#DIV/0!
Minimum Requested Rate Change:	5.56%
Maximum Requested Rate Change:	7.74%
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: [Redacted]
Market: [Redacted]
Product: [Redacted]
Effective Date of Issue: [Redacted]

Trading Unit of Issue: [Redacted]

Table with multiple columns for financial data, including various metrics and values across different categories.

**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
44415PA0020004	Personal Choice PPO Gold Preferred \$40/\$80/\$600	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020005	Personal Choice PPO Gold Preferred \$40/\$80/\$500	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020006	Personal Choice PPO Gold Classic \$1,500/\$20/\$40/80%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020007	Personal Choice PPO Gold Classic \$2,500/\$40/\$80/90%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020008	Personal Choice PPO Silver Secure \$4,750/\$40/\$80/\$600	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020009	Personal Choice PPO Silver Classic \$5,000/\$50/\$100/90%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020010	Personal Choice PPO Silver Classic \$3,800/\$40/\$80/70%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020011	Personal Choice PPO Platinum HSA-50 \$1,800/100%	PPO	Platinum	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020012	Personal Choice PPO Gold HSA-25 \$2,400/\$25/\$50/90%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020013	Personal Choice PPO Gold HSA-0 \$2,200/100%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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
44415PA0020016	Personal Choice PPO Silver HSA-0 \$3,600/90%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020017	Personal Choice PPO Bronze HSA-0 \$5,600/50%	PPO	Bronze	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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: ABC  
Market: XYZ  
Product: PQR  
Effective Date of Issue: 2023-10-27

Trading Unit of Base: 10000000

Table with multiple columns for 'Bid' and 'Ask' prices, including 'Bid Price', 'Bid Size', 'Bid Time', 'Ask Price', 'Ask Size', 'Ask Time' for various securities. Includes a 'Bid' column with sub-columns for different order types and a 'Ask' column with similar sub-columns. The table contains numerous rows of numerical data representing market activity.

**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
44415PA0020004	Personal Choice PPO Gold Preferred \$40/\$80/\$600	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020005	Personal Choice PPO Gold Preferred \$40/\$80/\$500	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020006	Personal Choice PPO Gold Classic \$1,500/\$20/\$40/80%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020007	Personal Choice PPO Gold Classic \$2,500/\$40/\$80/90%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020008	Personal Choice PPO Silver Secure \$4,750/\$40/\$80/\$600	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020009	Personal Choice PPO Silver Classic \$5,000/\$50/\$100/90%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020010	Personal Choice PPO Silver Classic \$3,800/\$40/\$80/70%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020011	Personal Choice PPO Platinum HSA-50 \$1,800/100%	PPO	Platinum	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020012	Personal Choice PPO Gold HSA-25 \$2,400/\$25/\$50/90%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020013	Personal Choice PPO Gold HSA-0 \$2,200/100%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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
44415PA0020016	Personal Choice PPO Silver HSA-0 \$3,600/90%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020017	Personal Choice PPO Bronze HSA-0 \$5,600/50%	PPO	Bronze	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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	Market	Product	Effective Date of Rates
ABC	DEF	GHI	JKL

Rate Type	Rate 1		Rate 2		Rate 3		Rate 4		Rate 5		Rate 6		Rate 7		Rate 8		Rate 9		Rate 10			
	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End		
1	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00

Rate Type	Rate 1		Rate 2		Rate 3		Rate 4		Rate 5		Rate 6		Rate 7		Rate 8		Rate 9		Rate 10			
	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End		
1	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00

**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
44415PA0020004	Personal Choice PPO Gold Preferred \$40/\$80/\$600	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020005	Personal Choice PPO Gold Preferred \$40/\$80/\$500	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020006	Personal Choice PPO Gold Classic \$1,500/\$20/\$40/80%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020007	Personal Choice PPO Gold Classic \$2,500/\$40/\$80/90%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020008	Personal Choice PPO Silver Secure \$4,750/\$40/\$80/\$600	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020009	Personal Choice PPO Silver Classic \$5,000/\$50/\$100/90%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020010	Personal Choice PPO Silver Classic \$3,800/\$40/\$80/70%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020011	Personal Choice PPO Platinum HSA-50 \$1,800/100%	PPO	Platinum	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020012	Personal Choice PPO Gold HSA-25 \$2,400/\$25/\$50/90%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020013	Personal Choice PPO Gold HSA-0 \$2,200/100%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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
44415PA0020016	Personal Choice PPO Silver HSA-0 \$3,600/90%	PPO	Silver	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020017	Personal Choice PPO Bronze HSA-0 \$5,600/50%	PPO	Bronze	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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: [Redacted]
Market: [Redacted]
Product: [Redacted]
Effective Date of Issue: [Redacted]

Trading Unit of Issue: [Redacted]

Table with multiple columns for various financial metrics and data points, organized in a grid format.



**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
44415PA0020004	Personal Choice PPO Gold Preferred \$40/\$80/\$600	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020005	Personal Choice PPO Gold Preferred \$40/\$80/\$500	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020006	Personal Choice PPO Gold Classic \$1,500/\$20/\$40/80%	PPO	Gold	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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44415PA0020011	Personal Choice PPO Platinum HSA-50 \$1,800/100%	PPO	Platinum	Off	Personal Choice	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
44415PA0020012	Personal Choice PPO Gold HSA-25 \$2,400/\$25/\$50/90%	PPO	Gold	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
44415PA0020016	Personal Choice PPO Silver HSA-0 \$3,600/90%	PPO	Silver	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

Account Name	Account Type	Account	Balance	Description	Date	Amount	Balance	Description	Date	Amount	Balance
00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000
00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000
00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000	00000000000000000000

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1	<b>Unified Rate Review v6.0</b>																		<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	<b>Market Level Calculations (Same for all Plans)</b>																		
9																			
10																			
11	<b>Section I: Experience Period Data</b>																		
12	Experience Period:	1/1/2023		to	12/31/2023														
13				Total	PMPM														
14	Allowed Claims				\$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	<b>Section II: Projections</b>																		
22			Year 1 Trend		Year 2 Trend														
23	Benefit Category	Experience Period Index Rate PMPM	Cost	Utilization	Cost	Utilization	Trended EHB Allowed Claims PMPM												
24	Inpatient Hospital	50.00	1.056	1.043	1.056	1.043	\$0.00												
25	Outpatient Hospital	50.00	1.048	1.043	1.048	1.043	\$0.00												
26	Professional	50.00	1.029	1.043	1.029	1.043	\$0.00												
27	Other Medical	50.00	1.029	1.043	1.029	1.043	\$0.00												
28	Capitation	50.00	1.000	1.035	1.000	1.035	\$0.00												
29	Prescription Drug	50.00	0.995	1.043	0.995	1.043	\$0.00												
30	Total	50.00					\$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	<b>Projected Period Totals</b>																		
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	<b>Information Not Releasable to the Public Unless Authorized by Law:</b> This information has not been publically disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.																		
51																			



**Rating Area Data Collection**

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

Rating Area	Rating Factor
Rating Area 8	1.0000

## **GENERAL OVERVIEW**

### **PURPOSES**

This Actuarial Memorandum is provided along with the Unified Rate Review Template (URRT) to provide certain information to support the gross premium for the single risk pool for small group market health care insurance underwritten by 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 7.17% 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 7.17%. The minimum increase is 5.6% 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.

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[REDACTED]  
May 15, 2024

Date		Description		Amount		Balance	
Start	End	Debit	Credit	Debit	Credit	Debit	Credit
1/1/2018	1/31/2018	1000.00		1000.00		1000.00	
1/31/2018	2/28/2018	1000.00		2000.00		2000.00	
2/28/2018	3/31/2018	1000.00		3000.00		3000.00	
3/31/2018	4/30/2018	1000.00		4000.00		4000.00	
4/30/2018	5/31/2018	1000.00		5000.00		5000.00	
5/31/2018	6/30/2018	1000.00		6000.00		6000.00	
6/30/2018	7/31/2018	1000.00		7000.00		7000.00	
7/31/2018	8/31/2018	1000.00		8000.00		8000.00	
8/31/2018	9/30/2018	1000.00		9000.00		9000.00	
9/30/2018	10/31/2018	1000.00		10000.00		10000.00	
10/31/2018	11/30/2018	1000.00		11000.00		11000.00	
11/30/2018	12/31/2018	1000.00		12000.00		12000.00	
12/31/2018	1/31/2019	1000.00		13000.00		13000.00	
1/31/2019	2/28/2019	1000.00		14000.00		14000.00	
2/28/2019	3/31/2019	1000.00		15000.00		15000.00	
3/31/2019	4/30/2019	1000.00		16000.00		16000.00	
4/30/2019	5/31/2019	1000.00		17000.00		17000.00	
5/31/2019	6/30/2019	1000.00		18000.00		18000.00	
6/30/2019	7/31/2019	1000.00		19000.00		19000.00	
7/31/2019	8/31/2019	1000.00		20000.00		20000.00	
8/31/2019	9/30/2019	1000.00		21000.00		21000.00	
9/30/2019	10/31/2019	1000.00		22000.00		22000.00	
10/31/2019	11/30/2019	1000.00		23000.00		23000.00	
11/30/2019	12/31/2019	1000.00		24000.00		24000.00	
12/31/2019	1/31/2020	1000.00		25000.00		25000.00	
1/31/2020	2/28/2020	1000.00		26000.00		26000.00	
2/28/2020	3/31/2020	1000.00		27000.00		27000.00	
3/31/2020	4/30/2020	1000.00		28000.00		28000.00	
4/30/2020	5/31/2020	1000.00		29000.00		29000.00	
5/31/2020	6/30/2020	1000.00		30000.00		30000.00	
6/30/2020	7/31/2020	1000.00		31000.00		31000.00	
7/31/2020	8/31/2020	1000.00		32000.00		32000.00	
8/31/2020	9/30/2020	1000.00		33000.00		33000.00	
9/30/2020	10/31/2020	1000.00		34000.00		34000.00	
10/31/2020	11/30/2020	1000.00		35000.00		35000.00	
11/30/2020	12/31/2020	1000.00		36000.00		36000.00	
12/31/2020	1/31/2021	1000.00		37000.00		37000.00	
1/31/2021	2/28/2021	1000.00		38000.00		38000.00	
2/28/2021	3/31/2021	1000.00		39000.00		39000.00	
3/31/2021	4/30/2021	1000.00		40000.00		40000.00	
4/30/2021	5/31/2021	1000.00		41000.00		41000.00	
5/31/2021	6/30/2021	1000.00		42000.00		42000.00	
6/30/2021	7/31/2021	1000.00		43000.00		43000.00	
7/31/2021	8/31/2021	1000.00		44000.00		44000.00	
8/31/2021	9/30/2021	1000.00		45000.00		45000.00	
9/30/2021	10/31/2021	1000.00		46000.00		46000.00	
10/31/2021	11/30/2021	1000.00		47000.00		47000.00	
11/30/2021	12/31/2021	1000.00		48000.00		48000.00	
12/31/2021	1/31/2022	1000.00		49000.00		49000.00	
1/31/2022	2/28/2022	1000.00		50000.00		50000.00	
2/28/2022	3/31/2022	1000.00		51000.00		51000.00	
3/31/2022	4/30/2022	1000.00		52000.00		52000.00	
4/30/2022	5/31/2022	1000.00		53000.00		53000.00	
5/31/2022	6/30/2022	1000.00		54000.00		54000.00	
6/30/2022	7/31/2022	1000.00		55000.00		55000.00	
7/31/2022	8/31/2022	1000.00		56000.00		56000.00	
8/31/2022	9/30/2022	1000.00		57000.00		57000.00	
9/30/2022	10/31/2022	1000.00		58000.00		58000.00	
10/31/2022	11/30/2022	1000.00		59000.00		59000.00	
11/30/2022	12/31/2022	1000.00		60000.00		60000.00	



Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024																																																																																																																																														
Population	1,200,000	1,250,000	1,300,000	1,350,000	1,400,000	1,450,000	1,500,000	1,550,000	1,600,000	1,650,000	1,700,000	1,750,000	1,800,000	1,850,000	1,900,000	1,950,000	2,000,000	2,050,000	2,100,000	2,150,000	2,200,000	2,250,000	2,300,000	2,350,000	2,400,000	2,450,000	2,500,000	2,550,000	2,600,000	2,650,000	2,700,000	2,750,000	2,800,000	2,850,000	2,900,000	2,950,000	3,000,000	3,050,000	3,100,000	3,150,000	3,200,000	3,250,000	3,300,000	3,350,000	3,400,000	3,450,000	3,500,000	3,550,000	3,600,000	3,650,000	3,700,000	3,750,000	3,800,000	3,850,000	3,900,000	3,950,000	4,000,000	4,050,000	4,100,000	4,150,000	4,200,000	4,250,000	4,300,000	4,350,000	4,400,000	4,450,000	4,500,000	4,550,000	4,600,000	4,650,000	4,700,000	4,750,000	4,800,000	4,850,000	4,900,000	4,950,000	5,000,000	5,050,000	5,100,000	5,150,000	5,200,000	5,250,000	5,300,000	5,350,000	5,400,000	5,450,000	5,500,000	5,550,000	5,600,000	5,650,000	5,700,000	5,750,000	5,800,000	5,850,000	5,900,000	5,950,000	6,000,000	6,050,000	6,100,000	6,150,000	6,200,000	6,250,000	6,300,000	6,350,000	6,400,000	6,450,000	6,500,000	6,550,000	6,600,000	6,650,000	6,700,000	6,750,000	6,800,000	6,850,000	6,900,000	6,950,000	7,000,000	7,050,000	7,100,000	7,150,000	7,200,000	7,250,000	7,300,000	7,350,000	7,400,000	7,450,000	7,500,000	7,550,000	7,600,000	7,650,000	7,700,000	7,750,000	7,800,000	7,850,000	7,900,000	7,950,000	8,000,000	8,050,000	8,100,000	8,150,000	8,200,000	8,250,000	8,300,000	8,350,000	8,400,000	8,450,000	8,500,000	8,550,000	8,600,000	8,650,000	8,700,000	8,750,000	8,800,000	8,850,000	8,900,000	8,950,000	9,000,000	9,050,000	9,100,000	9,150,000	9,200,000	9,250,000	9,300,000	9,350,000	9,400,000	9,450,000	9,500,000	9,550,000	9,600,000	9,650,000	9,700,000	9,750,000	9,800,000	9,850,000	9,900,000	9,950,000	10,000,000















Date		Description		Amount	
Start	End	Particulars	Debit	Credit	Balance
01/01/2023	01/01/2023	Opening Balance			
01/01/2023	01/01/2023	Bank of India		1000000	1000000
01/01/2023	01/01/2023	State Bank of India		500000	1500000
01/01/2023	01/01/2023	Axis Bank		250000	2000000
01/01/2023	01/01/2023	ICICI Bank		150000	2150000
01/01/2023	01/01/2023	PNB		100000	2250000
01/01/2023	01/01/2023	SBI		50000	2300000
01/01/2023	01/01/2023	Bank of Baroda		25000	2325000
01/01/2023	01/01/2023	Union Bank of India		125000	2450000
01/01/2023	01/01/2023	Corporation Bank		62500	2512500
01/01/2023	01/01/2023	Indian Bank		31250	2543750
01/01/2023	01/01/2023	Bank of Maharashtra		15625	2559375
01/01/2023	01/01/2023	Central Bank of India		78125	2637500
01/01/2023	01/01/2023	State Bank of India		390625	3028125
01/01/2023	01/01/2023	Axis Bank		1953125	4956250
01/01/2023	01/01/2023	ICICI Bank		9765625	14721875
01/01/2023	01/01/2023	PNB		48828125	63550000
01/01/2023	01/01/2023	SBI		244140625	307690625
01/01/2023	01/01/2023	Bank of Baroda		1220703125	1528393750
01/01/2023	01/01/2023	Union Bank of India		6103518750	7631912500
01/01/2023	01/01/2023	Corporation Bank		30517593750	38149506250
01/01/2023	01/01/2023	Indian Bank		152587968750	190745062500
01/01/2023	01/01/2023	Bank of Maharashtra		762939843750	953685625000
01/01/2023	01/01/2023	Central Bank of India		3814699218750	4768346250000
01/01/2023	01/01/2023	State Bank of India		19073496093750	66756958750000
01/01/2023	01/01/2023	Axis Bank		95367480468750	1020326546250000
01/01/2023	01/01/2023	ICICI Bank		476837402343750	1497164248750000
01/01/2023	01/01/2023	PNB		2384187011718750	17365831500000000
01/01/2023	01/01/2023	SBI		11920935058593750	292867665587500000
01/01/2023	01/01/2023	Bank of Baroda		59604675292968750	352472340875000000
01/01/2023	01/01/2023	Union Bank of India		298023376464843750	650495687500000000
01/01/2023	01/01/2023	Corporation Bank		1490116882324218750	1399507375000000000
01/01/2023	01/01/2023	Indian Bank		7450584411621093750	2144566250000000000
01/01/2023	01/01/2023	Bank of Maharashtra		37252922058105468750	4287095625000000000
01/01/2023	01/01/2023	Central Bank of India		186264610290527343750	61497417500000000000
01/01/2023	01/01/2023	State Bank of India		931323051452636718750	70810650000000000000
01/01/2023	01/01/2023	Axis Bank		4656615257263183593750	753672625000000000000
01/01/2023	01/01/2023	ICICI Bank		23283076286315917968750	1086505687500000000000
01/01/2023	01/01/2023	PNB		116415381431579589843750	2201921062500000000000
01/01/2023	01/01/2023	SBI		582076907157897949218750	2784000000000000000000
01/01/2023	01/01/2023	Bank of Baroda		2910384535789489746093750	30750383750000000000000
01/01/2023	01/01/2023	Union Bank of India		14551922678947448730468750	453023262500000000000000
01/01/2023	01/01/2023	Corporation Bank		72759613394737243652343750	525782906250000000000000
01/01/2023	01/01/2023	Indian Bank		363798066973686218261718750	5621627125000000000000000
01/01/2023	01/01/2023	Bank of Maharashtra		1818990334868431091308593750	7440618750000000000000000
01/01/2023	01/01/2023	Central Bank of India		9094951674342155456542968750	83501140625000000000000000
01/01/2023	01/01/2023	State Bank of India		45474758371710777282714843750	88048617500000000000000000
01/01/2023	01/01/2023	Axis Bank		227373791858553886413574218750	907223500000000000000000000
01/01/2023	01/01/2023	ICICI Bank		1136868959292769432067871093750	9205921875000000000000000000
01/01/2023	01/01/2023	PNB		5684344796463847160339355468750	9774356250000000000000000000
01/01/2023	01/01/2023	SBI		28421723982319235801696777343750	10058575000000000000000000000
01/01/2023	01/01/2023	Bank of Baroda		142108619911596179008483886718750	102006837500000000000000000000
01/01/2023	01/01/2023	Union Bank of India		710543099557980895042419433593750	103712275000000000000000000000
01/01/2023	01/01/2023	Corporation Bank		3552715497789904475212097167968750	1072650000000000000000000000000
01/01/2023	01/01/2023	Indian Bank		17763577488949522376060485839843750	1090413437500000000000000000000
01/01/2023	01/01/2023	Bank of Maharashtra		88817887444747611880302429169218750	11092306250000000000000000000000
01/01/2023	01/01/2023	Central Bank of India		444089437223738059401512145846093750	11536390625000000000000000000000
01/01/2023	01/01/2023	State Bank of India		2220447186118690297007560729230468750	117584375000000000000000000000000
01/01/2023	01/01/2023	Axis Bank		11102235930593451485037803646152343750	1186946250000000000000000000000000
01/01/2023	01/01/2023	ICICI Bank		55511179652967257425189018230761718750	1192500000000000000000000000000000
01/01/2023	01/01/2023	PNB		277555898264836287125945091153808593750	1200250000000000000000000000000000
01/01/2023	01/01/2023	SBI		1387779491324181435629725455769042968750	1214127500000000000000000000000000
01/01/2023	01/01/2023	Bank of Baroda		6938897456620907178148627278845214843750	1221116250000000000000000000000000
01/01/2023	01/01/2023	Union Bank of India		34694487283104535890743136394226074218750	1224581250000000000000000000000000
01/01/2023	01/01/2023	Corporation Bank		173472436415522679453715681971130371093750	1226300000000000000000000000000000
01/01/2023	01/01/2023	Indian Bank		867362182077613397268578409855651855468750	1227156250000000000000000000000000
01/01/2023	01/01/2023	Bank of Maharashtra		4336810910388066986342892049278259277343750	1227590625000000000000000000000000
01/01/2023	01/01/2023	Central Bank of India		21684054551940334931714460246391296386968750	1227806250000000000000000000000000
01/01/2023	01/01/2023	State Bank of India		108420272759701674658572301231956481934843750	1227912500000000000000000000000000
01/01/2023	01/01/2023	Axis Bank		542101363798508373292861506159782409674218750	1228018750000000000000000000000000
01/01/2023	01/01/2023	ICICI Bank		2710506818992541866464307530798912048371093750	1228125000000000000000000000000000
01/01/2023	01/01/2023	PNB		13552534094962709332321537653994560241755468750	1228231250000000000000000000000000
01/01/2023	01/01/2023	SBI		67762670474813546661607688269972801208777343750	1228337500000000000000000000000000
01/01/2023	01/01/2023	Bank of Baroda		33881335237406773330803844134986400604386968750	1228443750000000000000000000000000
01/01/2023	01/01/2023	Union Bank of India		169406676187033866654019220674932003021934843750	1228550000000000000000000000000000
01/01/2023	01/01/2023	Corporation Bank		847033380935169333270096103374660015109674218750	1228656250000000000000000000000000
01/01/2023	01/01/2023	Indian Bank		4235166904675846666350480516873300075548371093750	1228762500000000000000000000000000
01/01/2023	01/01/2023	Bank of Maharashtra		2117583452337923333175240258436650037774218750	1228868750000000000000000000000000
01/01/2023	01/01/2023	Central Bank of India		10587917261689616665876201292183250188871093750	1228975000000000000000000000000000
01/01/2023	01/01/2023	State Bank of India		52939586308448083329381006460916250944355468750	1229081250000000000000000000000000
01/01/2023	01/01/2023	Axis Bank		264697931542240416646905032304581254721777343750	1229187500000000000000000000000000
01/01/2023	01/01/2023	ICICI Bank		132348965771120208323452516152290627360886968750	1229293750000000000000000000000000
01/01/2023	01/01/2023	PNB		661744828855601041617262580761453136804434843750	1229400000000000000000000000000000
01/01/2023	01/01/2023	SBI		33087241442780052080863129038072656840221755468750	1229506250000000000000000000000000
01/01/2023	01/01/2023	Bank of Baroda		1654362072139002604043156451903632842011093750	1229612500000000000000000000000000
01/01/2023	01/01/2023	Union Bank of India		8271810360695013020215782259518164210055468750	1229718750000000000000000000000000
01/01/2023	01/01/2023	Corporation Bank		41359051803475065101078911297590821050277343750	1229825000000000000000000000000000
01/01/2023	01/01/2023	Indian Bank		20679525901737532550539455648795410525136968750	1229931250000000000000000000000000
01/01/2023	01/01/2023	Bank of Maharashtra		1033976295086876627526972782439770526256843750	1230037500000000000000000000000000
01/01/2023	01/01/2023	Central Bank of India		5169881475434383137633863912198852631284218750	1230143750000000000000000000000000
01/01/2023	01/01/2023	State Bank of India		25849407377171915688169319560994263156421093750	1230250000000000000000000000000000
01/01/2023	01/01/2023	Axis Bank		12924703688585957844084659780497131578210468750	1230356250000000000000000000000000
01/01/2023	01/01/2023	ICICI Bank		64623518442929789220423298902485657891052343750	1230462500000000000000000000000000
01/01/2023	01/01/2023	PNB		3231175922146489461021164945124282894552618750	1230568750000000000000000000000000
01/01/2023	01/01/2023	SBI		161558796107324473051058247256214144727634843750	1230675000000000000000000000000000
01/01/2023	01/01/2023	Bank of Baroda		8077939805366223652552912362810707236381755468750	1230781250000000000000000000000000
01/01/2023	01/01/2023	Union Bank of India		403896990268311182627645618140535361819086968750	1230887500000000000000000000000000
01/01/2023	01/01/2023	Corporation Bank		2019484951341555913138228090702676809095434843750	1230993750000000000000000000000000
01/01/2023	01/01/2023	Indian Bank		1009742475670777956569114045351338404547718750	1231100000000000000000000000000000
01/01/2023	01/01/2023	Bank of Maharashtra		50487123783538897828455702267566920227386968750	1231206250000000000000000000000000
01/01/2023	01/01/2023	Central Bank of India		252435618917694489142278511337834601136934843750	1231312500000000000000000000000000
01/01/2023	01/01/2023	State Bank of India		126217809458847244571139255668917300568471093750	1231418750000000000000000000000000
01/01/2023	01/01/2023	Axis Bank		631089047294236222855696278344586502842355468750	1231525000000000000000000000000000
01/01/2023	01/01/2023	ICICI Bank		315544523647118111427848139172293251421177343750	1231631250000000000000000000000000
01/01/2023	01/01/2023	PNB		157772261823559055713924069586146625710586968750	1231737500000000000000000000000000
01/01/2023	01/01/2023	SBI		788861309117795278569620347930733128552934843750	1231843750000000000000000000000000
01/01/2023	01/01/2023	Bank of Baroda		3944306545588976392848101739653665642764718750	1231950000000000000000000000000000
01/01/2023	01/01/2023	Union Bank of India		1972153272794488196424050869826832821382355468750	1232056250000000000000000000000000
01/01/2023	01/01/2023	Corporation Bank		986076636397244098212025434913416410691177343750	1232162500000000000000000000000000
01/01/2023	01/01/2023	Indian Bank		49303831819862204	







# Cover Page

**HIOS Issuer ID:** 44415

**HIOS Product ID:** 44415PA001, 44415PA002

# Unique Plan Design Supporting Documentation and Justification

## ACTUARIAL MEMORANDUM

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**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.

<b>HIOS_ID</b>	<b>Cost - sharing</b>		<b>AV Input</b>
	<b>PCP</b>	<b>Virtual PCP</b>	
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%
<b>Effective Copay (AV Input)</b>	<b>\$57.54</b>	<b>\$60.00</b>

	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%
<b>Effective Copay (AV Input)</b>	<b>\$80.20</b>	<b>\$66.74</b>

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

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

<b>HIOS_ID</b>	<b>Cost - sharing</b>		<b>AV Input</b>
	<b>Low-Cost Generic</b>	<b>Generic</b>	
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)
<b>Federal Documents Required to Be Filed with PID</b>					
A.2.	RFJ Part I - Unified Rate Review Template	X			
	RFJ Part II – Consumer Friendly Justification				
	RFJ Part III – Actuarial Memorandum	X	Y	37-45	Y
	Federal Rates Template	X			
<b>Summary Documents/Confirmation of HIOS &amp; SERFF Submissions</b>					
A.2.B.	HIOS Submission	X			
A.2.C.	SERFF Submission	X			
A.2.D.	SERFF Rate/Rule Schedule Tab	X			
B.	Cover Letter & PA Bulletin Information	X			
<b>PA Actuarial Memorandum and Rate Exhibits</b>					
D.1.A.	Company Information	X	Y	4	Y
D.1.B.	Rate History & Proposed Variation in Rate Changes	X	N	5	N/A
D.1.C.	Average Rate Change	X	N	5	N/A
D.1.D.	Membership Count	X	N	5	N/A
	<i>PA Act. Exhibits Table 1</i>	X	N	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
<b>Additional Exhibits</b>					
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