



May 18, 2021

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

SUBMITTED VIA SERFF

**RE: Keystone Health Plan East
Small Group HMO Rate Filing effective 1/1/2022
INAC-132818409**

Dear Ms. Gray:

Keystone Health Plan East (KHPE) is proposing a reduction in Small Group Health Insurance rates effective January 1, 2022 and later.

Attached is the 2022 rate filing for HMO plans of Keystone Health Plan East (KHPE), and Direct Point-of-Service (DPOS) plans, of which a large majority of benefit expenses is attributed to KHPE and the remainder to QCC Insurance Company (QCC), and offered to small employer groups in the Commonwealth of Pennsylvania. Rates for new and renewing plans are being filed and satisfy market reform requirements of the Affordable Care Act (ACA).

This rate filing includes rates for these plans and specifies compliance with rating requirements of the ACA. The enclosed is for rating periods effective from January 1, 2022 through December 31, 2022.

The proposed 2022 rates represent a 3.4% increase over the previously approved 2021 rates.

Information for the Pennsylvania Bulletin:

- | | |
|--|----------------------------------|
| 1. Company Name and NAIC Number: | Keystone Health Plan East; 95056 |
| 2. Market | Small Group |
| 3. On or Off Exchange | Off |
| 4. Effective Date of Coverage | January 1, 2022 |
| 5. Average Rate Change Requested | 3.4% |
| 6. Range of Rate Changes Requested | -3.0% to 4.5% |
| 7. Total Annual Revenue Generated from | |



- | | |
|--|--|
| the Proposed Rate Change | \$23,057,657 |
| 8. Products | HMO |
| 9. Rating Areas and Change from 2021 | Rating Area 8; No Change |
| 10. Metal Levels and Catastrophic Plans | Platinum, Gold, Silver, Bronze |
| 11. Current covered lives and policyholders as of February 1, 2021 | 103,318 lives |
| 12. Number of plans offered in 2022 and change from 2021 | 22 plans in 2022; 21 plans in 2021 |
| 13. Corresponding contract form number, SERFF, and binder numbers | SERFF # INBC-132821835
See appendix for form numbers. |
| 14. HIOS Issuer ID # and submission tracking Number | HIOS Issuer ID # 33871; Filing # 33871-2015250937999930375 |

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

Sincerely,

[REDACTED]

cc:

[REDACTED]



APPENDIX

Form Numbers

KE 670 WPR GMC Rev. 1.22
KE 670 SG EXC-OFF Rev. 1.22
KE 670 SG EXC-OFF.Direct Rev. 1.22
KE 670 SG EXC-OFF.Tier Rev. 1.22
PREV/SCH-II Rev. 1.22

Attachment I

Rate Change Summary

Keystone Health Plan East – Small Group Plans

Rate request filing ID # INAC-132818409- This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at <http://www.insurance.pa.gov/Consumers/ACARelatedFilings/>

Overview

Initial requested average rate change:	3.4%
Revised requested average rate change:	N/A
Range of requested rate change:	-3.0% to 4.5%
Effective date:	January 1, 2022
Mapped Members:	103,318
Available in:	Area 8

Key information

Jan. 2020-Dec. 2020 financial experience

Premiums	\$650,395,400
Claims	\$503,233,323
Administrative expenses	\$43,737,799
Taxes & fees	\$90,576,871
Company made (after taxes)	\$12,847,406

How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2021:

Claims:	83.3%
Administrative:	14.2%
Taxes & fees:	0.5%
Profit:	2.0%

The company expects its annual medical costs to increase **9.2%**.

Explanation of requested rate change

Keystone Health Plan East ("KHPE") is revising premium rates for the Pennsylvania Small Group ACA compliant products, effective from January 1, 2022.

About 103,000 members will be affected.

Changes in Taxes and Fees:

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

Changes in Medical Service Costs:

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

Financial Experience of the Product:

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

Changes in Benefits:

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

Administrative Costs:

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

PENNSYLVANIA ACTUARIAL MEMORANDUM

PURPOSES

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

1. BASIC INFORMATION AND DATA

A. COMPANY INFORMATION

Company Legal Name:	Keystone Health Plan East ("KHPE")
State:	Pennsylvania
NAIC #:	95056
Market:	Small Group
Marketplace:	Off Exchange
Effective Date(s):	1/1/2022 – 3/31/2022, 4/1/2022 – 6/30/2022, 7/1/2022 – 9/30/2022, 10/1/2022 – 12/31/2022
Average Rate Change:	3.4%
Range of Rate Changes:	-3.0% to 4.5%
Products:	HMO
Rating Areas:	Rating Area 8
Metal Levels:	Platinum, Gold, Silver, Bronze
Current Members:	103,318
Number of 2022 Plans:	22
HIOS Issuer ID (5-digit):	33871

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

COMPANY CONTACT INFORMATION

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

INAC-132818409
KHPE Small Group

B. RATE HISTORY AND PROPOSED VARIATIONS IN RATE CHANGES

January 1, 2015	8.40%	INAC- 129626509
October 1, 2015	-0.30%	INAC- 130111004
January 1, 2016	6.88%	INAC- 129955625
January 1, 2017	27.97%	INAC- 130539718
July 1, 2017	2.00%	INAC- 130959307
January 1, 2018	10.19%	INAC- 131005809
July 1, 2018	1.59%	INAC- 131405465
January 1, 2019	4.26%	INAC- 131478481
April 1, 2019	-1.12%	INAC- 131750260
July 1, 2019	-3.10%	INAC- 131860437
January 1, 2020	9.70%	INAC- 131927130
April 1, 2020	6.70%	INAC- 132132176
January 1, 2021	0.90%	INAC- 132358832
July 1, 2021	3.63%	INAC- 132762206

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

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

C. AVERAGE RATE CHANGE

The average proposed rate change shown in Cell AC15 of Table 10 is 3.4%. The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2020 to calendar year 2022 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 3.5%.

D. MEMBERSHIP COUNT

Table 1 illustrates the Experience Period member-months, Current Period members as of February 1, 2021, and Projected Rating Period Member-months by ages.

E. BENEFIT CHANGES

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

F. EXPERIENCE PERIOD CLAIMS AND PREMIUMS

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

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 2020 and paid through February 2021. Earned premiums and member months are for January through December 2020. The data are for all direct-written small group business of KHPE in the Commonwealth of Pennsylvania, including out-of-network claims written by KHPE but paid by QCC for POS plans. No private reinsurance was applicable.

Projected Risk Adjustment PMPM

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

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

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

The projected risk adjustment amounts for KHPE and Independence Blue Cross (QCC) are consistent with the projection made in the respective submissions. We also considered preliminary 2020 risk transfer results.

In the URRT v5.3, it is necessary to divide Risk Adjustment by the Paid to Allowed factor when it is used in calculations based on Allowed Claims to produce calculations that are consistent with the Actuarial Memo Rate Exhibit.

G. CREDIBILITY OF DATA

The experience period data is considered 100% credible.

H. TREND IDENTIFICATION

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

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

I. HISTORICAL EXPERIENCE

Table 4 illustrates historical experience from 2017 through 2020 for the product line.

a. Annualized Cost Trend

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

b. Annualized Utilization Trend

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

J. TERMINATED PLANS

No plans are being terminated in 2022.

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.

COVID-19 Impact

A table with five rows of content that has been completely redacted with black bars.

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 2022 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		15.34%
General and Claims	9.57%	
Agent/Broker Fees and Commissions	4.97%	
Quality Improvement Initiatives	0.80%	
Taxes and Fees		0.51%
Risk Adjustment User Fee	0.05%	
PCORI Fee	0.04%	
PA Premium Tax	0.00%	
Federal Income Tax	0.42%	
Health Insurance Providers Fee	0.00%	
Profit/Contingency		2.00%
Total Retention		17.84%

C. NORMALIZED MARKET-ADJUSTED PROJECTED ALLOWED TOTAL CLAIMS

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

D. COMPONENTS OF RATE CHANGE

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

Data in Table 9 is consistent with the 2021 and 2022 URRT with the exceptions of Risk Adjustment and Reinsurance which were revised to project company-specific values.

3. PLAN RATE DEVELOPMENT

Table 10 is populated with plan information consistent with entries in the 2022 URRT. Plan mappings, where applicable, are illustrated in Column F of Table 10.

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

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

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

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

5. PLAN FACTORS

Tables 12, 13, and 14 illustrate the factors used in pricing for age, tobacco, geographic rating area, and network. The tobacco factors match the previously approved tobacco factors from the 2021 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 2022 Rate Filing Justification.

May 18, 2021

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	Keystone Health Plan East
Product(s):	EMO
Market Segment:	Small Group
Rate Effective Date:	1/1/2020
Base Period Start Date:	1/1/2020
Date of Most Recent Membership:	3/1/2021

Table 1. Number of Members

Experience Period	Member-months	Members	Member-months
	Experience Period	Current Period (Jan 01, 2020 - Dec 31, 2020)	Projected Rating Period
Average Age	36.6	36.6	36.6
Total	1,285,783	103,318	1,239,816
<18	214,157	17,052	204,872
18-24	113,370	8,905	107,400
25-29	114,724	8,924	110,088
30-34	114,724	10,726	114,724
35-39	117,826	9,535	114,724
40-44	107,826	8,729	107,826
45-49	102,126	8,227	99,144
50-54	102,126	8,029	111,308
55-59	102,126	10,226	114,724
60-63	62,826	7,571	60,832
64+	11,959	2,585	11,020

Table 2. Experience Period Claims and Premiums

Experience Period	Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-DRB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
Exp-12-31-20	45,117,206.14	14,117,206.14	14,117,206.14	3,285,783	7,149,243.51	406,713,527.71	100,449,800.00	108,114,883.24	3,801,142.20	114,189,945.94		446.57
Loss Ratio												77.16%

*Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Indexed Duration*	Composite Trend	Weight*
Inpatient Hospital	1.11%	11.42%	0.00%	14.98%	18.93%
Outpatient Hospital	3.01%	11.42%	0.00%	14.78%	18.31%
Professional	2.24%	11.42%	0.00%	13.93%	23.65%
Other Medical	1.48%	11.42%	0.00%	13.93%	10.00%
Capitation					
Prescription Drugs	-0.87%	11.42%	0.00%	19.90%	27.05%
Total Annual Trend				7.44%	
Months of Trend				1.189	

* Express Cost, Utilization, Indexed Duration and Weight as percentages

** Should equal UBRF Trend

Table 4. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factor*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-17	\$ 38,478,567.18	\$ 12,478,567.18	1.0000	\$ 12,478,567.18	120,484	\$ 103.34	\$ (787,461.01)	\$ 45,814,338.22	\$ 380.21	
Feb-17	\$ 35,791,636.94	\$ 11,791,636.94	1.0000	\$ 11,791,636.94	126,524	\$ 93.27	\$ (718,850.22)	\$ 39,448,027.24	\$ 317.31	
Mar-17	\$ 39,746,332.17	\$ 12,946,332.17	1.0000	\$ 12,946,332.17	119,800	\$ 108.00	\$ (717,203.84)	\$ 44,781,861.21	\$ 373.21	
Apr-17	\$ 35,354,633.33	\$ 11,354,633.33	1.0000	\$ 11,354,633.33	119,781	\$ 94.81	\$ (751,305.84)	\$ 40,869,364.58	\$ 341.20	
May-17	\$ 35,117,705.17	\$ 11,117,705.17	1.0000	\$ 11,117,705.17	119,562	\$ 93.01	\$ (846,861.70)	\$ 43,187,527.44	\$ 359.90	
Jun-17	\$ 37,318,288.14	\$ 12,318,288.14	1.0000	\$ 12,318,288.14	118,378	\$ 104.04	\$ (801,888.17)	\$ 43,444,121.16	\$ 363.81	
Jul-17	\$ 36,107,085.24	\$ 11,907,085.24	1.0000	\$ 11,907,085.24	118,501	\$ 100.88	\$ (774,507.03)	\$ 43,527,215.46	\$ 365.87	
Aug-17	\$ 39,443,022.65	\$ 12,443,022.65	1.0000	\$ 12,443,022.65	118,336	\$ 105.07	\$ (849,332.81)	\$ 44,964,088.51	\$ 379.83	
Sep-17	\$ 36,729,184.70	\$ 11,729,184.70	1.0000	\$ 11,729,184.70	118,389	\$ 99.05	\$ (785,732.44)	\$ 41,697,246.54	\$ 352.21	
Oct-17	\$ 39,618,382.08	\$ 12,618,382.08	1.0000	\$ 12,618,382.08	118,074	\$ 106.85	\$ (829,479.66)	\$ 44,514,077.86	\$ 377.63	
Nov-17	\$ 37,331,163.70	\$ 11,731,163.70	1.0000	\$ 11,731,163.70	117,921	\$ 99.48	\$ (805,811.37)	\$ 42,900,008.26	\$ 363.81	
Dec-17	\$ 35,991,027.16	\$ 11,491,027.16	1.0000	\$ 11,491,027.16	116,566	\$ 98.64	\$ (844,619.24)	\$ 43,716,226.15	\$ 366.69	
Jan-18	\$ 37,491,036.13	\$ 11,791,036.13	1.0000	\$ 11,791,036.13	115,274	\$ 102.17	\$ (875,413.81)	\$ 43,141,805.17	\$ 377.71	
Feb-18	\$ 34,851,229.47	\$ 11,251,229.47	1.0000	\$ 11,251,229.47	114,768	\$ 97.93	\$ (874,552.42)	\$ 40,716,433.32	\$ 354.63	
Mar-18	\$ 35,620,985.65	\$ 11,620,985.65	1.0000	\$ 11,620,985.65	113,438	\$ 102.45	\$ (815,193.61)	\$ 41,231,350.41	\$ 363.63	
Apr-18	\$ 37,028,281.87	\$ 12,028,281.87	1.0000	\$ 12,028,281.87	112,271	\$ 107.01	\$ (816,268.14)	\$ 42,811,278.16	\$ 381.41	
May-18	\$ 37,818,020.99	\$ 12,818,020.99	1.0000	\$ 12,818,020.99	111,764	\$ 114.65	\$ (819,507.24)	\$ 43,724,224.34	\$ 392.71	
Jun-18	\$ 35,895,409.01	\$ 11,895,409.01	1.0000	\$ 11,895,409.01	110,911	\$ 106.84	\$ (860,902.48)	\$ 41,984,427.54	\$ 373.51	
Jul-18	\$ 35,784,670.16	\$ 11,784,670.16	1.0000	\$ 11,784,670.16	109,868	\$ 106.37	\$ (832,159.80)	\$ 41,124,778.60	\$ 374.80	
Aug-18	\$ 35,491,791.83	\$ 11,491,791.83	1.0000	\$ 11,491,791.83	109,391	\$ 104.65	\$ (871,141.67)	\$ 41,101,189.81	\$ 375.71	
Sep-18	\$ 34,692,094.78	\$ 11,692,094.78	1.0000	\$ 11,692,094.78	109,161	\$ 106.44	\$ (887,026.04)	\$ 39,506,733.08	\$ 362.64	
Oct-18	\$ 36,926,723.18	\$ 11,926,723.18	1.0000	\$ 11,926,723.18	108,681	\$ 109.72	\$ (885,064.08)	\$ 42,518,611.40	\$ 391.60	
Nov-18	\$ 33,829,763.04	\$ 11,829,763.04	1.0000	\$ 11,829,763.04	108,493	\$ 108.00	\$ (815,762.01)	\$ 39,479,616.01	\$ 358.00	
Dec-18	\$ 34,333,829.11	\$ 11,333,829.11	1.0000	\$ 11,333,829.11	109,277	\$ 103.14	\$ (850,222.11)	\$ 39,417,099.26	\$ 360.71	
Jan-19	\$ 35,150,725.73	\$ 11,650,725.73	1.0000	\$ 11,650,725.73	109,871	\$ 105.11	\$ (811,898.68)	\$ 42,489,564.24	\$ 386.31	
Feb-19	\$ 32,224,044.94	\$ 11,224,044.94	1.0000	\$ 11,224,044.94	109,681	\$ 101.80	\$ (900,448.64)	\$ 37,742,880.58	\$ 344.11	
Mar-19	\$ 35,972,386.97	\$ 11,972,386.97	1.0000	\$ 11,972,386.97	109,481	\$ 108.45	\$ (818,781.70)	\$ 43,044,480.68	\$ 388.45	
Apr-19	\$ 37,078,388.00	\$ 12,078,388.00	1.0000	\$ 12,078,388.00	109,291	\$ 109.26	\$ (810,064.71)	\$ 43,157,799.58	\$ 394.52	
May-19	\$ 37,442,173.76	\$ 12,442,173.76	1.0000	\$ 12,442,173.76	109,219	\$ 114.82	\$ (812,843.93)	\$ 43,584,240.17	\$ 399.11	
Jun-19	\$ 33,604,802.81	\$ 11,604,802.81	1.0000	\$ 11,604,802.81	108,703	\$ 106.55	\$ (866,546.93)	\$ 38,731,833.58	\$ 354.63	
Jul-19	\$ 35,891,085.08	\$ 11,891,085.08	1.0000	\$ 11,891,085.08	108,842	\$ 109.77	\$ (815,551.84)	\$ 41,557,211.01	\$ 381.81	
Aug-19	\$ 36,491,011.81	\$ 11,491,011.81	1.0000	\$ 11,491,011.81	108,751	\$ 105.56	\$ (814,269.46)	\$ 41,122,006.46	\$ 367.71	
Sep-19	\$ 35,277,378.05	\$ 11,277,378.05	1.0000	\$ 11,277,378.05	108,666	\$ 104.70	\$ (810,667.81)	\$ 40,625,099.21	\$ 373.81	
Oct-19	\$ 37,627,381.64	\$ 11,627,381.64	1.0000	\$ 11,627,381.64	108,768	\$ 106.13	\$ (811,787.64)	\$ 43,528,960.76	\$ 400.61	
Nov-19	\$ 34,995,713.78	\$ 11,495,713.78	1.0000	\$ 11,495,713.78	108,715	\$ 105.80	\$ (817,141.49)	\$ 40,134,469.84	\$ 371.00	
Dec-19	\$ 35,441,867.98	\$ 11,441,867.98	1.0000	\$ 11,441,867.98	109,811	\$ 104.77	\$ (811,250.68)	\$ 41,184,458.07	\$ 375.00	
Jan-20	\$ 37,808,275.92	\$ 12,808,275.92	1.0000	\$ 12,808,275.92	110,499	\$ 114.99	\$ (812,724.79)	\$ 43,724,759.51	\$ 386.67	
Feb-20	\$ 36,716,284.84	\$ 11,716,284.84	0.9998	\$ 11,716,284.84	110,291	\$ 105.81	\$ (819,791.41)	\$ 40,701,411.74	\$ 360.61	
Mar-20	\$ 33,931,948.88	\$ 11,931,948.88	0.9998	\$ 11,931,948.88	110,191	\$ 107.82	\$ (810,635.30)	\$ 36,673,411.24	\$ 332.81	
Apr-20	\$ 29,213,624.60	\$ 11,213,624.60	0.9998	\$ 11,213,624.60	109,841	\$ 101.89	\$ (818,485.68)	\$ 28,168,895.51	\$ 253.20	
May-20	\$ 30,611,503.87	\$ 10,791,503.87	0.9998	\$ 10,791,503.87	109,438	\$ 97.63	\$ (815,587,506.14)	\$ 33,679,127.17	\$ 313.27	
Jun-20	\$ 34,245,618.94	\$ 11,465,618.94	0.9997	\$ 11,465,618.94	107,150	\$ 106.00	\$ (814,765.30)	\$ 38,127,647.10	\$ 356.27	
Jul-20	\$ 36,908,333.82	\$ 12,408,333.82	0.9999	\$ 12,408,333.82	106,601	\$ 116.91	\$ (819,596.44)	\$ 40,471,866.74	\$ 378.61	
Aug-20	\$ 34,480,632.09	\$ 11,480,632.09	0.9877	\$ 11,480,632.09	106,136	\$ 106.82	\$ (817,687.71)	\$ 39,060,932.41	\$ 368.11	
Sep-20	\$ 31,519,068.66	\$ 11,519,068.66	0.9818	\$ 11,519,068.66	105,081	\$ 107.71	\$ (812,927.38)	\$ 40,115,794.64	\$ 382.11	
Oct-20	\$ 38,400,186.91	\$ 12,400,186.91	0.9718	\$ 12,400,186.91	104,816	\$ 118.43	\$ (814,627.81)	\$ 41,462,414.61	\$ 414.61	
Nov-20	\$ 35,587,771.16	\$ 11,587,771.16	0.9688	\$ 11,587,771.16	104,217	\$ 109.70	\$ (813,261.62)	\$ 40,676,614.71	\$ 382.17	
Dec-20	\$ 36,496,993.81	\$ 11,496,993.81	0.9618	\$ 11,496,993.81	104,726	\$ 106.87	\$ (814,195.63)	\$ 41,442,479.61	\$ 390.61	

* Express Completion Factor as a percentage

** Express Prescription Drug Rebates as a negative number

Carrier Name: Keystone Health Plan East
 Product(s): HMO
 Market Segment: Small Group
 Rate Effective Date: 1/1/2022

Table 2b. Manual Experience Period Claims and Premiums

Member Months	Estimated Cost Sharing (Incl. Copay & Ded.)	Allowed Claims (Non-Capitated)	Non-EMV portion of Allowed Claims	Total Prescription Drug Rebates**	Total DNB Capitation	Total Non-EMV Capitation	Estimated Risk Adjustment	Estimated Reinsurance Coverage
1,177,421	106,679,545	971,880,437	291,880,437	106,148,136,411	110,611,544,111	10,611,427,777	6,058,191,000	471,300
*Express Prescription Drug Rebates as a negative number								

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Indexed Demand*	Composite Trend	Weight*
Inpatient Hospital	1.72%	8.23%	0.00%	12.25%	18.58%
Outpatient Hospital	3.61%	8.23%	0.00%	11.46%	10.20%
Professional	-0.00%	8.23%	0.00%	10.84%	27.48%
Other Medical	0.00%	8.23%	0.00%	10.94%	0.00%
Capitation				13.13%	13.13%
Prescription Drugs	-0.47%	8.23%	0.00%	7.73%	23.54%
Total Annual Trend				8.40%	100.00%
Weight of Trend				-8%	
Total Applied Trend Projection Factor				1.17%	

*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 x 1200)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-17	\$ 70,068,516.45	\$ 1,000.00	1.0000	\$ 70,068,516.45	105,631	\$ 663.31	\$	\$ (1,508,861.43)	\$ 65,569,655.02	\$ 619.92
Feb-17	\$ 69,985,965.61	\$ 1,000.00	1.0000	\$ 69,985,965.61	105,763	\$ 662.21	\$	\$ (1,508,901.27)	\$ 65,477,064.34	\$ 619.74
Mar-17	\$ 74,860,899.38	\$ 1,000.00	1.0000	\$ 74,860,899.38	105,928	\$ 707.29	\$	\$ (1,458,673.26)	\$ 73,402,226.12	\$ 693.63
Apr-17	\$ 64,472,442.06	\$ 1,000.00	1.0000	\$ 64,472,442.06	104,624	\$ 617.27	\$	\$ (1,454,738.02)	\$ 63,017,704.04	\$ 602.88
May-17	\$ 74,461,021.34	\$ 1,000.00	1.0000	\$ 74,461,021.34	105,631	\$ 702.29	\$	\$ (1,458,673.26)	\$ 73,002,348.08	\$ 691.63
Jun-17	\$ 70,344,127.87	\$ 1,000.00	1.0000	\$ 70,344,127.87	104,391	\$ 670.87	\$	\$ (1,549,977.00)	\$ 68,794,150.87	\$ 658.87
Jul-17	\$ 66,014,541.94	\$ 1,000.00	1.0000	\$ 66,014,541.94	101,381	\$ 651.38	\$	\$ (1,498,477.51)	\$ 64,516,064.43	\$ 636.35
Aug-17	\$ 74,216,901.46	\$ 1,000.00	1.0000	\$ 74,216,901.46	105,631	\$ 702.29	\$	\$ (1,454,738.02)	\$ 72,762,163.44	\$ 689.50
Sep-17	\$ 66,746,113.60	\$ 1,000.00	1.0000	\$ 66,746,113.60	101,449	\$ 658.00	\$	\$ (1,472,147.11)	\$ 65,273,966.49	\$ 637.24
Oct-17	\$ 71,546,112.46	\$ 1,000.00	1.0000	\$ 71,546,112.46	102,481	\$ 698.29	\$	\$ (1,509,841.24)	\$ 70,036,271.22	\$ 672.64
Nov-17	\$ 71,587,604.38	\$ 1,000.00	1.0000	\$ 71,587,604.38	102,111	\$ 699.61	\$	\$ (1,517,121.66)	\$ 70,070,482.72	\$ 673.19
Dec-17	\$ 66,124,736.22	\$ 1,000.00	1.0000	\$ 66,124,736.22	100,811	\$ 656.29	\$ 114,144,566.11	\$ (1,426,477.84)	\$ 64,698,258.38	\$ 626.33
Jan-18	\$ 66,124,736.22	\$ 1,000.00	1.0000	\$ 66,124,736.22	100,811	\$ 656.29	\$	\$ (1,426,477.84)	\$ 64,698,258.38	\$ 626.33
Feb-18	\$ 63,703,544.41	\$ 1,000.00	1.0000	\$ 63,703,544.41	100,177	\$ 635.18	\$	\$ (1,460,533.72)	\$ 62,243,010.69	\$ 602.41
Mar-18	\$ 68,812,574.25	\$ 1,000.00	1.0000	\$ 68,812,574.25	103,203	\$ 666.88	\$	\$ (1,746,969.89)	\$ 67,065,604.36	\$ 646.64
Apr-18	\$ 66,310,227.42	\$ 1,000.00	1.0000	\$ 66,310,227.42	101,974	\$ 649.30	\$	\$ (1,720,449.61)	\$ 64,589,777.81	\$ 628.60
May-18	\$ 69,187,643.41	\$ 1,000.00	1.0000	\$ 69,187,643.41	100,801	\$ 685.50	\$	\$ (1,705,431.51)	\$ 67,482,211.90	\$ 648.86
Jun-18	\$ 64,028,485.04	\$ 1,000.00	1.0000	\$ 64,028,485.04	97,921	\$ 664.01	\$	\$ (1,648,236.11)	\$ 62,380,248.93	\$ 616.61
Jul-18	\$ 64,112,869.94	\$ 1,000.00	1.0000	\$ 64,112,869.94	178,648	\$ 359.88	\$	\$ (1,797,168.41)	\$ 62,315,701.53	\$ 616.28
Aug-18	\$ 69,260,867.20	\$ 1,000.00	1.0000	\$ 69,260,867.20	102,480	\$ 676.34	\$	\$ (1,860,439.31)	\$ 67,400,427.89	\$ 657.64
Sep-18	\$ 62,715,247.41	\$ 1,000.00	1.0000	\$ 62,715,247.41	178,534	\$ 351.16	\$	\$ (1,685,738.18)	\$ 61,029,509.23	\$ 568.07
Oct-18	\$ 70,268,277.28	\$ 1,000.00	1.0000	\$ 70,268,277.28	100,311	\$ 690.00	\$	\$ (1,846,120.64)	\$ 68,422,156.64	\$ 651.94
Nov-18	\$ 62,476,933.84	\$ 1,000.00	1.0000	\$ 62,476,933.84	100,641	\$ 620.41	\$	\$ (1,656,872.36)	\$ 60,820,061.48	\$ 575.11
Dec-18	\$ 63,740,002.00	\$ 1,000.00	1.0000	\$ 63,740,002.00	100,000	\$ 637.40	\$	\$ (1,812,238.54)	\$ 61,927,763.46	\$ 599.50
Jan-19	\$ 68,613,791.53	\$ 1,000.00	1.0000	\$ 68,613,791.53	103,473	\$ 663.89	\$ 158,432,160.00	\$ (1,754,826.06)	\$ 66,858,965.47	\$ 646.83
Feb-19	\$ 62,087,022.06	\$ 1,000.00	1.0000	\$ 62,087,022.06	101,171	\$ 613.20	\$	\$ (1,713,271.37)	\$ 60,373,750.69	\$ 596.60
Mar-19	\$ 69,025,091.11	\$ 1,000.00	1.0000	\$ 69,025,091.11	101,130	\$ 682.92	\$	\$ (1,871,024.18)	\$ 67,154,066.93	\$ 654.25
Apr-19	\$ 69,991,837.38	\$ 1,000.00	1.0000	\$ 69,991,837.38	101,371	\$ 690.94	\$	\$ (1,923,646.93)	\$ 68,068,190.45	\$ 672.08
May-19	\$ 70,144,477.61	\$ 1,000.00	1.0000	\$ 70,144,477.61	101,411	\$ 692.66	\$	\$ (1,964,303.76)	\$ 68,180,173.85	\$ 672.61
Jun-19	\$ 63,493,516.15	\$ 1,000.00	1.0000	\$ 63,493,516.15	101,793	\$ 624.64	\$	\$ (1,817,768.89)	\$ 61,675,747.26	\$ 596.34
Jul-19	\$ 69,381,250.79	\$ 1,000.00	1.0000	\$ 69,381,250.79	101,904	\$ 681.41	\$	\$ (2,021,689.28)	\$ 67,359,561.51	\$ 651.92
Aug-19	\$ 69,598,983.27	\$ 1,000.00	1.0000	\$ 69,598,983.27	101,245	\$ 687.90	\$	\$ (1,994,181.99)	\$ 67,604,801.28	\$ 657.36
Sep-19	\$ 66,811,892.43	\$ 1,000.00	1.0000	\$ 66,811,892.43	101,491	\$ 658.61	\$	\$ (1,948,034.07)	\$ 64,863,858.36	\$ 627.81
Oct-19	\$ 74,883,280.98	\$ 1,000.00	1.0000	\$ 74,883,280.98	103,072	\$ 726.92	\$	\$ (2,138,644.38)	\$ 72,744,636.60	\$ 705.90
Nov-19	\$ 68,480,300.63	\$ 1,000.00	1.0000	\$ 68,480,300.63	101,584	\$ 674.68	\$	\$ (1,918,020.17)	\$ 66,562,280.46	\$ 655.63
Dec-19	\$ 71,275,234.65	\$ 1,000.00	1.0000	\$ 71,275,234.65	101,804	\$ 700.15	\$ 171,050,127.24	\$ (2,168,024.67)	\$ 69,107,209.97	\$ 676.74
Jan-20	\$ 74,076,181.93	\$ 1,000.00	1.0000	\$ 74,076,181.93	105,379	\$ 703.46	\$	\$ (2,176,286.74)	\$ 71,899,895.19	\$ 682.65
Feb-20	\$ 71,466,467.01	\$ 0.9911	0.9911	\$ 71,799,195.71	101,581	\$ 707.25	\$	\$ (1,948,672.25)	\$ 69,850,523.46	\$ 687.88
Mar-20	\$ 61,839,956.62	\$ 0.9980	0.9980	\$ 61,848,624.21	101,620	\$ 608.60	\$	\$ (1,548,816.40)	\$ 60,300,807.81	\$ 593.60
Apr-20	\$ 63,243,627.04	\$ 0.9974	0.9974	\$ 63,477,639.57	101,825	\$ 623.56	\$	\$ (1,605,558.11)	\$ 61,872,081.46	\$ 607.79
May-20	\$ 67,241,154.64	\$ 0.9983	0.9983	\$ 67,451,287.53	102,604	\$ 657.61	\$	\$ (1,845,371.04)	\$ 65,605,916.49	\$ 641.48
Jun-20	\$ 69,000,000.16	\$ 0.9944	0.9944	\$ 69,365,136.34	101,074	\$ 686.60	\$	\$ (1,814,459.11)	\$ 67,550,677.23	\$ 668.24
Jul-20	\$ 69,937,995.38	\$ 0.9924	0.9924	\$ 70,439,138.27	100,864	\$ 698.61	\$	\$ (1,844,646.49)	\$ 68,594,491.78	\$ 677.44
Aug-20	\$ 68,681,537.97	\$ 0.9893	0.9893	\$ 69,409,444.84	100,107	\$ 693.30	\$	\$ (1,760,309.43)	\$ 67,649,135.41	\$ 665.34
Sep-20	\$ 69,763,302.90	\$ 0.9853	0.9853	\$ 69,786,552.46	100,626	\$ 693.65	\$	\$ (1,750,269.51)	\$ 68,036,282.95	\$ 675.63
Oct-20	\$ 71,192,485.49	\$ 0.9817	0.9817	\$ 71,491,916.23	101,821	\$ 702.11	\$	\$ (1,740,604.14)	\$ 69,751,312.09	\$ 685.52
Nov-20	\$ 67,894,495.96	\$ 0.9772	0.9772	\$ 68,786,980.63	107,466	\$ 640.00	\$	\$ (1,647,030.80)	\$ 67,139,949.83	\$ 632.96
Dec-20	\$ 69,213,851.06	\$ 0.9621	0.9621	\$ 72,048,111.81	103,671	\$ 695.01	\$ 160,079,565.30	\$ (1,490,481.28)	\$ 70,557,630.53	\$ 676.11

*Express Completion Factor as a percentage

**Express Prescription Drug Rebates as a negative number

PA Rate Template Part II
Rate Development and Change

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

Westone Health Plan East
HMO
Small Group
1/1/2022

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

Development of the Projected Index Rate	Actual Experience EIB	Manual Data
Total Allowed EIB Claims + EIB Closures PMPM (net of amortization due volume) PMPM	\$ 465.17	\$ 471.35
Two year trend projection factor	1.333	1.375
Unadjusted Projected Allowed EIB Claims PMPM	\$ 532.61	\$ 553.87
Market-Adjustment Factors		
Change in Morbidity - Impact of Reinsurance Program	1.000	1.000
Change in Morbidity - All Other	1.000	1.000
Total Non-Morbidity Changes	1.000	1.000
Change in Demographics	1.000	1.000
Change in Network	0.998	0.991
Change in Benefits	1.000	1.000
Change in Other	1.000	1.000
Total Adjusted Projected Allowed EIB Claims PMPM	\$ 564.37	\$ 564.97
Credibility Factors	8%	100%
Weighted Projected EIB Claims PMPM		\$ 564.97
Development of the Market-Adjusted Index Rate and Total Allowed Claims		
Adjusted Projected Allowed EIB Claims PMPM	\$ 564.97	Index Rate for Projection Period on UBRP
Projected Paid to Allowed Rate	\$ 673.74	
Projected Incurred EIB Claims PMPM	\$ 436.74	
Market-Adjustment Factors		
Projected Incurred Risk Adjustment PMPM	\$ 22.00	
Projected Incurred Exchange User Fee PMPM	\$ 50.00	
Projected Incurred Reinsurance Recoveries PMPM	\$ 50.00	
Market-Adjusted Projected Incurred EIB Claims PMPM	\$ 458.74	
Market-Adjusted Projected Allowed EIB Claims PMPM	\$ 593.01	Market-Adjusted Index Rate
Projected Allowed Non-EIB Claims PMPM	\$ 5.00	
Market-Adjusted Projected Incurred Total Claims PMPM	\$ 463.74	
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 598.01	

Actual Experience PMPM should be consistent with the Index Rate for Experience Period on UBRP

For Informational Purposes only - No input required.

Blended Base Period (Unadjusted Claims before Normalization)	\$ 471.36	Index Rate of Experience Period on UBRP
Blended Earned Premium	\$ 1,302,260,239.95	
Blended Loss Ratio	72.32%	

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

Effective Date	1/1/2022	4/1/2022	7/1/2022	10/1/2022	Total Small Group
# of Member Months Remaining in Quarter	460,314	356,208	316,996	283,475	1,416,993
Adjusted Projected Allowed EIB Claims PMPM	\$ 564.97	\$ 564.97	\$ 564.97	\$ 564.97	\$ 564.97
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	\$ 564.97	\$ 575.04	\$ 583.04	\$ 590.38	\$ 576.35
Quarterly Trend Factor	1.000	1.003	1.005	1.008	1.003

Table 6. Retention

Retentions - Expense in percentage	Percentage	PMPM Amounts
Administrative Expenses	11.51%	\$66.09
General and Claims	9.37%	\$53.84
Agent/Broker Fee and Commissions	8.30%	\$48.00
Quality Improvement Initiatives	0.30%	\$1.65
Taxes and Fees	0.27%	\$1.55
Risk Adjustment User Fee	0.26%	\$1.48
FCRM Fee	0.04%	\$0.23
PA Premium & Other Taxes (if applicable)	0.00%	\$0.00
Federal Income Tax	0.11%	\$0.66
Health Insurance Provider Fee (Prorated for Small Groups only)	0.00%	\$0.00
Profit/Contingency (after tax)	1.81%	\$10.78
Total Retention	27.84%	\$160.17
Projected Required Reserve PMPM		\$ 98.84

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2021	2022
Average Age Factor	1.000	1.000
Average Geographic Factor	1.000	1.000
Average Tobacco Status	1.000	1.000
Average Benefit Richness (Induced demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 576.20	\$ 598.85
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 380.81	\$ 393.51

Table 8. Components of Rate Change

Rate Components	2021	2022	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$ 362.50	\$ 375.14	\$ 12.64	3.49%
B. Base period allowed claims before normalization	\$ 465.85	\$ 471.36	\$ 5.51	1.19%
C. Normalization factor component of change	\$ (138.00)	\$ (101.51)	\$ 36.49	-1.04%
D. Change in Normalized Allowed Claims Adjustment Components				
D1. UBRP Trend	\$ 307.85	\$ 309.85	\$ 2.00	0.65%
D2. UBRP Morbidity	\$ 39.00	\$ 44.34	\$ 5.34	13.42%
D3. UBRP Risk Adjustment	\$ 2.47	\$ 18.63	\$ 16.16	658.30%
D4. UBRP Other	\$ 3.80	\$ (13.00)	\$ (16.80)	-439.47%
D5. Normalized UBRP Risk Adjustment on an allowed basis	\$ 22.50	\$ 18.69	\$ (3.81)	-16.93%
D6. Normalized Exchange User Fee on an allowed basis	\$ -	\$ -	\$ -	0.00%
D7. Normalized Reinsurance Recoveries on an allowed basis	\$ -	\$ -	\$ -	0.00%
D8. Subtotal - Sum(D1-D7)	\$ 377.22	\$ 359.82	\$ (17.40)	-4.61%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ -	\$ 0.00	\$ 0.00	0.00%
E2. Pricing Act	\$ 82.88	\$ 88.96	\$ 6.08	7.33%
E3. Benefit Richness	\$ 0.00	\$ 0.00	\$ 0.00	0.00%
E4. Geographic Eligibility	\$ -	\$ -	\$ -	0.00%
E5. Subtotal - Sum(E1-E4)	\$ 82.88	\$ 88.96	\$ 6.08	7.33%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 57.00	\$ 57.51	\$ 0.51	0.89%
F2. Taxes and Fees	\$ 1.82	\$ 2.23	\$ 0.41	22.53%
F3. Profit and/or Contingency	\$ 7.28	\$ 7.57	\$ 0.29	3.98%
F4. Subtotal - Sum(F1-F3)	\$ 66.10	\$ 67.31	\$ 1.21	1.83%
G. Change in Miscellaneous Items	\$ -	\$ -	\$ -	0.00%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 362.50	\$ 368.50	\$ 6.00	1.66%

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

	2021	2022
Field-to-Allowed	0.765	0.774
UBRP Trend (Total Applied Trend Factor)	1.138	1.175
UBRP Morbidity	1.003	1.002
UBRP "Other"	1.011	0.990
Risk Adjustment	\$ 26.56	\$ 22.00
Exchange User Fee	\$ -	\$ -
Reinsurance Recoveries	\$ -	\$ -
Capitation	\$ -	\$ -
Network	1.000	1.000
Pricing Act	0.765	0.774
Benefit Richness	1.000	1.000
Geographic Eligibility	1.000	1.000
Administrative Expenses	10.27%	10.50%
Taxes and Fees	0.50%	0.50%
Profit and/or Contingency	6.00%	6.00%

* For 2021 in cell B1, please include a factor equal to the product of the average Pricing Act and the Non-Funding of CRR Adjusted

Company Name: [Redacted]
Market: [Redacted]
Product: [Redacted]
Effective Date of Rates: [Redacted]

Table with multiple columns for various metrics and rows for different categories. Includes a 'Rate' column and a 'Product' column. The table contains a large volume of numerical data points.

**Keystone Health Plan East
Small Group
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
33871PA0100020	Keystone HMO Platinum Preferred \$10/\$20/\$200	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100021	Keystone HMO Platinum Preferred \$20/\$40/\$250	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100022	Keystone HMO Gold Preferred \$40/\$80/\$650	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100023	Keystone HMO Gold Classic \$1,500/\$30/\$60/90%	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100024	Keystone HMO Silver Classic \$4,750/\$30/\$60/70%	HMO	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100025	Keystone HMO Silver Classic \$3,750/\$30/\$60/50%	HMO	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100026	Keystone HMO Bronze Essential \$7,500/\$70/\$140	HMO	Bronze	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100044	Keystone HMO Gold Proactive	HMO	Gold	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100045	Keystone HMO Silver Proactive	HMO	Silver	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100047	Keystone HMO Gold Classic \$2,500/\$40/\$80/100%	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100048	Keystone HMO Silver Classic \$4,500/\$50/\$100/100%	HMO	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100049	Keystone HMO Silver Secure \$5,000/\$50/\$100/\$60	HMO	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100050	Keystone HMO Platinum Preferred \$30/\$60/\$400	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100051	Keystone HMO Gold Secure \$1000/\$40/\$80/\$650	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100052	Keystone HMO Silver Proactive Value	HMO	Silver	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100053	Keystone HMO Platinum Preferred \$5/\$15/\$500	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110011	Keystone DPOS Platinum Preferred \$10/\$20/\$200	POS	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110012	Keystone DPOS Platinum Preferred \$20/\$40/\$250	POS	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110013	Keystone DPOS Gold Preferred \$40/\$80/\$650	POS	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110014	Keystone DPOS Gold Classic \$1,500/\$30/\$60/90%	POS	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110019	Keystone DPOS Silver Classic \$3,750/\$30/\$60/50%	POS	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110020	Keystone DPOS Bronze Essential \$7,500/\$70/\$140	POS	Bronze	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia

Company Name:
Product:
Effective Date of Sale:

Ending Date of Sale:

Table with multiple columns (A-Z) and rows (1-66). Each cell contains numerical data, likely representing sales or financial metrics for various categories and time periods.

**Keystone Health Plan East
Small Group
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
33871PA0100020	Keystone HMO Platinum Preferred \$10/\$20/\$200	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100021	Keystone HMO Platinum Preferred \$20/\$40/\$250	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100022	Keystone HMO Gold Preferred \$40/\$80/\$650	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100023	Keystone HMO Gold Classic \$1,500/\$30/\$60/90%	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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33871PA0100044	Keystone HMO Gold Proactive	HMO	Gold	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100045	Keystone HMO Silver Proactive	HMO	Silver	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100047	Keystone HMO Gold Classic \$2,500/\$40/\$80/100%	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100048	Keystone HMO Silver Classic \$4,500/\$50/\$100/100%	HMO	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100049	Keystone HMO Silver Secure \$5,000/\$50/\$100/\$60	HMO	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100050	Keystone HMO Platinum Preferred \$30/\$60/\$400	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100051	Keystone HMO Gold Secure \$1000/\$40/\$80/\$650	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100052	Keystone HMO Silver Proactive Value	HMO	Silver	Off	Proactive	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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33871PA0110011	Keystone DPOS Platinum Preferred \$10/\$20/\$200	POS	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110012	Keystone DPOS Platinum Preferred \$20/\$40/\$250	POS	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110013	Keystone DPOS Gold Preferred \$40/\$80/\$650	POS	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110014	Keystone DPOS Gold Classic \$1,500/\$30/\$60/90%	POS	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110019	Keystone DPOS Silver Classic \$3,750/\$30/\$60/50%	POS	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110020	Keystone DPOS Bronze Essential \$7,500/\$70/\$140	POS	Bronze	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia

**Keystone Health Plan East
Small Group
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
33871PA0100020	Keystone HMO Platinum Preferred \$10/\$20/\$200	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100021	Keystone HMO Platinum Preferred \$20/\$40/\$250	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100022	Keystone HMO Gold Preferred \$40/\$80/\$650	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100023	Keystone HMO Gold Classic \$1,500/\$30/\$60/90%	HMO	Gold	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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33871PA0100050	Keystone HMO Platinum Preferred \$30/\$60/\$400	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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33871PA0110019	Keystone DPOS Silver Classic \$3,750/\$30/\$60/50%	POS	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110020	Keystone DPOS Bronze Essential \$7,500/\$70/\$140	POS	Bronze	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia

Company Name: [Redacted]
Market: [Redacted]
Product: [Redacted]
Effective Date of Rates: [Redacted]

Table with columns for Rate ID, Rate Type, and various numerical values. Includes a 'Rate ID' column and multiple columns for different rate categories.

**Keystone Health Plan East
Small Group
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
33871PA0100020	Keystone HMO Platinum Preferred \$10/\$20/\$200	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0100021	Keystone HMO Platinum Preferred \$20/\$40/\$250	HMO	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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33871PA0110012	Keystone DPOS Platinum Preferred \$20/\$40/\$250	POS	Platinum	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
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33871PA0110019	Keystone DPOS Silver Classic \$3,750/\$30/\$60/50%	POS	Silver	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia
33871PA0110020	Keystone DPOS Bronze Essential \$7,500/\$70/\$140	POS	Bronze	Off	Keystone	8	Bucks, Chester, Delaware, Montgomery, Philadelphia

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T		
1	Unified Rate Review v5.3															To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P.					
2																To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L.					
3	Company Legal Name:	Keystone Health Plan East													State:	PA	To validate, select the Validate button or Ctrl + Shift + I.				
4	HIOS Issuer ID:	33871													Market:	Small Group	To finalize, select the Finalize button or Ctrl + Shift + F.				
5	Effective Date of Rate Change(s):	1/1/2022																			
6																					
7																					
8	Market Level Calculations (Same for all Plans)																				
9																					
10																					
11	Section I: Experience Period Data																				
12	Experience Period:	1/1/2020			to	12/31/2020															
13					Total	PMPM															
14	Allowed Claims				\$574,195,444.52				\$446.57												
15	Reinsurance				\$0.00				\$0.00												
16	Incurred Claims in Experience Period				\$497,432,181.01				\$386.87												
17	Risk Adjustment				-\$14,189,948.86				-\$11.04												
18	Experience Period Premium				\$666,417,701.50				\$518.30												
19	Experience Period Member Months				1,285,783																
20																					
21	Section II: Projections																				
22		Year 1 Trend				Year 2 Trend				Trended EHB Allowed Claims											
23	Benefit Category	Experience Period Index Rate PMPM	Cost	Utilization	Cost	Utilization	Cost	Utilization	PMPM												
24	Inpatient Hospital	\$84.55	1.031	1.114	1.031	1.114	1.114	1.114	\$111.53												
25	Outpatient Hospital	\$72.84	1.030	1.114	1.030	1.114	1.114	1.114	\$95.90												
26	Professional	\$105.59	1.022	1.114	1.022	1.114	1.114	1.114	\$136.87												
27	Other Medical	\$0.00	1.022	1.114	1.022	1.114	1.114	1.114	\$0.00												
28	Capitation	\$85.10	1.000	0.887	1.000	0.887	1.114	1.114	\$66.95												
29	Prescription Drug	\$98.50	0.995	1.114	0.995	1.114	1.114	1.114	\$121.02												
30	Total	\$446.58							\$532.27												
31																					
32	Morbidity Adjustment							1.052													
33	Demographic Shift							1.009													
34	Plan Design Changes							1.000													
35	Other							0.998													
36	Adjusted Trended EHB Allowed Claims PMPM for	1/1/2022						\$563.86													
37																					
38	Manual EHB Allowed Claims PMPM							\$564.57													
39	Applied Credibility %							0.00%													
40																					
41																					
42	Projected Index Rate for	1/1/2022						\$564.57	Projected Period Totals												
43	Reinsurance							\$0.00	\$699,962,919.12	\$0.00											
44	Risk Adjustment Payment/Charge							-\$28.44	-\$35,260,367.04	\$0.00											
45	Exchange User Fees							0.00%	\$0.00	\$0.00											
46	Market Adjusted Index Rate							\$593.01	\$735,223,286.16												
47																					
48	Projected Member Months							1,239,816													
49																					
50	Information Not Releasable to the Public Unless Authorized by Law: This information has not been publicly 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																					

Product-Plan Data Collection

Company Legal Name: Keystone Health Plan East
HMO's Issued ID: 38871
Effective Date of Rate Channels: 1/1/2022

State: PA
Market: Small Group

To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P.
To validate, select the Validate button or Ctrl + Shift + V.
To Inactive, select the Inactive button or Ctrl + Shift + F.
To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L.
To remove a product, navigate to the corresponding Product Name/Product ID field and select the Remove Product button or Ctrl + Shift + G.
To remove a plan, navigate to the corresponding Plan Name/Plan ID field and select the Remove Plan button or Ctrl + Shift + A.

Product/Plan Level Calculations

Section I: General Product and Plan Information

Table with columns for Product Name, Product ID, Plan Name, Plan ID (Standard Component ID), and various rates for different components like Medical, Dental, Vision, etc. for both Keystone HMO Small Group and Keystone DPOS Small Group.

Worksheet 1 Totals

Section II: Experience Period and Current Plan Level Information

Table showing financial data for various components including Allowed Claims, Reinsurance, Member Cost Sharing, Cost Sharing Reduction, Incurred Claims, Experience Period Member Months, Current Premium, and Profit & Risk Load for both Small Group and DPOS plans.

Section III: Plan Adjustment Factors

Table detailing adjustment factors such as Market Adjusted Index Rate, Provider Network Adjustment, Benefits in Addition to FHB, Administrative Costs, Age Calibration Factor, Geographic Calibration Factor, Tobacco Calibration Factor, and Calibrated Plan Adjusted Index Rate.

Section IV: Projected Plan Level Information

Table providing projected financial information including Allowed Claims, Reinsurance, Member Cost Sharing, Cost Sharing Reduction, Incurred Claims, Risk Adjustment Transfer Amount, Projected Member Months, Profit & Risk Load, and Calibrated Plan Adjusted Index Rate for both Small Group and DPOS plans.

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

URRT Part II – Consumer Friendly Justification

Scope and Range of the Rate Increase:

Keystone Health Plan East ("KHPE") is revising premium rates for the Pennsylvania Small Group ACA compliant products, effective from January 1, 2022. The proposed revisions to each plan are shown on the second page of this exhibit.

About 103,000 members will be affected.

Financial Experience of the Product:

KHPE is required by federal law to pay out a minimum of 80% percent of premium dollars for medical claims—this is referred to as the minimum Medical Loss Ratio (MLR). The rate action proposed in this filing is expected to achieve a Medical Loss Ratio of greater than 80%.

Changes in Taxes and Fees:

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

Changes in Medical Service Costs:

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

We are projecting that claims will increase by 9.2% in 2022. More than half of the change in health care service costs is driven by changes to health care provider fees.

Morbidity was increased by an additional 5.2% to account for the impact of COVID-19 on overall projected claims. This represents the estimated increase for claims returning to more typical levels, which were reduced during the past year due to the pandemic. In addition, trend includes approximately an additional 2.8% to account for higher claims in 2022 related to COVID-related expenses and claims which have been delayed from 2020 and 2021 due to the pandemic.

Changes in Benefits:

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

Administrative Costs:

The premium rates presented in this filing include a 2% contribution to reserves. Furthermore, the Affordable Care Act (ACA) imposes taxes and other levies.

URRT Part II – Consumer Friendly Justification

HIOS ID	Plan Name	1Q % Change	2Q % Change	3Q % Change	4Q % Change
33871PA0100020	Keystone HMO Platinum Preferred \$10/\$20/\$200	3.3%	3.2%	5.2%	5.1%
33871PA0100021	Keystone HMO Platinum Preferred \$20/\$40/\$250	3.4%	3.3%	5.3%	5.2%
33871PA0100022	Keystone HMO Gold Preferred \$40/\$80/\$650	2.2%	2.1%	4.1%	3.9%
33871PA0100023	Keystone HMO Gold Classic \$1,500/\$30/\$60/90%	2.0%	1.9%	3.9%	3.8%
33871PA0100024	Keystone HMO Silver Classic \$4,750/\$30/\$60/70%	3.2%	3.1%	5.1%	5.0%
33871PA0100025	Keystone HMO Silver Classic \$3,750/\$30/\$60/50%	3.2%	3.1%	5.1%	5.0%
33871PA0100026	Keystone HMO Bronze Essential \$7,500/\$70/\$140/\$700	3.0%	2.9%	4.9%	4.8%
33871PA0110011	Keystone DPOS Platinum Preferred \$10/\$20/\$200	3.5%	3.4%	5.4%	5.3%
33871PA0110012	Keystone DPOS Platinum Preferred \$20/\$40/\$250	3.5%	3.4%	5.4%	5.3%
33871PA0110013	Keystone DPOS Gold Preferred \$40/\$80/\$650	2.3%	2.2%	4.2%	4.1%
33871PA0110014	Keystone DPOS Gold Classic \$1,500/\$30/\$60/90%	2.0%	1.9%	3.9%	3.8%
33871PA0110019	Keystone DPOS Silver Classic \$3,750/\$30/\$60/50%	3.2%	3.1%	5.1%	5.0%
33871PA0110020	Keystone DPOS Bronze Essential \$7,500/\$70/\$140/\$700	2.9%	2.8%	4.8%	4.7%
33871PA0100044	Keystone HMO Gold Proactive	3.9%	3.8%	5.9%	5.8%
33871PA0100045	Keystone HMO Silver Proactive	4.5%	4.4%	6.5%	6.4%
33871PA0100047	Keystone HMO Gold Classic \$2,500/\$40/\$80/100%	2.1%	1.9%	3.9%	3.8%
33871PA0100048	Keystone HMO Silver Classic \$4,500/\$50/\$100/100%	3.2%	3.1%	5.1%	5.0%
33871PA0100049	Keystone HMO Silver Secure \$5,000/\$50/\$100/\$600	-3.0%	-3.1%	-1.2%	-1.3%
33871PA0100050	Keystone HMO Platinum Preferred \$30/\$60/\$400	3.2%	3.1%	5.1%	5.0%
33871PA0100051	Keystone HMO Gold Secure \$1,000/\$40/\$80/\$650	2.2%	2.1%	4.1%	4.0%
33871PA0100052	Keystone HMO Silver Proactive Value	4.5%	4.4%	6.4%	6.3%
33871PA0100053	Keystone HMO Platinum Preferred \$5/\$15/\$500	New	New	New	New

GENERAL OVERVIEW

PURPOSES

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

GENERAL INFORMATION

COMPANY IDENTIFYING INFORMATION

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

State: Pennsylvania

HIOS Issuer ID (5-digit): 33871

Market: Small Group

Effective Date(s): 1/1/2022 – 3/31/2022, 4/1/2022 – 6/30/2022, 7/1/2022 – 9/30/2022,
10/1/2022 – 12/31/2022

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

COMPANY CONTACT INFORMATION

Primary Contact Name: [REDACTED]

Primary Contact Telephone Number: [REDACTED]

Primary Contact Email Address: [REDACTED]

PROPOSED RATE INCREASE

The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2020 to calendar year 2022 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 9.2% in 2022. More than half of the change in health care service costs is driven by changes to health care provider fees.

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

The weighted average increase across KHPE plans based on projected membership, inclusive of the impact of benefit and cost sharing changes, is 3.4%. The minimum increase is -3.0% and the maximum increase is 4.5%.

WORKSHEET 1: MARKET EXPERIENCE

SECTION I: EXPERIENCE PERIOD DATA

SINGLE RISK POOL

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

PAID THROUGH DATE

Experience period premium, claims, and member months are obtained from the company's internal data warehouse. The claims data is collected for incurred dates from January through December 2020 and paid through February 2021. Earned premiums and member months are for January through December 2020. The data are for all direct-written small group business of KHPE in the Commonwealth of Pennsylvania.

PREMIUMS IN EXPERIENCE PERIOD

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

ALLOWED AND INCURRED CLAIMS INCURRED DURING THE EXPERIENCE PERIOD

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

Insurer fee-for-service claims expenses and member liabilities for dates of service in January 2020 through December 2020 and paid through February 2021 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 2020 period. Capitation amounts are also sourced from the internal data warehouse for the January through December 2020 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 2020 paid through February 2021.

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 2020 through December 2020 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.

COVID-19 Impact



Demographic Shift

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

Plan Design Changes

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

Other Changes

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

Trend Factors

a. Annualized Cost Trend

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

b. Annualized Utilization Trend

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

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 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 2020 risk transfer results.

MARKET ADJUSTED INDEX RATE

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

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

WORKSHEET 2: PRODUCT-PLAN DATA COLLECTION

SECTION I: GENERAL PRODUCT AND PLAN INFORMATION

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

AV METAL VALUES

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

SECTION II: EXPERIENCE PERIOD AND CURRENT PLAN LEVEL INFORMATION

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

SECTION III: PLAN ADJUSTMENT FACTORS

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

PLAN ADJUSTED INDEX RATE

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

NON-BENEFIT EXPENSES AND PROFIT & RISK

Administrative Expense Load

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

Profit & Risk Load/Contribution to Surplus

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

Taxes and Fees

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

CALIBRATION

The plan adjusted index rate is projected for all products using the same anticipated age distribution and the mandated age curve. Therefore the consumer adjusted premium rate is the plan adjusted index rate divided by the average age, geographic and tobacco factors for the expected distribution. The average age of the combined small group risk pool population is 37.

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

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

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

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

MEMBERSHIP PROJECTIONS

Enrollment is projected based on current and anticipated enrollment by plan. Items impacting these projections include changes in the size of the market due to guarantee issue requirements and the individual mandate changes. The enrollment is our February 2021 enrollment.

LOSS RATIO

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

INDEX RATE

The Index Rate is defined as the EHB portion of projected allowed claims divided by all projected single risk pool lives. The Index Rate is the same value for all non-grandfathered plans for KHPE Small Group Plans in Pennsylvania. The Index Rate reflects the twelve month projection for calendar year 2022. It has been developed following the specifications of 45 CFR § 156.80(d)(1).

TERMINATED PLANS

No plans are being terminated during 2022.

WORKSHEET 3: RATING AREAS

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

ACTUARIAL CERTIFICATION

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

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

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

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

[REDACTED]
May 18, 2021

Project Information				
Project Name	Project ID	Phase	Start Date	End Date
Project A	001	Phase 1	2023-01-01	2023-01-31
Project A	001	Phase 2	2023-02-01	2023-02-28
Project A	001	Phase 3	2023-03-01	2023-03-31
Project A	001	Phase 4	2023-04-01	2023-04-30
Project A	001	Phase 5	2023-05-01	2023-05-31
Project A	001	Phase 6	2023-06-01	2023-06-30
Project A	001	Phase 7	2023-07-01	2023-07-31
Project A	001	Phase 8	2023-08-01	2023-08-31
Project A	001	Phase 9	2023-09-01	2023-09-30
Project A	001	Phase 10	2023-10-01	2023-10-31
Project A	001	Phase 11	2023-11-01	2023-11-30
Project A	001	Phase 12	2023-12-01	2023-12-31
Project B	002	Phase 1	2023-01-15	2023-01-30
Project B	002	Phase 2	2023-02-05	2023-02-20
Project B	002	Phase 3	2023-02-15	2023-03-01
Project B	002	Phase 4	2023-03-10	2023-03-25
Project B	002	Phase 5	2023-03-20	2023-04-05
Project B	002	Phase 6	2023-04-15	2023-04-30
Project B	002	Phase 7	2023-05-05	2023-05-20
Project B	002	Phase 8	2023-05-15	2023-06-01
Project B	002	Phase 9	2023-06-10	2023-06-25
Project B	002	Phase 10	2023-06-20	2023-07-05
Project B	002	Phase 11	2023-07-15	2023-07-30
Project B	002	Phase 12	2023-08-05	2023-08-20
Project B	002	Phase 13	2023-08-15	2023-09-01
Project B	002	Phase 14	2023-09-10	2023-09-25
Project B	002	Phase 15	2023-09-20	2023-10-05
Project B	002	Phase 16	2023-10-15	2023-10-30
Project B	002	Phase 17	2023-11-05	2023-11-20
Project B	002	Phase 18	2023-11-15	2023-12-01
Project B	002	Phase 19	2023-12-10	2023-12-25
Project B	002	Phase 20	2024-01-05	2024-01-20
Project C	003	Phase 1	2023-01-01	2023-01-31
Project C	003	Phase 2	2023-02-01	2023-02-28
Project C	003	Phase 3	2023-03-01	2023-03-31
Project C	003	Phase 4	2023-04-01	2023-04-30
Project C	003	Phase 5	2023-05-01	2023-05-31
Project C	003	Phase 6	2023-06-01	2023-06-30
Project C	003	Phase 7	2023-07-01	2023-07-31
Project C	003	Phase 8	2023-08-01	2023-08-31
Project C	003	Phase 9	2023-09-01	2023-09-30
Project C	003	Phase 10	2023-10-01	2023-10-31
Project C	003	Phase 11	2023-11-01	2023-11-30
Project C	003	Phase 12	2023-12-01	2023-12-31
Project D	004	Phase 1	2023-01-01	2023-01-31
Project D	004	Phase 2	2023-02-01	2023-02-28
Project D	004	Phase 3	2023-03-01	2023-03-31
Project D	004	Phase 4	2023-04-01	2023-04-30
Project D	004	Phase 5	2023-05-01	2023-05-31
Project D	004	Phase 6	2023-06-01	2023-06-30
Project D	004	Phase 7	2023-07-01	2023-07-31
Project D	004	Phase 8	2023-08-01	2023-08-31
Project D	004	Phase 9	2023-09-01	2023-09-30
Project D	004	Phase 10	2023-10-01	2023-10-31
Project D	004	Phase 11	2023-11-01	2023-11-30
Project D	004	Phase 12	2023-12-01	2023-12-31
Project E	005	Phase 1	2023-01-01	2023-01-31
Project E	005	Phase 2	2023-02-01	2023-02-28
Project E	005	Phase 3	2023-03-01	2023-03-31
Project E	005	Phase 4	2023-04-01	2023-04-30
Project E	005	Phase 5	2023-05-01	2023-05-31
Project E	005	Phase 6	2023-06-01	2023-06-30
Project E	005	Phase 7	2023-07-01	2023-07-31
Project E	005	Phase 8	2023-08-01	2023-08-31
Project E	005	Phase 9	2023-09-01	2023-09-30
Project E	005	Phase 10	2023-10-01	2023-10-31
Project E	005	Phase 11	2023-11-01	2023-11-30
Project E	005	Phase 12	2023-12-01	2023-12-31
Project F	006	Phase 1	2023-01-01	2023-01-31
Project F	006	Phase 2	2023-02-01	2023-02-28
Project F	006	Phase 3	2023-03-01	2023-03-31
Project F	006	Phase 4	2023-04-01	2023-04-30
Project F	006	Phase 5	2023-05-01	2023-05-31
Project F	006	Phase 6	2023-06-01	2023-06-30
Project F	006	Phase 7	2023-07-01	2023-07-31
Project F	006	Phase 8	2023-08-01	2023-08-31
Project F	006	Phase 9	2023-09-01	2023-09-30
Project F	006	Phase 10	2023-10-01	2023-10-31
Project F	006	Phase 11	2023-11-01	2023-11-30
Project F	006	Phase 12	2023-12-01	2023-12-31

Item	Material	Quantity	Unit	Estimated Value	Actual Value
1	Concrete	1000	m³	10000	10000
2	Steel	500	kg	5000	5000
3	Labor	100	hr	1000	1000
4	Wood	200	m³	2000	2000
5	Brick	10000	units	10000	10000
6	Sand	5000	m³	5000	5000
7	Gravel	3000	m³	3000	3000
8	Paint	100	kg	1000	1000
9	Plumbing	50	hr	5000	5000
10	Electric	50	hr	5000	5000
11	Roofing	50	hr	5000	5000
12	Excavation	100	hr	10000	10000
13	Foundation	50	hr	5000	5000
14	Structural	100	hr	10000	10000
15	Interior	100	hr	10000	10000
16	Exterior	100	hr	10000	10000
17	Landscaping	50	hr	5000	5000
18	Site Prep	50	hr	5000	5000
19	Permitting	10	hr	1000	1000
20	Insurance	50	hr	5000	5000
21	Accounting	50	hr	5000	5000
22	Marketing	50	hr	5000	5000
23	Legal	50	hr	5000	5000
24	Project Management	50	hr	5000	5000
25	Quality Control	50	hr	5000	5000
26	Safety	50	hr	5000	5000
27	Transportation	50	hr	5000	5000
28	Storage	50	hr	5000	5000
29	Communication	50	hr	5000	5000
30	Documentation	50	hr	5000	5000
31	Reporting	50	hr	5000	5000
32	Compliance	50	hr	5000	5000
33	Training	50	hr	5000	5000
34	Maintenance	50	hr	5000	5000
35	Inspection	50	hr	5000	5000
36	Construction	50	hr	5000	5000
37	Construction	50	hr	5000	5000
38	Construction	50	hr	5000	5000
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115	Construction	50	hr	5000	5000
116	Construction	50	hr	5000	5000
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118	Construction	50	hr	5000	5000
119	Construction	50	hr	5000	5000
120	Construction	50	hr	5000	5000

The image shows a vertical rectangular area on the left side of a white page. This area is filled with a dense, repetitive pattern of horizontal lines, creating a textured, grid-like appearance. The lines are closely spaced and vary slightly in thickness and alignment, suggesting a corrupted image or a highly compressed data stream. The rest of the page is blank white space.

Cover Page

HIOS Issuer ID: 33871

HIOS Product ID: 33871PA010, 33871PA011

This single PDF file contains three separate actuarial certifications for the unique plan designs under Issuer ID 33871. Please refer to all of the pages contained herein.

Unique Plan Design Supporting Documentation and Justification

ACTUARIAL MEMORANDUM

HIOS Issuer ID: 33871

HIOS Product IDs: 33871PA010, 33871PA011

Applicable HIOS Plan IDs (Standard Component): 33871PA0100023, 33871PA0110014, 33871PA0100047, 33871PA0100024, 33871PA0100048

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 1/1/2022. 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 outpatient facility fee varies by site of service. Outpatient facility fee accounts for roughly 12% of allowed costs in the AV calculation.

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

The cost sharing of specialist care for these plans is a combination of copays for office visits in person and virtual care. Specialist services account for about 4% of allowed costs in the AV calculation.

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

Method 156.135(b)(2) was used for the outpatient facility site of service cost-sharing and the copays of primary care and specialist physicians.

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 used our commercial PPO and HMO data incurred between July 2019 and June 2020.

However, due to COVID-19’s disruption on utilization patterns and with the 2022 AV calculator being unchanged from the 2021 AV calculator, we have decided to use last year’s assumptions.

For primary care and specialist utilization, we used our commercial PPO and HMO data incurred between January 2020 and December 2020.

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:

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.

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

Plans	33871PA0100023, 33871PA0110014	33871PA0100047	33871PA0100024	33871PA0100048
Hospital Coinsurance	60%	70%	50%	70%
ASC Coinsurance	90%	100%	70%	100%
Effective Coinsurance	66.00%	76.00%	54.00%	76.00%

Combination of Copays for Primary Care and Specialist

Primary Care Copay Differential

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

HIOS_ID	Cost - sharing		AV Input
	PCP	Virtual PCP	
33871PA0100023, 33871PA0110014	\$30	\$20	\$28.50
33871PA0100047	\$40	\$30	\$38.50
33871PA0100024	\$30	\$20	\$28.50
33871PA0100048	\$50	\$35	\$47.75

Specialist Copay Differential

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

HIOS_ID	Cost - sharing		AV Input
	SP	Virtual SP	
33871PA0100023, 33871PA0110014	\$60	\$40	\$58.00
33871PA0100047	\$80	\$55	\$77.50
33871PA0100024	\$60	\$40	\$58.00
33871PA0100048	\$100	\$70	\$97.00

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

Not applicable

Certification Language:

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

The analysis was

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

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

Actuary signature: _____

Actuary Printed Name: _____

Date: _____ 5/14/2021

AV screenshots redacted.

Unique Plan Design Supporting Documentation and Justification

ACTUARIAL MEMORANDUM

HIOS Issuer ID: 33871

HIOS Product IDs: 33871PA010, 33871PA011

Applicable HIOS Plan IDs (Standard Component): 33871PA0100026, 33871PA0110020, 33871PA0100044, 33871PA0100045, 33871PA0100052

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 1/1/2022. 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 of inpatient hospital services for these plans is a combination of copays for facility claims and coinsurance for professional claims. Inpatient hospital services account for about 21% of allowed costs in the AV calculation.

Plans 33871PA0100044, 33871PA0100045 and 33871PA0100052 have three in-network tiers. 33871PA0100044 has expected third tier utilizations of 37%. 33871PA0100045 and 33871PA0100052 have expected third tier utilizations of 41%.

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

The cost sharing of specialist care for these plans is a combination of copays for office visits in person and virtual care. Specialist services account for about 4% of allowed costs in the AV calculation.

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

Method 156.135(b)(2) was used for inpatient hospital cost-sharing and the copays of primary care and specialist physicians.

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

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

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

Description of the standardized plan population data used:

For the freestanding and hospital utilization data for outpatient facility, we used our commercial PPO data incurred between July 2019 and June 2020.

However, due to COVID-19's disruption on utilization patterns and with the 2022 AV calculator being unchanged from the 2021 AV calculator, we have decided to use last year's assumptions.

For primary care and specialist utilization, we used our commercial PPO and HMO data incurred between January 2020 and December 2020.

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

Combination of Copays and Coinsurance for IP Hospital

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

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

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

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

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

HIOS IDs	33871PA0100026, 33871PA0110020	33871PA0100044	33871PA0100044	33871PA0100045, 33871PA0100052	33871PA0100045, 33871PA0100052
IP Cost Sharing					
Facility	\$700	\$700	\$1,100	\$900	\$1,300
Professional	50%	20%	30%	5%	10%
AVC Continuance Table					
	Bronze	Gold	Gold	Silver	Silver
PMPY for IP	\$1,144	\$1,516	\$1,516	\$1,236	\$1,236
Admit PMPY	0.05	0.06	0.06	0.06	0.06
Claim per Admit	\$23,982	\$23,897	\$23,897	\$22,251	\$22,251
Average LOS (days)	4.7	4.6	4.6	4.7	4.7
Effective Copay Factor for 5 days	0.50	0.46	0.46	0.49	0.49
Assumption from Data					
% Facility Cost	84%	84%	84%	84%	84%
% Professional Cost	16%	16%	16%	16%	16%
Calculations					
Professional Claim per Admit	\$3,837	\$3,823	\$3,823	\$3,560	\$3,560
Professional Claim per Day	\$823	\$824	\$824	\$750	\$750
Equiv. Copay per Day no max	\$412	\$165	\$247	\$38	\$75
Equiv. Copay per Day, 5-day max	\$828	\$356	\$534	\$77	\$154
Total Copay per Day, 5-day max	\$1,528	\$1,056	\$1,634	\$977	\$1,454

Combination of Copays for Primary Care and Specialist

Primary Care Copay Differential

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

HIOS_ID	Cost - sharing		AV Input
	PCP	Virtual PCP	
Tier 1: 33871PA0100044	\$15	\$10	\$14.25
Tier 2: 33871PA0100044	\$30	\$20	\$28.50
Tier 3: 33871PA0100044	\$45	\$30	\$42.75
Tier 1: 33871PA0100045	\$40	\$30	\$38.50
Tier 2: 33871PA0100045	\$60	\$40	\$57.00
Tier 3: 33871PA0100045	\$70	\$50	\$67.00
Tier 1: 33871PA0100052	\$40	\$30	\$38.50
Tier 2: 33871PA0100052	\$60	\$40	\$57.00
Tier 3: 33871PA0100052	\$70	\$50	\$67.00
33871PA0100026, 33871PA0110020	\$70	\$50	\$67.00

Specialist Copay Differential

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

HIOS_ID	Cost - sharing		AV Input
	SP	Virtual SP	
Tier 1: 33871PA0100044	\$40	\$30	\$39.00
Tier 2: 33871PA0100044	\$60	\$40	\$58.00
Tier 3: 33871PA0100044	\$80	\$55	\$77.50
Tier 1: 33871PA0100045	\$80	\$55	\$77.50
Tier 2: 33871PA0100045	\$120	\$80	\$116.00
Tier 3: 33871PA0100045	\$140	\$95	\$135.50
Tier 1: 33871PA0100052	\$80	\$55	\$77.50
Tier 2: 33871PA0100052	\$120	\$80	\$116.00
Tier 3: 33871PA0100052	\$140	\$95	\$135.50
33871PA0100026, 33871PA0110020	\$140	\$95	\$135.50

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

Using the AV calculator and the methods described above, we calculated the AV for each tier in each plan, as follows. Based on actual tier utilization experience incurred between July 2019 and June 2020, we projected expected utilization by tier for the plans. However, due to COVID-19’s disruption on utilization patterns and with the 2022 AV calculator being unchanged from the 2021 AV calculator, we have decided to use last year’s assumptions. The final AV for the plan was then calculated by taking the weighted average of the tier AVs using the utilization by tier. The following exhibits details this calculation.

Utilization	Tier 1	Tier 2	Tier 3	Total
33871PA0100044	48%	13%	39%	100%
33871PA0100045, 33871PA0100052	50%	9%	41%	100%

HIOS ID	Actuarial Value			Average
	Tier 1	Tier 2	Tier 3	
33871PA0100044	80.55%	77.98%	76.77%	78.74%
33871PA0100045	73.81%	70.27%	69.62%	71.77%
33871PA0100052	72.58%	70.27%	69.62%	71.16%

Certification Language:

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

The analysis was

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

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

Actuary signature: _____

Actuary Printed Name: _____

Date: _____ 5/14/2021

AV screenshots redacted.

Unique Plan Design Supporting Documentation and Justification

ACTUARIAL MEMORANDUM

HIOS Issuer ID: 33871

HIOS Product IDs: 33871PA010, 33871PA011

Applicable HIOS Plan IDs (Standard Component): 33871PA0100020, 33871PA0110011, 33871PA0100021, 33871PA0110012, 33871PA0100050, 33871PA0100053, 33871PA0100022, 33871PA0110013, 33871PA0100051, 33871PA0100049, 33871PA0100025, 33871PA0110019

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 1/1/2022. 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 of primary care for these plans is a combination of copays for office visits in person and virtual care. Primary care services account for about 3% of allowed costs in the AV calculation.

The cost sharing of specialist care for these plans is a combination of copays for office visits in person and virtual care. Specialist services account for about 4% of allowed costs in the AV calculation.

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

Method 156.135(b)(2) was used for the copays of primary care and specialist physicians.

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 primary care and specialist utilization, we used our commercial PPO and HMO data incurred between January 2020 and December 2020.

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

Combination of Copays for Primary Care and Specialist

Primary Care Copay Differential

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

HIOS_ID	Cost - sharing		AV Input
	PCP	Virtual PCP	
33871PA0100020, 33871PA0110011	\$10	\$5	\$9.25
33871PA0100021, 33871PA0110012	\$20	\$15	\$19.25
33871PA0100050	\$30	\$20	\$28.50
33871PA0100053	\$5	\$0	\$4.25
33871PA0100022, 33871PA0110013	\$40	\$30	\$38.50
33871PA0100051	\$40	\$30	\$38.50
33871PA0100049	\$50	\$35	\$47.75
33871PA0100025, 33871PA0110019	\$30	\$20	\$28.50

Specialist Copay Differential

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

HIOS_ID	Cost - sharing		AV Input
	SP	Virtual SP	
33871PA0100020, 33871PA0110011	\$20	\$10	\$19.00
33871PA0100021, 33871PA0110012	\$40	\$25	\$38.50
33871PA0100050	\$60	\$40	\$58.00
33871PA0100053	\$15	\$10	\$14.50
33871PA0100022, 33871PA0110013	\$80	\$55	\$77.50
33871PA0100051	\$80	\$55	\$77.50
33871PA0100049	\$100	\$70	\$97.00
33871PA0100025, 33871PA0110019	\$60	\$40	\$58.00

Certification Language:

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

The analysis was

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

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

Actuary signature: _____

Actuary Printed Name: _____

Date: 5/14/2021

AV screenshots redacted.

A COVID-19 Morbidity Adjustment of 1.052 was used in the rate calculation.

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

The change in the average age was measured by comparing the average age factor calculated in this filing, based on February 2021 enrollments, to the average age factor calculated for the prior annual filing.

	2021 Filing	2022 Filing	Change
Age Factor	1.503	1.510	1.004
Geographic Factor	1.000	1.000	1.000
Tobacco Factor	1.006	1.008	1.001
Total change			1.005

No changes were assumed for this filing.

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

The network factor used for Keystone HMO was 1.100.

The network factor used for Proactive was 1.000.

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

Table 10 factors:	HMO	1.048
	Proactive	0.953

REDACTION JUSTIFICATION

DOCUMENT

URRT Part III – Federal Actuarial Memorandum

Redacted Name of opining actuary (page 9)

Redacted COVID-19 Impact (page 4) – confidential and proprietary information

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

PA Actuarial Memorandum

Redacted Name of opining actuary (pages 7 and 8)

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

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 (pages 5, 15, and 29)

Redacted AV Screenshots (pages 6-10, 16-26, and 30-41)


2021 and 2022 Service Area


Issuer: Keystone Health Plan East

Market: Small Group



Key (*modify as needed*)

 : On-exchange service area

 : Off-exchange only service area

The following questions were provided by the Department’s consulting actuary:

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

- a. Please explain and provide the quantitative development of the projected risk adjustment transfer amount PMPM equal to \$22.00.**

The calculation is shown on Tab Q1a of the “KHPE Small Group Response to June 10 Obj” excel worksheet.

- b. Please compare the projected 2022 risk adjustment transfer amount PMPM to the anticipated 2020 risk adjustment transfer amount PMPM, identifying the specific driver(s) of any differences between the two values and providing detailed support for those differences.**

We request that this response be deferred until the updated 2020 risk adjustment is released.

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

- a. Please provide the actual observed trends based on historical allowed claims experience for each benefit category as well as in aggregate for years 2018, 2019, 2020, and 2021 (year to date). We realize 2021 trends will be partially based on estimated claim costs. In providing your response, for each calendar year, provide the total member months, allowed claims, and any normalization adjustments that should be applied to the claims experience. Please provide both raw and COVID-19 adjusted values for 2020 and 2021, as applicable.**

We have added historical trend information in Tab Q2 of the “KHPE Small Group Response to June 10 Obj” excel worksheet.

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

Please refer to Tab Q2 of the “KHPE Small Group Response to June 10 Obj” excel worksheet.

- c. Please provide qualitative and quantitative support for the additional 2.8% adjustment to account for higher claims in 2022 related to COVID-related expenses and claims delayed from 2020 and 2021 due to the pandemic. If external studies were utilized to develop the 2.8% assumption, please provide specific references to those studies that were utilized. Further, please clarify whether the additional 2.8% adjustment is on an annual basis (e.g., an additional 2.8% was added to the base annual trend rate) or cumulative (e.g., an additional 1.4% was added to the base annual trend rate).**

The 2.8% is our projected increase from 2021 to 2022 for additional costs related to COVID-19 going forward. These include costs related to care for new variants, further incidence in the unvaccinated population, and the excess costs for care that has been delayed in 2020 and 2021. The 2.8% is not applied to two years’ of trend as it reflects increases from 2021 to 2022.

- 3. The filing documents indicate that morbidity was increased by an additional 5.2% to account for the impact of COVID-19 on overall projected claims. Please provide both qualitative and**

quantitative support for this increase, including a numerical development of the adjustment and detailed description of the methodology that was utilized in calculating it.

Please refer to the information in Tab Q3 of the “KHPE Small Group Response to June 10 Obj” excel worksheet. This illustrates the impact compared to normal claim levels in 2020 related to the pandemic. For the year 2020, this was 5.2%. The additional 5.2% applied to morbidity is the return to normal pre-COVID-19 claim levels for 2021.

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

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

It is unlikely that this factor will remain constant over time, due to the impact of Risk Adjustment, as well as the mixes of the different provider networks offered by the two entities. A summary of the factors is shown on Tab Q4 of the “KHPE Small Group Response to June 10 Obj” excel worksheet.

- 5. Please provide an explanation and exhibit supporting the numerical development of the projected 2022 MLR that shows compliance with the 80% minimum MLR. Include all components of the numerator and denominator, and indicate how components not already supported were determined.**

The calculation of the MLR is shown on Tab Q5 of the “KHPE Small Group Response to June 10 Obj” excel worksheet.

- 6. As indicated in Item 14 of the Revisions section of the guidance, the Department requests an MLR comparison between the actual and pricing values for the most recent 3 calendar years of complete data (I.e. 2017-2019 for plan year 2022). Section E, Item #3 of the guidance describes the requested information that should be included in the actuarial memorandum. Please provide the requested comparison of the projected vs. actual MLR for each of calendar years 2017, 2018, and 2019.**

Please refer to Tab Q6 of the “KHPE Small Group Response to June 10 Obj” excel worksheet.

The following questions are based on the Department’s review:

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

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

- 8. Please provide an exhibit that quantitatively shows a comparison of the actual to projected claim cost PMPMs for calendar years 2017-2020, as applicable.**

Please refer to Tab Q2 of the “KHPE Small Group Response to June 10 Obj” excel worksheet.

- 9. The requested trend for this filing is above the average for all Pennsylvania issuers in this market. Please provide a short list of bullet points that discuss the main causes/drivers of this higher-than-average trend.**

Our trend is based on our projections for 2022 costs and includes both unit cost and utilization assumptions, as it does in other years. However, with calendar year 2020 being the experience period and what trend is applied to, it is not unexpected that there are differences in insurers. Different insurers may have been affected by COVID-19 to different degrees, which affects the 2020 experience period, and their projection for “return to normal” may be different than others’. In addition to the COVID impact differences, the Philadelphia market is significantly more expensive than the PA statewide market and also trends at a different rate.

- 10. As stated in Item 12 of the Revisions section of the guidance, the Department requested a detailed explanation and support for any adjustments to the experience data, and/or projected data due to the impact of COVID. This explanation should be included in the actuarial memorandum. More detail is provided in Section D, Part 2a of the guidance.**

In Section 2.A. of the Actuarial Memorandum, the “COVID-19” impact section discusses our assumptions for the impact on COVID-19, including the additional cost to return to more typical claim levels and the projected impact on claims beginning in 2022. We have also included additional information in Tab Q3 of the “KHPE Small Group Response to June 10 Obj” excel worksheet.

- 11. Please provide the quantitative impact and a narrative description of all significant factors driving the proposed rate increase. As an example, these factors could include:**

- **Single risk pool experience which is more adverse than that assumed in the current rates**
- **Medical inflation**
- **Increased utilization**
- **Prospective changes to benefits covered by the product or successor products**
- **New taxes and fees imposed on the issuer**
- **Anticipated changes in the average morbidity of the covered population that is market-wide, as opposed to issuer specific morbidity that is reflected in risk adjustment**

Please see tab Q11 of the “KHPE Small Group Response to June 10 Obj” excel worksheet.

- 12. Please reconcile the ultimate incurred claims and allowed claims between the rate exhibits and URRT; the difference appears to be the Total Prescription Drug Rebates and Total EHB Capitation amounts shown in cell I36 and J36 of the Data tab of the rate exhibits.**

The amounts reconcile as indicated in this question. Please note that the Allowed Claims in Cell F14 of Section 1 of Worksheet 1 of the URRT Part I are equal to the amount in Cell M37 of Table 2 in Tab I Data of the Actuarial Memorandum Rate Exhibits.

- 13. Please provide an explanation and support for the development of the administrative expense load shown in the actuarial memorandum and Table 6, including general and claims expenses and agent/broker fees and commissions.**

Please see tab Q13 of the “KHPE Small Group Response to Obj Letter June 10” excel worksheet.

14. The administrative expenses assumed in this filing are above average among Pennsylvania issuers in this market. Please provide a short list of bullet points that discuss the main causes/drivers of this higher-than-average expense load.

The costs for operating in the Philadelphia market are higher than costs in the rest of the state. This is reflected in our administrative costs as well.

15. Please provide quantitative development and support of each component of the following adjustments included in Table 5 of the PA Rate Template, for both the experience and manual rate.

- a. **Change in Morbidity – All Other**
- b. **Change in Demographics**
- c. **Change in Network; indicate the methodology and assumptions used to determine each of the two components of the change in network factor calculation (i.e. a constant for the market and a factor to regulate the relationship between KHPE and QCC).**

Please see tab Q15 of the “KHPE Small Group Response to June 10 Obj” excel worksheet.

16. Please provide an explanation for the large differences that are shown for several plans between the Metallic Tier AV (Column H) and the Pricing AV (Column K) in Table 10.

The metal AV is to determine compliance with Actuarial Value and is not a Pricing AV. 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. This means that 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.

17. Please provide an exhibit that demonstrates that the criteria for the expanded bronze plans has been met.

Please see tab Q17 of the “KHPE Small Group Response to June 10 Obj” excel worksheet.

18. Per the Pennsylvania Final Rate Filing Guidance, it is anticipated that the profit listed in Table 6 will be an after-tax amount; therefore, the federal income tax percentage of 0.42% shown in Table 6 in cell C57 is understated. Given that the profit of 2% is an after-tax profit, please either update the estimated federal income tax percentage to 0.5316456% if the company wishes to assume an after-tax profit of 2.0%, or revise the after-tax profit to 1.58% if the company wishes to maintain its current federal income tax assumption of 0.42%, and update all exhibits and documents that are impacted by a change in the federal income tax or profit assumption.

We have revised the profit and federal income tax in Tables 6 and 10 to allocate correctly between the two entries. From the combined total of 2.42%, we attributed 0.5082% to federal income tax (21% of the total) and the remaining 1.9118% to profit (79% of the total). The resulting rates are unchanged.

19. Please provide an explanation for the assumed annual trend factor shown in Table 5A, which differs from the trend in Table 3b.

We used a 6.14% annual trend in Table 5A. We feel that a more moderate trend is appropriate for projecting the quarterly rates which will be in force into 2023.

KHPE Small Group

Metal	BMMO	PLRS	ARF	GCF	IDF	AV	Product w Risk	Product w/o Risk	
Plat	166,872	1.632	1.524		0.990	1.150	0.900	1.858	1.561
Gold	513,636	1.231	1.498		0.990	1.080	0.800	1.315	1.281
Silver	529,296	0.921	1.513		0.990	1.030	0.700	0.939	1.080
Bronze	30,012	0.700	1.581		0.990	1.000	0.600	0.693	0.939
Total	1,239,816	1.139	1.510		0.990	1.066	0.766	1.212	1.225
Est. StateWide Average		1.244	\$ 459.80	1.506	1.00	1.078	0.786	1.341	1.276

(22.00)

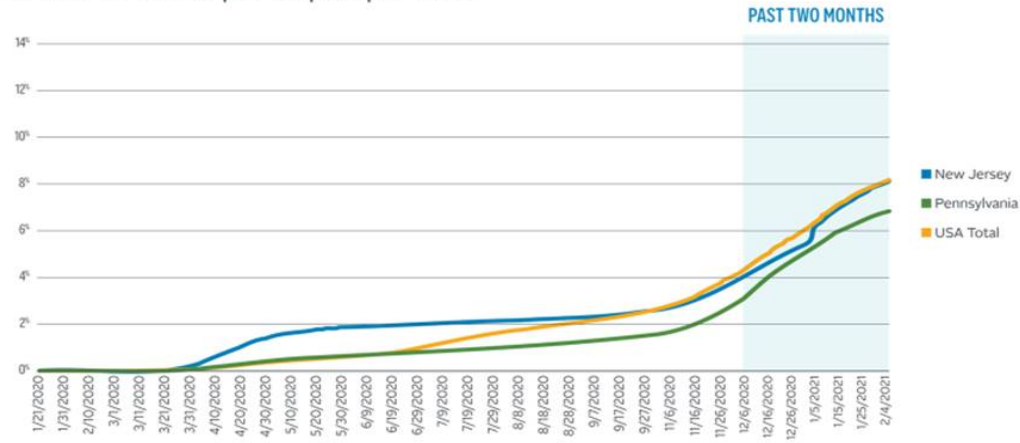
Entity - Unit cost trends (2a)	Segment	2018	2019	2020	2021
Comm1 KHPE - SG 2-50					
	Inpatient	2.4%	3.1%	4.2%	2.8%
	Outpatient	1.9%	2.8%	3.2%	2.7%
	Professional	1.1%	1.2%	1.5%	2.1%
	Capitation	0.8%	1.8%	1.8%	1.7%
	Total	1.6%	2.2%	2.7%	2.4%

KHPE Small Group - Actual (2b)

Member Months		PMPM Premium	PMPM Allowed Claims	PMPM Incurred Claims	Premium Trend	Allowed Claims Trend	Incurred Claims Trend	MAIR
2017	1,427,509	\$ 482.44	\$ 358.12	\$ 312.17				\$ 503.09
2018	1,333,423	\$ 525.86	\$ 372.16	\$ 322.30	9.00%	3.92%	3.25%	\$ 487.38 -3.12%
2019	1,310,060	\$ 516.20	\$ 379.43	\$ 326.70	-1.84%	1.95%	1.36%	\$ 535.36 9.84% <- Membership differences
2020	1,285,783	\$ 518.30	\$ 362.49	\$ 326.62	0.41%	-4.46%	-0.02%	\$ 524.62 -2.01% <- Membership differences

2020 COVID-19 Directly related claims

COVID-19 Cases per Capita per State



Sources: State and local health agencies

4

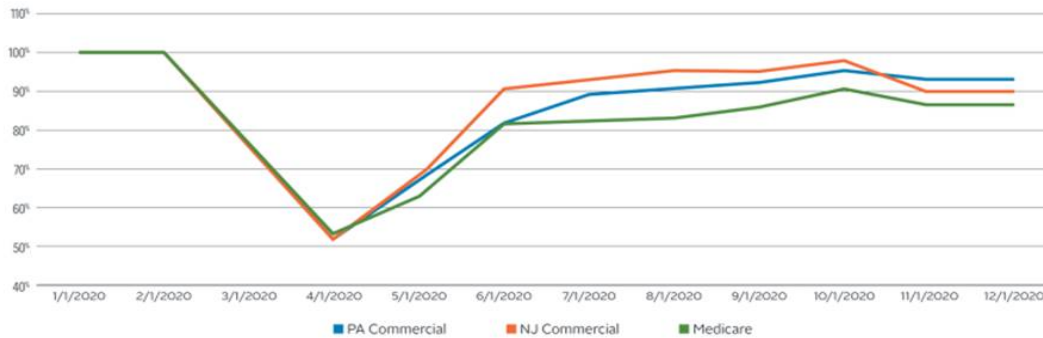
2020 Experience

COVID Adjustment by Month

Jan	0.00%
Feb	0.00%
Mar	-14.60%
April	-25.60%
May	-16.80%
June	-8.50%
July	-6.80%
Aug	-2.50%
Sep	1.10%
Oct	3.10%
Nov	4.00%
Dec	4.10%
	-5.20% <- Total

Avoided and Deferred Care: 2020

% of Normal Paid Claims



5

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

Small Group

	<u>Projected Lives</u>	<u>Age 21 rate</u>	<u>Premium</u>	<u>Network factor</u>	<u>Calibration factor</u>
QCC	72,950	\$ 432.61	\$659.99	1.226	1.526
KHPE	103,319	\$ 375.14	\$570.67	0.961	1.521
			Composite Factor	1.0806	

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

	KHPE Small Group
Projected Claims PMPM (After Reinsurance)	\$ 468.85
Premium PMPM	\$ 570.67
Quality Improvement Expense PMPM	\$ 4.57
Exchange User Fee PMPM	\$ -
HIF PMPM	\$ -
Federal Income Tax PMPM	\$ 2.90
Premium Tax PMPM	\$ -
Federal MLR	83.4%

Calendar Year	MLR		Member Months		
	Actual	Pricing	Actual	Pricing	
2017	76.4%	88.5%	1,427,509	1,507,680	
2018	75.2%	83.3%	1,333,423	1,434,900	<- Membership losses in certain plans raised MLR by less than expected
2019	75.1%	81.6%	1,310,060	1,507,680	<- Membership losses in certain plans raised MLR by less than expected

KHPE Small Group

	Change
Cost Trend	1.96%
Utilization Trend	6.20%
Benefit Changes	-0.39%
Taxes & Fees	0.09%
COVID - 2022 impact	2.80%
Actual vs. Expected	-7.29%
Rate Change	3.37%

Administrative Expenses		15.34%
General and Claims	9.57%	
Agent/Broker Fees and Commissions	4.97%	
Quality Improvement Initiatives	0.80%	
Taxes and Fees		0.59%
RA User Fee	0.05%	
PCORI Fee	0.04%	
PA Premium Tax	0.00%	
Federal Income Tax	0.51%	
Health Insurance Providers Fee	0.00%	
Profit/Contingency		1.91%
Total Retention		17.84%

Change in Morbidity	
COVID-19 Impact	Change in Morbidity
1.052	1.052

Change in Demographic		
2020 Avg Age Factor	2020 Avg Age Factor	Change in Demographic
1.496	1.510	1.009

Change in Network
Unnormalized Weighted Avg Network Factor
0.998

These plans satisfy the requirements by offering HSAs:

	<u>HIOS IDs</u>	<u>Plan Marketing Name</u>	<u>FDC Primary Care Services</u>	<u>FDC Specialist Visit</u>
KHPE				
Small Group	33871PA0100026	Keystone HMO Bronze Essential \$7,500/\$70/\$140/\$700	X	X
	33871PA0110020	Keystone DPOS Bronze Essential \$7,500/\$70/\$140/\$700	X	X

The following questions were provided by the Department’s consulting actuary:

1. The ‘Q1a’ tab of the file “KHPE Small Group Response to June 10 Obj.xlsx” provides a numerical development of the projected 2022 risk adjustment transfer PMPM.
 - a. Please provide this same exhibit for the calculation of the 2020 risk adjustment transfer PMPM.
 - b. Please identify and support any significant differences in the components of the risk adjustment calculation between 2020 and 2022 on an issuer and/or statewide basis.

Please see Tab Q1 of the “KHPE Small Group Response to July 6 Obj” excel worksheet.

2. The ‘Q2’ tab of the file “KHPE Small Group Response to June 10 Obj.xlsx” provides historical trend information. However, it is unclear how the pricing trends utilized in this filing are consistent with the historical trend information included in this exhibit. Please provide additional support demonstrating how the pricing trends utilized in this filing are consistent with the historical trend information included in the ‘Q2’ tab. If they are not consistent, please explain and justify why it is reasonable that they are not.

We have reviewed our trends. We are comfortable with the 8.40% trend used in this filing.

3. The response to Question 2c of the first round of objections provides a qualitative description of the 2.8% COVID adjustment applied to trend. Please provide additional numerical support for this assumption. Based on the response provided, it is unclear how it was determined that a 2.8% adjustment is a reasonable assumption to reflect future costs of care related to new variants, further incidence in the unvaccinated population, and the excess costs for care that has been delayed in 2020 and 2021.

In consultation with our clinical and Informatics areas, our trend area modeled 4 possible scenarios based on 3 possible severity levels to determine the 2.8%.

The scenarios were

- 1) New variants emerge at a high rate that sends us back into stay-at-home orders “new variant” scenario
- 2) Unvaccinated spread leads to high rates of COVID-hospitalization
- 3) Vaccines are effective and widespread and excess care returns quickly as things open back up (“Herd Immunity and Excess Return of Care” scenario)
- 4) Vaccines are effective and widespread but excess care returns slowly as things open back up (“Herd Immunity and Excess Return of Care w/Shifts” scenario)

We then selected what we thought was likely. We went with Scenario 3 at high severity. A graphic illustration is included in Tab Q3 of the “KHPE Small Group Response to July 6 Obj” excel worksheet.

4. The ‘Q4’ tab of the file “KHPE Small Group Response to June 10 Obj.xlsx” provides the network factors for QCC and KHPE but does not provide specific support for these factors. Please provide numerical support for the 1.226 network factor for QCC and the 0.961 network factor for KHPE. In providing your response, please also include a detailed description outlining how the estimated network factors were developed.

To be more consistent with our pricing methodology we have created Manual Data by pooling the experience of QCC with KHPE, as our companies are offering coverage to exactly the same

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Response Date July 13, 2021

populations geographically and customers may choose to enroll in plans from either entity. The pooling results in less difference and volatility in the claim trend rates between QCC and KHPE when kept separate. The network factor includes an adjustment that results in the appropriate rate differential between QCC and KHPE plans.

It is unlikely that this factor will remain constant over time, due to the impact of Risk Adjustment, as well as the mixes of the different provider networks offered by the two entities.

- 5. The 'Q6' tab of the file "KHPE Small Group Response to June 10 Obj.xlsx" provides the actual and pricing MLRs for 2017 through 2019. In each year, the actual MLR is significantly lower than the pricing MLR. Please demonstrate how these results were taken into consideration in the development of the proposed rates to ensure that the actual MLR will align more closely with the pricing MLR in CY 2022.**

We start with the claims and premium for 2020 in the URRT and that is the basis for the starting point of our pricing. So any historic MLR favorability is adjusted for in the starting premium and claims.

The following items are the result of the Department's review of the company's Round 1 responses:

- 6. Please provide an exhibit showing the actual experience for calendar years 2016-2020 and the projection experience for 2021 and 2022 for the following categories: Member Months, Total Administrative Expenses, Total Incurred Claims, Total Premium, Total Actual Paid Taxes and Fees, Profit, Total Underwriting Gain/Loss and Underwriting Gain/Loss PMPM.**

We do not have this data readily available at the level that is being requested, therefore we are unable to provide a response to this question. We also view this data as proprietary, and since the filing responses are made public, we think it would be inappropriate to provide this information if it were readily available.

- 7. Does this company have any transitional membership? If so, has there recently been a significant drop in transitional membership? Do you anticipate a drop in 2022?**

We do not have any transitional membership. We therefore do not anticipate any change in 2022 since we have no transitional membership.

- 8. Please update the 2020 experience period risk adjustment amount, in Table 2, to reflect the final CMS risk adjustment amount released on June 30th.**

We have made this update.

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

The published June 30 risk adjusted transfer amount is extremely similar to our earlier projection. Therefore, we are not updating the projected amount in Table 5.

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10. Please confirm that you have tested to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, PA Plan Design Summary and Rate Tables, and Federal Rate Templates submitted with your round 2 responses are identical.

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

11. Please ensure that the 7/13/21 versions of the following items are posted in SERFF with your July 13th response to this data call.

- a. **Cover Letter identifying all changes made and the reasons for the change. Also, show the revised rate change.** – This letter, no rate changes.
- b. **PA Actuarial Memorandum** – No changes
- c. **PA Actuarial Memorandum Exhibits** – Update included
- d. **Department’s Plan Design Summary and Rate Template Exhibits (please ensure that the rate template by county is populated with only numeric values – do not enter “NA” in cells for which there is no rate).** – No changes
- e. **URRT** – Update included
- f. **Federal Rate Template** – No changes
- g. **Part III: Actuarial Memorandum** – No changes
- h. **Updated Rate Change Request Summary (Attachment I)** – No changes
- i. **Public PDF with limited redactions as previously directed in the Guidance (includes all correspondence and supporting exhibits after the initial submission, in addition to all the above items).** – Update included

The updated components are included with this response.

12. As requested in Item 8 of the Round 1 data request, please provide an exhibit that quantitatively shows a comparison of the actual to projected claim cost PMPMs for calendar years 2017-2020. This chart should include columns for the year, actual claim costs, previously projected claim costs, and the percentage differential between the actual and projected costs.

Please see tab Q12 of the “KHPE Small Group Response to July 6 Obj” excel worksheet.

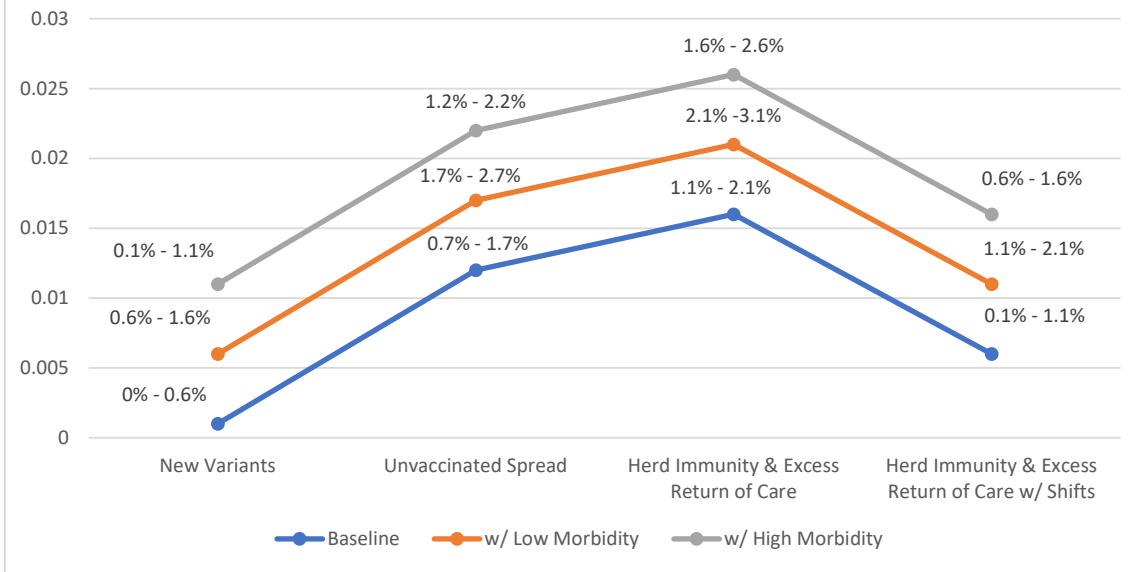
13. Regarding your response to Question 14, please provide further support for the assumption that the administrative expense percentage is higher in Philadelphia than in areas of the state, given the cost differences in various areas.

We are researching this issue with our FP&A area. We will follow up with a response once it is available.

KHPE Small Group

Metal	BMMO	PLRS	ARF	GCF	IDF	AV	Product w Risk	Product w/o Risk	
Plat	183,705	1.673	1.524		0.996	1.150	0.900	1.916	1.571
Gold	540,396	1.265	1.498		0.996	1.080	0.800	1.361	1.290
Silver	526,681	0.928	1.513		0.996	1.030	0.700	0.953	1.087
Bronze	31,099	0.680	1.581		0.996	1.000	0.600	0.678	0.945
Total	1,281,881	1.171	1.510		0.996	1.068	0.768	1.256	1.238
Est. StateWide Average		1.244	\$ 445.54	1.506	1.00	1.078	0.786	1.341	1.275

PA Commercial ACA



KHPE Small Group

Member Months		PMPM Premium	PMPM	PMPM	Premium Trend	Allowed	Incurred	MAIR
			Allowed Claims	Incurred Claims		Claims Trend	Claims Trend	
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2018	1,333,423	\$ 525.86	\$ 372.16	\$ 322.30	9.00%	3.92%	3.25%	487.4 -3.12%
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Premium Tax PMPM	\$ -
Federal MLR	83.4%

Completeness and Redaction Justification Checklist

Issuer Name: Keystone Health Plan East
 Market: Small Group HMO
 SERFF ID: INAC-132818409

TOC #	Description	Completed (Mark with "X")	Redaction Justification		
			Redacted (Y/N)	Page # in Public PDF	Justification submitted (Y/NA)
Federal Documents Required to Be Filed with PID					
A.2.	RFJ Part I - Unified Rate Review Template	X			
	RFJ Part II – Consumer Friendly Justification	X			
	RFJ Part III – Actuarial Memorandum	X	Y	38-46	Y
	Federal Rates Template	X			
Summary Documents/Confirmation of HIOS & SERFF Submissions					
A.2.B.	HIOS Submission	X			
A.2.C.	SERFF Submission	X			
A.2.D.	SERFF Rate/Rule Schedule Tab	X			
B.	Cover Letter & PA Bulletin Information	X			
C.	Rate Change Request Summary	X			
PA Actuarial Memorandum and Rate Exhibits					
D.1.A.	Company Information	X	Y	7	Y
D.1.B.	Rate History & Proposed Variation in Rate Changes	X	N	8	N/A
D.1.C.	Average Rate Change	X	N	8	N/A
D.1.D.	Membership Count	X	N	8	N/A
	<i>PA Act. Exhibits Table 1</i>	X	N	15	N/A
D.1.E.	Benefit Changes	X	N	8	N/A
D.1.F.	Experience Period Claims & Premium	X	N	9	N/A
	<i>PA Act. Exhibits Table 2</i>	X	N	15	N/A
D.1.G.	Credibility of Data	X	N	10	N/A
	<i>PA Act. Exhibits Tables 2b, 3b, 4b (if applicable)</i>	X	N	16	N/A
D.1.H.	Trend Identification	X	N	10	N/A
	<i>PA Act. Exhibits Table 3</i>	X	N	15	N/A
D.1.I.	Historical Experience	X	N	10	N/A
	<i>PA Act. Exhibits Table 4</i>	X	N	15	N/A
D.2.A.	Development of PAIR, MAIR and Total Allowed Claims	X	N	11	N/A
	<i>PA Act. Exhibits Table 5</i>	X	N	17	N/A
D.2.B.	Retention Items	X	N	12	N/A
	<i>PA Act. Exhibits Table 6</i>	X	N	17	N/A
D.2.C.	Normalized Market-Adjusted Projected Allowed Total Claims	X	N	12	N/A
	<i>PA Act. Exhibits Table 7</i>	X	N	17	N/A
D.2.D.	Components of Rate Change	X	N	12	N/A
	<i>PA Act. Exhibits Table 8</i>	X	N	17	N/A
	<i>PA Act. Exhibits Table 9</i>	X	N	17	N/A
D.3.	Plan Rate Development	X	N	13	N/A
	<i>PA Act. Exhibits Table 10</i>	X	N	18	N/A
D.4.	Plan Premium Development for 21-Year-Old Non-Tobacco User	X	N	13	N/A
	<i>PA Act. Exhibits Table 11</i>	X	N	19	N/A
D.5.A.	Age and Tobacco Factors	X	N	13	N/A
	<i>PA Act. Exhibits Table 12</i>	X	N	20	N/A
D.5.B.	Geographic Factors	X	N	13	N/A
	<i>PA Act. Exhibits Table 13</i>	X	N	20	N/A
D.5.C.	Network Factors	X	N	13	N/A
	<i>PA Act. Exhibits Table 14</i>	X	N	20	N/A
D.5.D.	Service Area Composition	X	N	13	N/A
D.5.E.	Composite Rating	X	N	13	N/A
D.6.	Actuarial Certifications	X	Y	13-14	Y
Additional Exhibits					
E.	Department Plan Design Summary & Rate Tables	X	N	21-32	N/A
	Service Area Map	X	N	78	N/A
Redaction Justification (must be submitted if any information is redacted)		X			Y