

June 1, 2022

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

Re: **Keystone Health Plan Central**
Individual Rates
Filing No 22-39
TOI Code: H151 Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H151.001 Hospital/Surgical/Medical Expense
Filing Type: Rate

Dear Ms. Swartz:

By this filing Capital Blue Cross, on behalf of its wholly owned subsidiary Keystone Health Plan Central, submits to the Department Small Group Rates effective January 1, 2023.

The following is a summary of the rate filing:

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2023
- Average Rate Change Requested: 4.2%
- Range of Requested Rate Change: 2.4% to 4.4%
- Total additional annual revenue generated from the proposed rate change: \$122,260
- Product: HMO
- Rating Areas: 6,7,9
- Metal Levels: Bronze, Catastrophic
- Current Covered Lives and Policyholders: 461/340
- 2023 Number of Plans and Change: 2/No Plan Change
- Contract Form #: KHPC-Ind-HMO-21cnty-AGRMT-v0123
- Form Filing SERFF #: CABC-133222578
- Binder SERFF #: CABC-PA23-125113306
- HIOS Issuer ID: 53789

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

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

Sincerely,

[REDACTED]

[REDACTED], ASA, MAAA
Director, Actuarial Services
Capital Blue Cross

Enclosures

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

Attachment I

Rate Change Summary

Keystone Health Plan Central (KHPC) – Individual Plans

Rate request filing ID # CAB-133267272 - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at

<https://www.insurance.pa.gov/Companies/ProductAndRateRequire/Pages/default.aspx>

Overview

Initial requested average rate change:	-7.6% ¹
Revised requested average rate change:	-8.5% ¹
Range of requested rate change:	-9.3% - -8.4%
Effective date:	1/1/2023
Mapped Members:	461
Available in:	Rating Area 6, Rating Area 7, and Rating Area 9

Key information

Jan. 2021-Dec. 2021 financial experience

Premiums	\$2,809,671
Claims	\$1,923,585
Administrative expenses	\$500,093
Taxes & fees	\$430,810
Company made (after taxes)	\$(44,817)

How it plans to spend your premium

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

Claims:	85.88%
Administrative:	11.50%
Taxes & fees:	0.62%
Profit:	2.00%

The company expects its annual medical costs to increase **6.58%**.

Explanation of requested rate change

The key drivers of the rate change and approximate impact are as follows:

- Future cost and utilization: 6.6%
- Favorable 2021 experience: -15.9%
- Proposed changes to the PA reinsurance program: 0.8%

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

August 26, 2022

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

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Filing No 22-39
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Filing Type: Rate

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The following is a summary of the rate filing:

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2023
- Average Rate Change Requested: -8.5%
- Range of Requested Rate Change: -9.3% to -8.4%
- Total additional annual revenue generated from the proposed rate change: \$(247,432)
- Product: HMO
- Rating Areas: 6,7,9
- Metal Levels: Bronze, Catastrophic
- Current Covered Lives and Policyholders: 461/340
- 2023 Number of Plans and Change: 2/No Plan Change
- Contract Form #: KHPC-Ind-HMO-21cnty-AGRMT-v0123
- Form Filing SERFF #: CABC-133222578
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If you have any questions regarding this filing, please call me at [REDACTED] (or via email at [REDACTED]) or [REDACTED] at [REDACTED] ([REDACTED]). Thank you for your assistance in this matter.

Sincerely,

[REDACTED]

[REDACTED], ASA, MAAA
Director, Actuarial Services
Capital Blue Cross

Enclosures

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

KEYSTONE HEALTH PLAN CENTRAL

ACTUARIAL MEMORANDUM

Individual Rates

Effective January 1, 2023

General Information

Company Information

- Company Legal Name: Keystone Health Plan Central
- State: PA
- HIOS Issuer ID: 53789
- Market: Individual
- Effective Date: 1/1/2023

PID Company Information

- Company Name: Keystone Health Plan Central (KHPC)
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Company Contact Information

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

Scope and Purpose

By this filing, Keystone Health Plan Central (KHPC), a subsidiary of Capital Blue Cross (Capital), submits rates for products to be made available to individuals on and after January 1, 2023. KHPC will only offer products off the PA state-based exchange.

Rate History and Proposed Variations in Rate Changes

Market	Company	Effective Date	SERFF #	Annual Increase
Individual	KHPC	1/1/2019	CABC-131454728	-7.3%
Individual	KHPC	1/1/2020	CABC-131915679	-8.0%
Individual	KHPC	1/1/2021	CABC-132354935	-1.7%
Individual	KHPC	1/1/2022	CABC-132795960	-1.7%

Average Rate Change

KHPC is proposing an aggregate annual -8.5% rate change, which varies by plan. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

The key drivers of the rate change and approximate impact are as follows:

- Future cost and utilization: 6.6%
- Favorable 2021 experience: -15.9%
- Proposed changes to the PA reinsurance program: 0.8%

Regulatory Considerations

Rates submitted by this filing assume changes to the current regulatory framework. As directed by the Insurance Department, the following factors have been applied to the rates for regulatory changes:

- Individual Adjustment of 1.00
- User Exchange Fee of 3%
- Reinsurance Morbidity Adjustment of 1.0
- Reinsurance attachment point of \$60,000, a cap of \$100,000, and a coinsurance parameter of 53%

Membership

Membership is shown in PA Rate Template Part I, Table 1. The average age is 42.

Benefit Changes 2022-2023

A summary of proposed 2023 benefits is included in Exhibit A.

There are several benefit changes being implemented in 2023. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). Any plan with a benefit change that did not meet the uniform modification of coverage standard was terminated, and a new plan was created in its place. Benefit changes by plan are listed in Exhibit B, highlighted in yellow.

Experience Period Premium and Claims

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

Base Experience Period: The base experience period (BEP) includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2021 and December 31, 2021.

Paid Through Date: Claims in the BEP are paid through February 28, 2022

Premiums (net of MLR Rebate) in BEP: Premiums are calculated on an earned basis in the BEP. MLR rebate adjustments applied are equal to zero.

Allowed and Incurred Claims in BEP:

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

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

1. Historical fee-for-service claims are viewed by date of service and date of payment in a claims triangle.

2. The claims triangle payments are then accumulated by date of service to develop factors that represent the rate of accumulation or rate of “completion”.
3. Historical rates of completion by duration are used to derive projected rates of completion. Some of the methods used to develop projected completion factors are averages (e.g. harmonic averages, time weighted averages, geometric averages) and regression methods. Numerous items are considered when viewing these averages or regression statistics, such as the impact of high claims on perceived completion patterns.
4. For durations that exhibit a projected completion factor greater than the Valuation Actuary’s chosen threshold (e.g. 80% complete), cumulative paid and incurred claims are divided by the projected completion factor to arrive at ultimate incurred claims. For durations that are less than the chosen threshold, a projection methodology is used. Similar to completion factor development, projection methodologies are worthy of a lengthy discussion. In general, an ultimate incurred claims PMPM is derived by projecting a recent 12-month period to the current month(s) and seasonally adjusting.
5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

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

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

Risk Adjustment in BEP: Risk adjustment amounts in the BEP are equal to the amounts sent by the Department on 6/30/2022.

Loss Ratio in BEP: Loss ratio is 63.46%

Credibility of Data

No Credibility Manual was used.

Trend Identification

Trend: 6.58%

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

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

1. Base Cost/ Change in hospital and physician contracting: The contracted increase in reimbursements to hospitals and physicians is the basis of cost trends. Capital uses the following to project future costs:
 - a. Vendor Physician Cost Model and Internal Hospital Contracting Model
 - i. The medical cost models use best estimates of Capital Blue Cross (Capital)'s future contracting increases with physicians and hospitals. The models use cost estimates based on varying contract effective dates by physician and hospital. All facilities and providers are considered in this modeling effort (i.e. acute and non-acute, network and non-network, inpatient and outpatient, in- area and out-of-area). From there, a monthly anticipated cost (assuming static utilization) summary is produced which can be used in projecting future claims costs. Cost trends are determined at the Capital book of business level for all commercial business.
 - b. Internal Prescription Drug Trend Model
 - i. Price Inflation
 - ii. Contract Pricing
 - iii. Member Cost-Sharing
 - iv. Units per Script
 - v. Brand/Generic Mix
 - vi. Therapeutic Mix
 - vii. Cost per Script
 - viii. Pipeline (new drugs)
2. Utilization Considerations:
 - a. Intensity of medical services rendered
 - b. Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
 - c. Further migration from brand prescription drugs to generic prescription drugs
 - d. Favorable impacts of value based benefits designs
 - e. Medical utilization estimates reviewed by Capital's Chief Medical Officer
3. Leveraging: The trend model is based on allowed cost increases. Paid claims trend at a higher rate than allowed due to leveraging. Leveraging is the impact of static cost-share, such as deductibles and copays, to the paid trend.
4. Intensity: Measure of cost increase due to change in treatment sophistication. An example is migration from x-rays to MRIs at significantly higher cost.
5. Underwriting Cycle: The underwriting cycle is defined as the tendency to swing between profitable and unprofitable periods over time. The underwriting cycle is exacerbated partly by pricing performed with incomplete information as to the level of current experience trends. A reaction delay occurs, as carriers tend to rely on measurements of past experience in developing current pricing assumptions. As a result, carriers are often increasing their pricing trends when actual experience trends have begun to decline, and decreasing their pricing trends actual trends are increasing. Capital strives to mitigate the

underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

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

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

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

Rate Development & Change

Projection Factors

Changes in Morbidity: Found in URRT Worksheet 1, “Morbidity Adjustment”, and PA Rate Exhibits, Table 5.

$$\begin{aligned} \text{Total Morbidity Factor} \\ &= [\text{Individual Factor}] \times [\text{Risk Change Rel to CAAC}] \\ &\times [\text{Reinsurance Morbidity Factor}] \end{aligned}$$

The Individual Factor and Reinsurance Morbidity Factor are discussed in *Regulatory Considerations* above.

Risk Change Relative to CAAC: For this small subsidiary, Capital applies a morbidity factor to align rates with its larger CAAC portfolio. This factor aligns rates with similar benefits offered by CAAC.

The morbidity factors are found in Exhibit Q, Morbidity Factor Calculation.

Changes in Benefits: Benefit changes are not applied to allowed claims as allowed should stay consistent from 2021 to 2023. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from Capital’s internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

Changes in Demographics: KHPC does not expect changes in demographics in its individual population.

Changes in Network: No network adjustment is applied.

Other Adjustments: No other adjustment is applied to the BEP.

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

Index Rate

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

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

To calculate the projected index rate:

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

See Exhibit J as well as PA Rate Exhibits Table 5 for the Index Rate.

Paid to Allowed Ratio

KHPC used the prescribed URRT allowed claim rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. URRT projects allowed claims, and uses a paid-to-allowed ratio in order to adjust allowed claims to paid levels. This value is then used to develop premiums. In order to determine the paid-to-allowed ratio, KHPC projected paid and incurred claims, adjusted for benefits, to the experience period.

Projected Paid and Incurred Claims are calculated as follows:

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

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

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

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

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

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

Trended Claim PMPM

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

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

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

The *Morbidity Adjustment*, and *Other Adjustment* are discussed in the Projections Factors section above. The *Benefit Adjustment* is described in more detail in step 6 below.

6. Develop *Projected Claims PMPM by Benefit* as follows:

- a. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on cumulative probability distributions (CPDs), where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
- b. This actuarial cost model derives a Manual Cost for each benefit design in the experience period, as well as plans being offered in the projection period. The average Manual Cost of the experience is compared to the Manual Cost of the base plan. The projected experience period data is then adjusted to the base plan:

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

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

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

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

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

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

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

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

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

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

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

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

Market Adjusted Index Rate

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

$$\begin{aligned} & [\textit{Market Adjusted Index Rate}] \\ & = ([\textit{Index Rate}] \times [\textit{Paid to Allowed Ratio}] \\ & \quad - [\textit{Projected Incurred Reinsurance Recoveries}] \\ & \quad - [\textit{Projected Incurred Risk Adjustment PMPM}] \\ & \quad + [\textit{Exchange Fees PMPM}]) \div [\textit{Paid to Allowed Ratio}] \end{aligned}$$

Projected Incurred Risk Adjustments PMPM:

Relevant to 2023 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2023. The following items are those that we deem important in generating a CRA payment transfer adjustment:

1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
2. Statewide average premiums
3. Current market penetration of this company and competitors in the market and in the state
4. 2020-2021 risk adjustment results
5. Market improvement in coding risk: Capital's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that Capital is disadvantaged in the market. This will drive Capital's relative risk to the market down over time.

The 2023 projected risk adjustment amounts are equal to 2021 transfer amounts.

Projected Incurred Reinsurance Recoveries:

In order to calculate the value of reinsurance, the following is provided:

1. PA Rate Exhibits, tab II.a show the company-specific BEP claims data.
2. PA Rate Exhibits, tab II.b shows the company-specific projected claims. The claims represent BEP claims trended at 7% to the projection period.

Exchange Fee PMPM:

KHPC only offers plans off exchange, so the exchange fee is \$0.

The exchange fee PMPM is calculated as:

$$\begin{aligned} & \text{Exchange Fee PMPM} \\ & = [\text{Avg 2023 On - Exchange Premium PMPM}] \times [\% \text{ Members On} \\ & \quad - \text{Exchange}] \end{aligned}$$

Where

$$\begin{aligned} & [\text{Avg 2023 On - Exchange Premium PMPM}] \\ & = [\text{Avg 2022 On - Exchange Premium PMPM}] \times (1 \\ & \quad + [\text{Avg Proposed Rate Change}]) \end{aligned}$$

See Exhibit K for the development of the Market Adjusted Index Rate.

Retention Items

Administrative Expense Load:

1. Risk Adjustment User Fee: To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.22 PMPM. The Risk Adjustment Fee PMPM is included in URRT Worksheet 1, URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.
2. Administrative Expense: Calculated using an allocation method from Capital’s Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to Capital individual products. Administrative expenses are included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.
 - a. Value-Based Benefits (VBB): Standard with each plan, Capital Blue Cross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
 - i. Complete Health Risk Assessment questionnaire and receive a gift card.
 - ii. Participate in an online coaching program and receive a gift card reward.
 - iii. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
 - iv. Fees are included in overall administrative expense fee discussed above.
 - v. Included in URRT Worksheet 2 “Administrative Expense”, and PA Rate Exhibits Table 6.
3. Broker Expense: Calculated based on Capital’s explicit per contract broker fee. Broker Expense is included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Capital pays commissions for new business and renewal enrollment

received during open enrollment and the special enrollment period (SEP), both on and off exchange, and in all geographic areas. Attached please find the proposed 2023 broker agreements – redacted versions. Files are as follows:

- a. Redacted Agent Agreement: “Ind_22-39_Initial_KHP_HMO_WBEBrokerIndRedacted_Supporting_20220518.pdf”
 - b. Redacted Preferred Producer Master Agreement: “Ind_22-39_Initial_KHP_HMO_PPMABrokerIndRedacted_Supporting_20210518.pdf”
4. Additional Quality Improvement: Additional QI amounts applied in rating equal 0.0%. Included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.

Profit (or Contribution to Surplus) & Risk Margin:

5. Contingency: Contingency is included in URRT Worksheet 1, “Profit and Risk”, and PA Rate Exhibits Table 6.

Taxes and Fees:

1. Exchange Fee – All issuers participating in the state-based-facilitated exchange will remit 3% of premium. The exchange user fee is applied as an adjustment to the Index Rate at the market level. KHPC only offers off-exchanges products, therefore no exchange fee is applied.
2. Federal Income Tax: Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in URRT Worksheet 2, “Taxes and Fees”, and PA Rate Exhibits, Table 6.

See Exhibit H for all retention values.

Plan Adjusted Index Rates

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

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

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

services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.

2. Induced Demand: Please see Table 8. Induced Demand is calculated as:

$$[Pricing\ AV]^2 - [Pricing\ AV] + 1.24$$

Where *Pricing AV* is adjusted by the Non-Funding of CSR factor: PA Rate Exhibits, Table 10, column K x column P.

3. Provider Network: The Provider network is the same across all HMO plans.
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Catastrophic Plans: Applied to catastrophic plans to reflect lower morbidity. This factor is the same as approved in 2022.
6. Adjustment for distribution and administrative costs: Described in Retention section above.
7. Tobacco Adjustment: Calculated as the average tobacco factor applied across the risk pool.

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

Calibrated Plan Adjusted Index Rates

Age Curve Calibration: The average age factor is calculated by taking the member-weighted average of current individual enrollment by age in KHPC. Age factors are applied in accordance with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file *Ind_22-39_Initial_KHP_HMO_List-Billed_Supporting_20220518.xlsx* for the calculation.

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

Geographic factors are unchanged from 2022.

Tobacco Factor Calibration: Average tobacco factor is calculated using current month member by smoking status data.

The calibration is:

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

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

The calibration factors and development are found on Exhibit N.

Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

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

2. $[\textit{Family Consumer Adjusted Premium Rate}] = \sum[\textit{Member} - \textit{Level Consumer Adjusted Premium Rate}]$
 With no more than three child dependents under age 21 taken into account

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

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

AV Metal Values

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

See AV Screenshots included with the submission:

Ind_22-39_Initial_KHP_HMO_AVScreenPrints_Supporting_CONF_20220518

AV Pricing Values

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

Projected Loss Ratio

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

Membership Projection

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

Projected versus Actual MLR

Exhibit R shows a history of projected versus actual MLR and Member Months. Projected comes from the 2018-2020 filings. Actual comes from Table 4.

Calendar Year	MLR		Member Months	
	Actual	Pricing	Actual	Pricing
2018	61.85%	82.15%	22,567	36,132
2019	90.73%	86.95%	15,211	26,652
2020	80.50%	83.72%	12,244	17,727

Claim Cost Projection

Exhibit S shows a history of claim cost projection versus actual from 2018-2021 filings.

Attachments and Examples

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

PA Rate Exhibits Part I through Part V

Table B

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

Broker Contracts

Actuarial Value Screenshots

Actuarial Statement

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

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

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

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



██████████, ASA, MAAA
Director, Actuarial Services
Capital Blue Cross

PA Rate Template Part I
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	Keystone Health Plan Central		
Product(s):	HMO		
Market Segment:	Individual		
Rate Effective Date:	1/1/2021	to	12/31/2023
Base Period Start Date:	1/1/2021	to	12/31/2021
Date of Most Recent Membership:	2/1/2022		

Table 1. Number of Members

Average Age	Member-months	Members	Member-months
	Experience Period	Current Period (as of 02-01-2022)	Projected Rating Period
	42.5	42.0	42.0
Total	7,217	461	5,532
<18	769	52	624
18-24	534	35	420
25-29	482	27	324
30-34	707	42	504
35-39	358	24	288
40-44	653	50	600
45-49	549	32	384
50-54	788	49	588
55-59	908	63	756
60-63	930	64	768
64+	539	23	276

Table 2. Experience Period Claims and Premiums

Member Months	Estimated Cost Sharing (Member + HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
7,217	\$2,758,094.49	\$2,735,598.09	\$0.00	(\$91,098.69)	\$37,179.70	\$0.00	(\$964,093.83)	\$140,487.99
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)								\$ 371.58
Loss Ratio								63.46%

*Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weight*
Inpatient Hospital	4.85%	-1.00%	0.00%	3.80%	15.62%
Outpatient Hospital	5.15%	0.00%	0.00%	5.15%	36.73%
Professional	7.65%	1.00%	0.00%	8.73%	23.25%
Other Medical	5.15%	-1.00%	0.00%	4.10%	1.53%
Capitation				3.00%	1.39%
Prescription Drugs	7.85%	1.10%	0.00%	9.04%	21.48%
Total Annual Trend				6.58%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.136	

* Express Cost, Utilization, Induced Demand and Weight as percentages
** Should equal URRT Trend

Table 4. Historical Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-18		\$359,937.72	1.0000	\$ 359,937.72	2,239	\$161.48		(\$14,003.80)	\$656,532.54	\$294.54
Feb-18		\$297,330.09	1.0000	\$ 297,330.09	2,039	\$145.82		(\$14,103.47)	\$511,974.71	\$251.09
Mar-18		\$336,954.14	1.0000	\$ 336,954.14	2,005	\$168.06		(\$15,762.76)	\$543,562.09	\$271.10
Apr-18		\$410,338.85	1.0000	\$ 410,338.85	1,965	\$208.93		(\$14,365.97)	\$573,087.73	\$291.64
May-18		\$514,452.27	1.0000	\$ 514,452.27	1,923	\$267.53		(\$15,008.97)	\$682,257.24	\$354.79
Jun-18		\$537,906.54	1.0000	\$ 537,906.54	1,894	\$284.01		(\$20,453.21)	\$734,555.39	\$387.83
Jul-18		\$467,509.48	1.0000	\$ 467,509.48	1,856	\$248.93		(\$18,448.94)	\$665,310.01	\$325.79
Aug-18		\$689,190.77	1.0000	\$ 689,190.77	1,832	\$376.19		(\$21,411.81)	\$967,257.73	\$473.99
Sep-18		\$393,660.64	1.0000	\$ 393,660.64	1,771	\$222.28		(\$17,741.43)	\$531,929.65	\$300.36
Oct-18		\$654,763.53	1.0000	\$ 654,763.53	1,736	\$377.17		(\$16,887.24)	\$864,980.51	\$463.70
Nov-18		\$537,688.33	1.0000	\$ 537,688.33	1,680	\$319.67		(\$23,369.36)	\$651,816.91	\$375.63
Dec-18	\$12,647,838.69	\$656,767.17	1.0000	\$ 656,767.17	1,633	\$402.18	\$2,265,479.51	(\$24,686.81)	\$757,691.73	\$463.99
Jan-19		\$617,317.68	1.0000	\$ 617,317.68	1,411	\$437.50		(\$8,521.88)	\$901,779.97	\$639.11
Feb-19		\$336,855.78	1.0000	\$ 336,855.78	1,375	\$244.84		(\$9,949.97)	\$494,622.15	\$359.73
Mar-19		\$299,710.05	1.0000	\$ 299,710.05	1,339	\$223.83		(\$4,675.72)	\$417,271.77	\$311.99
Apr-19		\$369,794.22	1.0000	\$ 369,794.22	1,322	\$279.72		(\$8,915.40)	\$438,182.96	\$331.45
May-19		\$636,360.12	1.0000	\$ 636,360.12	1,303	\$488.38		(\$17,384.31)	\$741,233.02	\$568.87
Jun-19		\$371,616.96	0.9908	\$ 375,083.02	1,272	\$294.88		(\$16,540.48)	\$491,707.19	\$386.56
Jul-19		\$389,460.59	1.0000	\$ 389,460.59	1,254	\$310.57		(\$11,346.71)	\$483,460.83	\$385.53
Aug-19		\$438,779.40	1.0000	\$ 438,779.40	1,236	\$354.59		(\$15,374.24)	\$557,177.46	\$450.79
Sep-19		\$491,227.04	1.0000	\$ 491,227.04	1,204	\$408.00		(\$14,181.46)	\$555,780.64	\$461.20
Oct-19		\$633,309.67	1.0000	\$ 633,309.67	1,190	\$532.19		(\$15,098.73)	\$716,203.21	\$601.85
Nov-19		\$372,810.01	1.0000	\$ 372,809.99	1,172	\$318.10		(\$10,301.64)	\$456,432.11	\$389.45
Dec-19	\$8,045,050.93	\$612,228.10	1.0000	\$ 612,228.28	1,133	\$540.36	\$1,616,232.23	(\$19,387.13)	\$693,503.64	\$612.10
Jan-20		\$248,687.99	1.0000	\$ 248,687.40	1,096	\$226.99		(\$6,233.97)	\$460,824.45	\$425.25
Feb-20		\$190,939.44	1.0000	\$ 190,939.52	1,046	\$182.54		(\$4,933.48)	\$312,429.95	\$298.69
Mar-20		\$189,182.72	1.0000	\$ 189,182.76	1,040	\$181.91		(\$6,481.00)	\$283,590.65	\$272.68
Apr-20		\$286,799.67	1.0000	\$ 286,799.73	1,054	\$272.11		(\$9,815.12)	\$342,288.43	\$325.34
May-20		\$298,699.85	1.0000	\$ 298,699.90	1,042	\$286.66		(\$4,716.26)	\$359,701.01	\$345.20
Jun-20		\$289,696.10	0.9908	\$ 292,435.17	1,026	\$285.02		(\$7,476.04)	\$378,982.83	\$369.38
Jul-20		\$382,211.95	1.0000	\$ 382,211.47	1,030	\$371.19		(\$5,357.01)	\$473,226.53	\$459.44
Aug-20		\$275,876.95	0.9994	\$ 276,038.28	1,010	\$271.69		(\$7,654.43)	\$375,917.73	\$370.00
Sep-20		\$394,028.85	0.9999	\$ 394,048.64	1,000	\$394.05		(\$5,897.05)	\$503,098.58	\$503.10
Oct-20		\$254,907.80	1.0000	\$ 254,917.31	981	\$259.85		(\$6,041.73)	\$351,330.89	\$358.34
Nov-20		\$338,454.08	1.0000	\$ 338,468.45	972	\$347.96		(\$6,045.55)	\$441,450.28	\$453.07
Dec-20	\$6,337,389.07	\$358,737.71	1.0000	\$ 358,754.74	950	\$377.64	\$1,292,483.20	(\$7,811.81)	\$440,951.80	\$464.16
Jan-21		\$81,403.86	1.0000	\$ 81,407.59	710	\$114.66		(\$5,832.64)	\$161,468.46	\$227.42
Feb-21		\$69,813.71	1.0000	\$ 69,815.62	664	\$104.94		(\$7,543.45)	\$134,309.49	\$202.27
Mar-21		\$143,872.34	0.9999	\$ 143,893.86	651	\$221.04		(\$4,512.22)	\$247,827.69	\$380.69
Apr-21		\$120,017.72	0.9998	\$ 120,035.77	637	\$188.44		(\$8,102.57)	\$185,752.97	\$291.61
May-21		\$125,806.49	0.9963	\$ 126,277.70	614	\$205.66		(\$7,233.15)	\$190,716.04	\$310.61
Jun-21		\$144,312.03	0.9985	\$ 144,531.83	606	\$239.29		(\$6,101.02)	\$215,155.39	\$361.88
Jul-21		\$265,874.49	0.9893	\$ 268,756.81	582	\$461.78		(\$10,428.23)	\$332,992.70	\$572.15
Aug-21		\$150,232.60	0.9841	\$ 152,959.69	569	\$268.82		(\$9,720.12)	\$213,967.14	\$376.03
Sep-21		\$173,063.99	0.9771	\$ 177,118.83	561	\$315.72		(\$6,204.12)	\$220,003.98	\$409.99
Oct-21		\$145,983.73	0.9634	\$ 151,535.54	551	\$275.02		(\$8,311.07)	\$216,416.80	\$392.77
Nov-21		\$206,794.28	0.9364	\$ 220,849.63	539	\$409.74		(\$7,647.04)	\$275,500.71	\$511.13
Dec-21	\$3,773,764.85	\$189,199.89	0.8710	\$ 217,212.83	539	\$406.01	\$898,582.08	(\$9,462.96)	\$276,572.72	\$513.22

* Express Completion Factor as a percentage

** Express Prescription Drug Rebates as a negative number

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

Table 2b. Manual Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member & HHS)	Allowed Claims (Non-Capitated)	Non-EHB portion of Allowed Claims	Total Prescription Drug Rebates*	Total EHB Capitation	Total Non-EHB Capitation	Estimated Risk Adjustment	Estimated Reinsurance Recoveries
\$413,598,153.78	\$391,897,288.16	\$428,179,926.11	596,113	\$49,902,987.58	\$478,082,913.69		(\$16,054,031.20)	\$37,179.70	\$0.00	\$9,781,364.02	\$24,002,401.05
Experience Period Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates)											\$ 775.13
Loss Ratio											91.68%

*Express Prescription Drug Rebates as a negative number

Table 3b. Manual Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weight*
Inpatient Hospital	4.85%	-1.00%	0.00%	3.80%	15.62%
Outpatient Hospital	5.15%	0.00%	0.00%	5.15%	36.73%
Professional	7.65%	1.00%	0.00%	8.73%	23.25%
Other Medical	5.15%	-1.00%	0.00%	4.10%	1.53%
Capitation				3.00%	1.39%
Prescription Drugs	7.85%	1.10%	0.00%	9.04%	21.48%
Total Annual Trend				6.58%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.136	

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

Table 4b. Historical Manual Experience

Month-Year	Total Annual Premium	Incurred Claims	Completion Factors*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member + HHS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-18		\$17,417,544.05	1.0000	\$ 17,417,544.05	37,235	\$ 467.77		(\$542,472.02)	\$24,889,259.26	\$ 668.44
Feb-18		\$18,740,960.12	1.0000	\$ 18,740,960.12	35,853	\$ 522.72		(\$719,724.21)	\$24,158,847.67	\$ 673.83
Mar-18		\$20,297,132.04	1.0000	\$ 20,297,132.04	35,508	\$ 571.62		(\$893,954.88)	\$24,993,073.58	\$ 703.87
Apr-18		\$21,406,755.91	1.0000	\$ 21,406,755.91	35,096	\$ 609.95		(\$862,760.13)	\$25,605,056.29	\$ 729.57
May-18		\$21,578,727.09	1.0000	\$ 21,578,727.09	34,398	\$ 627.23		(\$881,800.49)	\$25,398,521.18	\$ 738.37
Jun-18		\$19,907,321.84	1.0000	\$ 19,907,321.84	33,914	\$ 586.99		(\$883,924.85)	\$23,128,268.50	\$ 681.97
Jul-18		\$20,943,303.61	1.0000	\$ 20,943,303.61	33,704	\$ 621.39		(\$833,172.61)	\$23,953,717.28	\$ 710.71
Aug-18		\$23,230,241.11	1.0000	\$ 23,230,241.11	33,218	\$ 699.33		(\$850,272.47)	\$26,311,123.46	\$ 792.07
Sep-18		\$21,958,016.37	1.0000	\$ 21,958,016.37	32,763	\$ 670.21		(\$745,576.32)	\$24,532,828.34	\$ 748.80
Oct-18		\$23,963,319.03	1.0000	\$ 23,963,319.03	32,349	\$ 740.77		(\$785,202.40)	\$26,883,638.13	\$ 831.05
Nov-18		\$25,660,017.28	1.0000	\$ 25,660,017.28	31,895	\$ 804.52		(\$743,883.94)	\$28,212,912.42	\$ 884.56
Dec-18	\$401,381,957.59	\$23,257,381.93	1.0000	\$ 23,257,381.93	31,429	\$ 740.00	\$54,684,420.73	(\$857,407.21)	\$25,378,243.30	\$ 807.48
Jan-19		\$25,426,519.61	1.0000	\$ 25,426,519.61	46,548	\$ 546.24		(\$534,557.34)	\$35,230,440.06	\$ 756.86
Feb-19		\$25,689,442.79	1.0000	\$ 25,689,442.79	46,674	\$ 550.40		(\$651,179.81)	\$32,422,271.06	\$ 694.65
Mar-19		\$28,178,129.28	1.0000	\$ 28,178,129.28	46,506	\$ 605.90		(\$1,707,379.55)	\$33,888,896.84	\$ 717.95
Apr-19		\$29,410,114.83	1.0000	\$ 29,410,114.83	46,165	\$ 637.07		(\$1,110,964.68)	\$34,619,187.39	\$ 749.90
May-19		\$32,803,431.76	1.0000	\$ 32,803,431.76	45,489	\$ 721.13		(\$1,203,066.08)	\$37,411,723.29	\$ 822.43
Jun-19		\$28,469,453.36	0.9898	\$ 28,763,032.92	45,091	\$ 637.89		(\$1,122,101.49)	\$32,769,456.75	\$ 726.74
Jul-19		\$29,242,591.70	1.0000	\$ 29,242,591.70	44,743	\$ 653.57		(\$1,156,933.78)	\$33,309,444.67	\$ 744.46
Aug-19		\$31,011,873.82	1.0000	\$ 31,011,873.82	44,392	\$ 698.59		(\$1,212,890.08)	\$34,549,181.02	\$ 778.27
Sep-19		\$32,087,869.84	1.0000	\$ 32,087,869.84	44,021	\$ 728.92		(\$1,213,511.34)	\$35,421,070.89	\$ 804.64
Oct-19		\$34,946,722.84	1.0000	\$ 34,946,722.84	43,543	\$ 802.58		(\$1,328,609.99)	\$38,409,403.42	\$ 882.10
Nov-19		\$31,112,559.34	1.0000	\$ 31,112,559.34	43,152	\$ 721.00		(\$1,217,270.10)	\$33,837,786.82	\$ 784.15
Dec-19	\$426,169,643.46	\$33,220,584.34	1.0000	\$ 33,220,584.34	42,249	\$ 786.30	\$69,269,158.41	(\$1,240,356.82)	\$36,094,337.92	\$ 854.32
Jan-20		\$19,758,607.85	1.0000	\$ 19,758,607.85	37,102	\$ 532.55		(\$385,880.64)	\$28,114,896.09	\$ 757.77
Feb-20		\$20,525,897.12	1.0000	\$ 20,525,897.12	36,218	\$ 566.73		(\$478,216.21)	\$28,715,379.34	\$ 737.63
Mar-20		\$20,137,392.97	1.0000	\$ 20,137,392.97	35,803	\$ 562.45		(\$678,338.26)	\$24,435,376.48	\$ 682.50
Apr-20		\$14,870,087.05	1.0000	\$ 14,870,087.05	35,420	\$ 419.82		(\$730,052.40)	\$16,737,520.49	\$ 472.54
May-20		\$20,783,261.10	1.0000	\$ 20,783,261.10	35,146	\$ 591.34		(\$724,064.21)	\$23,346,648.64	\$ 664.28
Jun-20		\$24,036,336.15	0.9888	\$ 24,309,273.65	34,940	\$ 695.74		(\$802,612.29)	\$27,730,052.99	\$ 793.65
Jul-20		\$22,512,888.28	1.0000	\$ 22,512,888.28	34,749	\$ 647.86		(\$813,129.69)	\$25,823,453.47	\$ 743.14
Aug-20		\$23,302,710.30	0.9993	\$ 23,318,056.49	34,370	\$ 676.47		(\$815,371.26)	\$26,517,063.70	\$ 769.28
Sep-20		\$23,387,409.53	1.0000	\$ 23,388,542.81	34,263	\$ 682.62		(\$784,446.90)	\$26,389,844.67	\$ 770.21
Oct-20		\$25,471,305.90	1.0000	\$ 25,472,568.72	33,792	\$ 753.80		(\$732,109.65)	\$28,652,423.26	\$ 847.91
Nov-20		\$24,528,383.79	1.0000	\$ 24,529,489.79	33,379	\$ 734.88		(\$733,747.91)	\$27,169,731.77	\$ 813.98
Dec-20	\$328,306,209.27	\$26,375,484.48	0.9999	\$ 26,376,857.53	32,831	\$ 803.41	\$52,927,377.29	(\$821,000.27)	\$28,778,444.43	\$ 876.56
Jan-21		\$19,865,877.93	0.9999	\$ 19,865,513.76	44,210	\$ 449.34		(\$787,882.14)	\$27,418,232.38	\$ 620.18
Feb-21		\$25,090,480.97	0.9999	\$ 25,092,365.84	46,298	\$ 541.98		(\$936,037.38)	\$31,118,251.06	\$ 672.13
Mar-21		\$31,884,994.95	0.9998	\$ 31,888,646.87	46,435	\$ 686.74		(\$1,258,380.81)	\$38,285,332.69	\$ 824.49
Apr-21		\$31,844,606.83	0.9998	\$ 31,842,397.26	47,221	\$ 674.33		(\$1,188,123.72)	\$37,185,986.82	\$ 787.49
May-21		\$31,323,019.51	0.9990	\$ 31,481,524.57	48,136	\$ 654.01		(\$1,197,517.94)	\$36,320,422.84	\$ 754.54
Jun-21		\$33,855,053.42	0.9989	\$ 33,913,280.14	49,307	\$ 687.80		(\$1,448,550.81)	\$38,570,053.05	\$ 782.24
Jul-21		\$34,863,985.51	0.9893	\$ 35,248,904.65	50,707	\$ 695.15		(\$1,438,908.55)	\$39,344,278.43	\$ 775.91
Aug-21		\$36,279,622.87	0.9817	\$ 36,954,851.72	51,791	\$ 713.54		(\$1,547,807.36)	\$40,963,012.28	\$ 790.93
Sep-21		\$35,826,266.92	0.9764	\$ 36,691,727.48	52,972	\$ 692.66		(\$1,511,721.96)	\$40,645,280.03	\$ 767.30
Oct-21		\$37,140,223.65	0.9605	\$ 38,667,442.08	53,075	\$ 728.54		(\$1,501,205.52)	\$42,385,006.46	\$ 798.59
Nov-21		\$38,745,006.91	0.9338	\$ 41,491,820.30	53,125	\$ 781.02		(\$1,602,099.78)	\$45,072,054.09	\$ 848.42
Dec-21	\$413,598,153.78	\$35,192,148.66	0.8568	\$ 41,076,230.06	52,832	\$ 777.49	\$73,905,388.63	(\$1,635,795.23)	\$44,758,151.99	\$ 847.16

* Express Completion Factor as a percentage

** Express Prescription Drug Rebates as a negative number

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

Carrier Name: **Keystone Health Plan Central**
 Product(s): **HMO**
 Market Segment: **Individual**
 Rate Effective Date: **1/1/2023**
 Incurred Dates: **1/1/2021 to 12/31/2021**

Attachment Point: **\$60,000**
 Reinsurance Cap: **\$100,000**
 Coinsurance Rate: **53%**
 Proj. Incurred Claim Impact: **-5.6%**

Individual ACA Compliant Policies Only: Incurred Dates 1/1/2021 to 12/31/2021					
Annual Incurred Claims Range		Unique Members	Member Months	Total Incurred Claims	Total Incurred Claims with Reinsurance
\$0	\$29,999	707	7,030	\$773,702	\$773,702
\$30,000	\$34,999	2	22	\$67,973	\$67,973
\$35,000	\$39,999	2	21	\$74,968	\$74,968
\$40,000	\$44,999	1	12	\$42,700	\$42,700
\$45,000	\$49,999	0	0	\$0	\$0
\$50,000	\$54,999	1	12	\$52,867	\$52,867
\$55,000	\$59,999	2	24	\$112,739	\$112,739
\$60,000	\$64,999	3	36	\$186,554	\$183,080
\$65,000	\$69,999	0	0	\$0	\$0
\$70,000	\$74,999	0	0	\$0	\$0
\$75,000	\$79,999	0	0	\$0	\$0
\$80,000	\$84,999	0	0	\$0	\$0
\$85,000	\$89,999	0	0	\$0	\$0
\$90,000	\$94,999	1	12	\$92,465	\$75,259
\$95,000	\$99,999	0	0	\$0	\$0
\$100,000	\$109,999	2	24	\$216,028	\$173,628
\$110,000	\$119,999	0	0	\$0	\$0
\$120,000	\$129,999	1	12	\$126,534	\$105,334
\$130,000	\$139,999	1	12	\$136,739	\$115,539
\$140,000	\$149,999	0	0	\$0	\$0
\$150,000	\$159,999	0	0	\$0	\$0
\$160,000	\$169,999	0	0	\$0	\$0
\$170,000	\$179,999	0	0	\$0	\$0
\$180,000	\$189,999	0	0	\$0	\$0
\$190,000	\$199,999	0	0	\$0	\$0
\$200,000	\$209,999	0	0	\$0	\$0
\$210,000	\$219,999	0	0	\$0	\$0
\$220,000	\$229,999	0	0	\$0	\$0
\$230,000	\$239,999	0	0	\$0	\$0
\$240,000	\$249,999	0	0	\$0	\$0
\$250,000	\$259,999	0	0	\$0	\$0
\$260,000	\$269,999	0	0	\$0	\$0
\$270,000	\$279,999	0	0	\$0	\$0
\$280,000	\$289,999	0	0	\$0	\$0
\$290,000	\$299,999	0	0	\$0	\$0
\$300,000	\$324,999	0	0	\$0	\$0
\$325,000	\$349,999	0	0	\$0	\$0
\$350,000	\$374,999	0	0	\$0	\$0
\$375,000	\$399,999	0	0	\$0	\$0
\$400,000	\$424,999	0	0	\$0	\$0
\$425,000	\$449,999	0	0	\$0	\$0
\$450,000	\$474,999	0	0	\$0	\$0
\$475,000	\$499,999	0	0	\$0	\$0
\$500,000	\$599,999	0	0	\$0	\$0
\$600,000	\$699,999	0	0	\$0	\$0
\$700,000	\$799,999	0	0	\$0	\$0
\$800,000	\$899,999	0	0	\$0	\$0
\$900,000	\$999,999	0	0	\$0	\$0
\$1,000,000+		0	0	\$0	\$0
Total		723	7,217	\$1,883,269	\$1,777,789

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

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

Attachment Point: **\$60,000**
 Reinsurance Cap: **\$100,000**
 Coinsurance Rate: **53%**

Proj. Incurred Claim Impact: **-6.0%**
 Proj. Morbidity Impact: **0.0%**

Reinsurance Program Impact Continuance Table Development - Plan Year 2023					
Annual Incurred Claims Range		Unique Members	Member Months	Total Incurred Claims	Total Incurred Claims with Reinsurance
\$0	\$29,999	707	7,030	\$885,811	\$885,811
\$30,000	\$34,999	0	0	\$0	\$0
\$35,000	\$39,999	2	22	\$77,822	\$77,822
\$40,000	\$44,999	2	21	\$85,831	\$85,831
\$45,000	\$49,999	1	12	\$48,887	\$48,887
\$50,000	\$54,999	0	0	\$0	\$0
\$55,000	\$59,999	0	0	\$0	\$0
\$60,000	\$64,999	2	24	\$123,966	\$121,864
\$65,000	\$69,999	2	24	\$134,514	\$126,822
\$70,000	\$74,999	2	24	\$144,707	\$131,612
\$75,000	\$79,999	0	0	\$0	\$0
\$80,000	\$84,999	0	0	\$0	\$0
\$85,000	\$89,999	0	0	\$0	\$0
\$90,000	\$94,999	0	0	\$0	\$0
\$95,000	\$99,999	0	0	\$0	\$0
\$100,000	\$109,999	1	12	\$105,863	\$84,663
\$110,000	\$119,999	0	0	\$0	\$0
\$120,000	\$129,999	2	24	\$247,330	\$204,930
\$130,000	\$139,999	0	0	\$0	\$0
\$140,000	\$149,999	1	12	\$144,869	\$123,669
\$150,000	\$159,999	1	12	\$156,552	\$135,352
\$160,000	\$169,999	0	0	\$0	\$0
\$170,000	\$179,999	0	0	\$0	\$0
\$180,000	\$189,999	0	0	\$0	\$0
\$190,000	\$199,999	0	0	\$0	\$0
\$200,000	\$209,999	0	0	\$0	\$0
\$210,000	\$219,999	0	0	\$0	\$0
\$220,000	\$229,999	0	0	\$0	\$0
\$230,000	\$239,999	0	0	\$0	\$0
\$240,000	\$249,999	0	0	\$0	\$0
\$250,000	\$259,999	0	0	\$0	\$0
\$260,000	\$269,999	0	0	\$0	\$0
\$270,000	\$279,999	0	0	\$0	\$0
\$280,000	\$289,999	0	0	\$0	\$0
\$290,000	\$299,999	0	0	\$0	\$0
\$300,000	\$324,999	0	0	\$0	\$0
\$325,000	\$349,999	0	0	\$0	\$0
\$350,000	\$374,999	0	0	\$0	\$0
\$375,000	\$399,999	0	0	\$0	\$0
\$400,000	\$424,999	0	0	\$0	\$0
\$425,000	\$449,999	0	0	\$0	\$0
\$450,000	\$474,999	0	0	\$0	\$0
\$475,000	\$499,999	0	0	\$0	\$0
\$500,000	\$599,999	0	0	\$0	\$0
\$600,000	\$699,999	0	0	\$0	\$0
\$700,000	\$799,999	0	0	\$0	\$0
\$800,000	\$899,999	0	0	\$0	\$0
\$900,000	\$999,999	0	0	\$0	\$0
\$1,000,000+		0	0	\$0	\$0
Total		723	7,217	\$2,156,154	\$2,027,265

PA Rate Template Part II
Rate Development and Change

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

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

Development of the Projected Index Rate	Actual Experience Data	Manual Data	
Total Allowed EHB Claims + EHB Capitation PMPM (net of prescription drug rebates) PMPM	\$ 371.58	\$ 775.13	< Actual Experience PMPM should be consistent with the Index Rate for Experience Period on URRT
Two year trend projection Factor	1.136	1.136	
Unadjusted Projected Allowed EHB Claims PMPM	\$ 422.10	\$ 880.52	
Single Risk Pool Adjustment Factors			
Change in Morbidity - Impact of Reinsurance Program	1.000	1.000	
Change in Morbidity - All Other	1.000	1.000	< See URRT Instructions
Total Non-Morbidity Changes	1.000	1.000	
Change in Demographics	1.000	1.000	< See URRT Instructions
Change in Network	1.000	1.000	
Change in Benefits	1.000	1.000	< See URRT Instructions
Change in Other	1.000	1.000	< See URRT Instructions
Total Adjusted Projected Allowed EHB Claims PMPM	\$ 422.10	\$ 880.52	
Credibility Factors	100%	0%	< See Instructions
Blended Projected EHB Claims PMPM	\$ 422.10	\$ 880.52	< Projected Index Rate
Development of the Market-Adjusted Index Rate and Total Allowed Claims			
Adjusted Projected Allowed EHB Claims PMPM	\$ 422.10		< Index Rate for Projection Period on URRT
Projected Paid to Allowed Ratio	0.715		
Projected Incurred EHB Claims PMPM	\$ 301.66		
Market-wide Adjustments			
Projected Incurred Risk Adjustment PMPM	\$ -514.12		
Projected Incurred Exchange User Fees PMPM	\$ 50.00		
Projected Incurred Reinsurance Recoveries PMPM	\$ 518.03		
Market-Adjusted Projected Incurred EHB Claims PMPM	\$ 417.75		
Market-Adjusted Projected Allowed EHB Claims PMPM	\$ 584.53		< Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM	\$ 50.00		
Market-Adjusted Projected Incurred Total Claims PMPM	\$ 417.75		
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 584.53		

For Informational Purposes only - No input required.

Blended Base Period Unadjusted Claims before Normalization	\$ 371.58	< Index Rate of Experience Period on URRT
Blended Earned Premium	\$ 3,772,764.85	
Blended Loss Ratio	63.46%	

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

Effective Date	1/1/2023	4/1/2023	7/1/2023	10/1/2023	Total Single Risk Pool
# of Member Months Renewing in Quarter					
Adjusted Projected Allowed EHB Claims PMPM	\$ 422.10	\$ 422.10	\$ 422.10	\$ 422.10	\$ 422.10
Months of Trend		3	6	9	
Annual Trend	6.58%	6.58%	6.58%	6.58%	
Single Risk Pool Projected Allowed Claims	\$ 422.10	\$ 428.88	\$ 435.77	\$ 442.77	\$ -
Quarterly Trend Factor	1.000	1.016	1.032	1.049	0.000

Table 6. Retention

Retention Items - Express in percentages	Percentages	PMPM Amounts
Administrative Expenses	11.50%	\$55.94
General and Claims	1.29%	\$49.64
Agent/Broker Fees and Commissions	1.79%	\$6.30
Quality Improvement Initiatives	0.00%	\$0.00
Taxes and Fees	0.42%	\$1.00
Risk Adjustment User Fee	0.05%	\$0.22
PCORI Fee	0.04%	\$0.19
RA Premium & Other Taxes (if applicable)	0.00%	\$0.00
Federal Income Tax	0.53%	\$2.59
Health Insurance Providers Fee (Prorated for Small Groups only)	0.00%	\$0.00
Profit/Contingency (after tax)	2.00%	\$9.73
Total Retention	14.12%	\$68.70
Projected Required Revenue PMPM		\$ 486.45

Table 7. Normalized Market-Adjusted Projected Allowed Total Claims

Normalization Factors	2022	2023
Average Age Factor	1.731	1.732
Average Geographic Factor	1.000	1.000
Average Tobacco Factor	1.000	1.007
Average Benefit Richness (induced demand)	1.000	1.000
Average Network Factor	1.000	1.000
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 628.77	\$ 584.53
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 339.99	\$ 318.62

Table 8. Components of Rate Change

Rate Components	2022	2023	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$ 277.47	\$ 253.96	\$ (23.51)	-8.5%
B. Base period allowed claims before normalization	\$ 589.00	\$ 371.58	\$ (217.42)	-36.9%
C. Normalization factor component of change	\$ (175.90)	\$ (169.03)	\$ 6.87	3.9%
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 207.10	\$ 202.55	\$ (4.55)	-2.2%
D2. URRT Trend	\$ 28.17	\$ 27.54	\$ (0.63)	-2.2%
D3. URRT Morbidity	\$ (2.83)	\$ 2.83	\$ 5.66	200.0%
D4. URRT Other	\$ (0.00)	\$ -	\$ 0.00	0.0%
D5. Normalized URRT Risk Adjustment on an allowed basis	\$ 123.21	\$ 102.30	\$ (20.91)	-17.0%
D6. Normalized Exchange User Fee on an allowed basis	\$ 50.00	\$ 50.00	\$ 0.00	0.0%
D7. Normalized Reinsurance Recoveries on an allowed basis	\$ (15.59)	\$ (13.75)	\$ 1.84	11.8%
D8. Subtotal - Sum(D1-D7)	\$ 340.06	\$ 318.62	\$ (21.43)	-6.3%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ -	\$ -	\$ -	0.0%
E2. Pricing AV	\$ (91.47)	\$ (90.91)	\$ 0.56	0.6%
E3. Benefit Richness	\$ (0.00)	\$ (0.00)	\$ 0.00	0.0%
E4. Catastrophic Eligibility	\$ (12.18)	\$ (9.40)	\$ 2.78	22.8%
E5. Subtotal - Sum(E1-E4)	\$ (103.66)	\$ (100.32)	\$ 3.34	3.2%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 32.21	\$ 29.21	\$ (3.00)	-9.3%
F2. Taxes and Fees	\$ 1.72	\$ 1.58	\$ (0.14)	-8.2%
F3. Profit and/or Contingency	\$ 5.55	\$ 5.08	\$ (0.47)	-8.5%
F4. Subtotal - Sum(F1-F3)	\$ 39.48	\$ 35.87	\$ (3.62)	-9.2%
G. Change in Miscellaneous Items	\$ 50.00	\$ -	\$ (50.00)	-100.0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 275.88	\$ 254.18	\$ (21.71)	-7.9%

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

	2022	2023
Paid-to-Allowed	0.731	0.715
URRT Trend (Total Applied Trend Factor)	1.136	1.136
URRT Morbidity	0.988	1.000
URRT "Other"	1.000	1.000
Risk Adjustment	\$166.56	\$ 134.12
Exchange User Fee	\$ 50.00	\$ -
Reinsurance Recoveries	\$ 213.08	\$ 18.03
Capitation	\$ 50.00	\$ -
Network	1.000	1.000
Pricing AV	0.731	0.715
Benefit Richness	1.000	1.000
Catastrophic Eligibility	0.951	0.959
Administrative Expenses	11.61%	11.50%
Taxes and Fees	0.62%	0.62%
Profit and/or Contingency	2.00%	2.00%

PA Rate Template Part IV A - Individual
Table 11. Plan Premium Development for 21-Year-Old Non-Tobacco User

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

Plan Number	HIOS Plan ID (Standard Component)	1/1/2022 Plan Marketing Name	Discontinued, New, Modified, Existing (D,N,M,E) for 2023	1/1/2023 Plan HIOS Plan ID (If 1/1/2022 Plan Discontinued & Mapped)	Exchange On/Off or (Metallic Tier)
These cells auto-fill using the data entered in Table 10.					
Plan 1	53789PA010008	Bronze HMO 7450/0/0/0	M	0	Bronze
Plan 2	53789PA010004	Catastrophic HMO 9100/0/0	M	0	Catastrophic
Plan 3	0	0	0	0	0
Plan 4	0	0	0	0	0
Plan 5	0	0	0	0	0
Plan 6	0	0	0	0	0
Plan 7	0	0	0	0	0
Plan 8	0	0	0	0	0
Plan 9	0	0	0	0	0
Plan 10	0	0	0	0	0
Plan 11	0	0	0	0	0
Plan 12	0	0	0	0	0
Plan 13	0	0	0	0	0
Plan 14	0	0	0	0	0
Plan 15	0	0	0	0	0
Plan 16	0	0	0	0	0
Plan 17	0	0	0	0	0
Plan 18	0	0	0	0	0
Plan 19	0	0	0	0	0
Plan 20	0	0	0	0	0
Plan 21	0	0	0	0	0
Plan 22	0	0	0	0	0
Plan 23	0	0	0	0	0
Plan 24	0	0	0	0	0
Plan 25	0	0	0	0	0
Plan 26	0	0	0	0	0
Plan 27	0	0	0	0	0
Plan 28	0	0	0	0	0
Plan 29	0	0	0	0	0
Plan 30	0	0	0	0	0
Plan 31	0	0	0	0	0
Plan 32	0	0	0	0	0
Plan 33	0	0	0	0	0
Plan 34	0	0	0	0	0
Plan 35	0	0	0	0	0
Plan 36	0	0	0	0	0
Plan 37	0	0	0	0	0
Plan 38	0	0	0	0	0
Plan 39	0	0	0	0	0
Plan 40	0	0	0	0	0
Plan 41	0	0	0	0	0
Plan 42	0	0	0	0	0
Plan 43	0	0	0	0	0
Plan 44	0	0	0	0	0
Plan 45	0	0	0	0	0
Plan 46	0	0	0	0	0
Plan 47	0	0	0	0	0
Plan 48	0	0	0	0	0
Plan 49	0	0	0	0	0
Plan 50	0	0	0	0	0
Plan 51	0	0	0	0	0
Plan 52	0	0	0	0	0
Plan 53	0	0	0	0	0
Plan 54	0	0	0	0	0
Plan 55	0	0	0	0	0
Plan 56	0	0	0	0	0
Plan 57	0	0	0	0	0
Plan 58	0	0	0	0	0
Plan 59	0	0	0	0	0
Plan 60	0	0	0	0	0
Plan 61	0	0	0	0	0
Plan 62	0	0	0	0	0
Plan 63	0	0	0	0	0
Plan 64	0	0	0	0	0
Plan 65	0	0	0	0	0
Plan 66	0	0	0	0	0
Plan 67	0	0	0	0	0
Plan 68	0	0	0	0	0
Plan 69	0	0	0	0	0
Plan 70	0	0	0	0	0

2022 21-year-old, Non-Tobacco Premium PMPM										Average (weighted by enrollment by rating area)
1	2	3	4	5	6	7	8	9	0	
\$	-	\$	-	\$	-	\$	-	\$	-	\$ 280.60
\$	-	\$	-	\$	-	\$	-	\$	-	\$ 312.60
\$	-	\$	-	\$	-	\$	-	\$	-	\$ 271.75
\$	-	\$	-	\$	-	\$	-	\$	-	\$ 291.82

2023 21-year-old, Non-Tobacco Premium PMPM										Average (weighted by enrollment by rating area)
1	2	3	4	5	6	7	8	9	0	
\$	-	\$	-	\$	-	\$	-	\$	-	\$ 256.89
\$	-	\$	-	\$	-	\$	-	\$	-	\$ 286.04
\$	-	\$	-	\$	-	\$	-	\$	-	\$ 248.72
\$	-	\$	-	\$	-	\$	-	\$	-	\$ 267.09

Change in 21-year-old Non-Tobacco Premium PMPM										Average (weighted by enrollment by rating area)
1	2	3	4	5	6	7	8	9	0	
0.0%	0.0%	0.0%	0.0%	0.0%	-8.5%	-8.5%	0.0%	-8.5%	-8.5%	

Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Table B

<u>Plan ID</u>	<u>Plan Name</u>	<u>Metal Level</u>	<u>Projected Member</u> <u>Months</u>	<u>Projected</u> <u>Allowed Claims</u>	<u>Projected Paid</u> <u>Claims</u>	<u>Paid to Allowed</u> <u>Factor</u>	<u>Average Tobacco</u> <u>Factor</u>	<u>AV and Cost</u> <u>Sharing Factor</u>	<u>(8)/(6*7) Induced</u> <u>Utilization</u>	<u>Induced Demand</u> <u>Table 10</u>
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
53789PA0100008	Bronze HMO 7450/0/50	Bronze	4,860	\$ 2,840,833	2,037,697	0.72	1.000	0.72	1.00	1.00
53789PA0100004	Catastrophic HMO 9100/0/0	Bronze	672	\$ 392,807	273,342	0.70	1.000	0.70	1.01	0.99
Total			5,532	3,233,640	2,311,039	0.71	1.00	0.71	1.00	1.00
PMPM				584.53	417.76					
Rate Dev II				584.53	417.75					

Company Name:	Keystone Health Plan Central (KHPC)	Ending date of Rates:	December 31, 2023
Market:	Individual		
Product:	HMO		
Effective Date of Rates:	January 1, 2023		

HIOS Plan ID (On Exchange)=>								
HIOS Plan ID (Off Exchange)=>	53789PA0100004		53789PA0100004		53789PA0100004		53789PA0100008	
Plan Marketing Name =>	Catastrophic HMO 9100/0/0		Catastrophic HMO 9100/0/0		Catastrophic HMO 9100/0/0		Bronze HMO 7450/0/50	
Form # =>	PC-Ind-HMO-21cnty-AGRMT-v0		PC-Ind-HMO-21cnty-AGRMT-v0		PC-Ind-HMO-21cnty-AGRMT-v0		PC-Ind-HMO-21cnty-AGRMT-v0	
Rating Area =>	6		7		9		6	
Network =>	HMO		HMO		HMO		HMO	
Metal =>	Catastrophic		Catastrophic		Catastrophic		Bronze	
Deductible =>	\$9100 Med/Rx Combined		\$9100 Med/Rx Combined		\$9100 Med/Rx Combined		\$7450 Med/Rx Combined	
Coinsurance =>	0%		0%		0%		0%	
Copays =>	\$0/\$0/\$0 PCP/SPC/ER		\$0/\$0/\$0 PCP/SPC/ER		\$0/\$0/\$0 PCP/SPC/ER		\$50/\$85/\$400 PCP/SPC/ER	
OOP Maximum =>	\$9100 Med/Rx Combined		\$9100 Med/Rx Combined		\$9100 Med/Rx Combined		\$9100 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes		Yes		Yes		Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$137.60	\$137.60	\$156.86	\$156.86	\$134.85	\$134.85	\$202.12	\$202.12
15	\$149.83	\$149.83	\$170.81	\$170.81	\$146.84	\$146.84	\$220.09	\$220.09
16	\$154.51	\$154.51	\$176.14	\$176.14	\$151.42	\$151.42	\$226.96	\$226.96
17	\$159.18	\$159.18	\$181.47	\$181.47	\$156.00	\$156.00	\$233.83	\$233.83
18	\$164.22	\$164.22	\$187.21	\$187.21	\$160.94	\$160.94	\$241.22	\$241.22
19	\$169.26	\$169.26	\$192.95	\$192.95	\$165.87	\$165.87	\$248.62	\$248.62
20	\$174.47	\$174.47	\$198.90	\$198.90	\$170.98	\$170.98	\$256.28	\$256.28
21	\$179.87	\$184.37	\$205.05	\$210.18	\$176.27	\$180.68	\$264.21	\$270.82
22	\$179.87	\$184.37	\$205.05	\$210.18	\$176.27	\$180.68	\$264.21	\$270.82
23	\$179.87	\$184.37	\$205.05	\$210.18	\$176.27	\$180.68	\$264.21	\$270.82
24	\$179.87	\$184.37	\$205.05	\$210.18	\$176.27	\$180.68	\$264.21	\$270.82
25	\$180.59	\$185.10	\$205.87	\$211.02	\$176.98	\$181.40	\$265.27	\$271.90
26	\$184.19	\$188.79	\$209.97	\$215.22	\$180.50	\$185.02	\$270.55	\$277.31
27	\$188.50	\$193.22	\$214.89	\$220.27	\$184.73	\$189.35	\$276.89	\$283.81
28	\$195.52	\$200.41	\$222.89	\$228.46	\$191.61	\$196.40	\$287.20	\$294.38
29	\$201.27	\$206.31	\$229.45	\$235.19	\$197.25	\$202.18	\$295.65	\$303.04
30	\$204.15	\$209.26	\$232.73	\$238.55	\$200.07	\$205.07	\$299.88	\$307.38
31	\$208.47	\$213.68	\$237.66	\$243.60	\$204.30	\$209.41	\$306.22	\$313.87
32	\$212.79	\$218.11	\$242.58	\$248.64	\$208.53	\$213.74	\$312.56	\$320.37
33	\$215.48	\$220.87	\$245.65	\$251.79	\$211.17	\$216.45	\$316.52	\$324.44
34	\$218.36	\$223.82	\$248.93	\$255.16	\$213.99	\$219.34	\$320.75	\$328.77
35	\$219.80	\$225.30	\$250.57	\$256.84	\$215.41	\$220.79	\$322.86	\$330.94
36	\$221.24	\$226.77	\$252.21	\$258.52	\$216.82	\$222.24	\$324.98	\$333.10
37	\$222.68	\$228.25	\$253.85	\$260.20	\$218.23	\$223.68	\$327.09	\$335.27
38	\$224.12	\$229.72	\$255.49	\$261.88	\$219.64	\$225.13	\$329.21	\$337.44
39	\$227.00	\$232.67	\$258.78	\$265.24	\$222.46	\$228.02	\$333.43	\$341.77
40	\$229.87	\$247.11	\$262.06	\$281.71	\$225.28	\$242.17	\$337.66	\$362.98
41	\$234.19	\$251.76	\$266.98	\$287.00	\$229.51	\$246.72	\$344.00	\$369.80
42	\$238.33	\$256.20	\$271.69	\$292.07	\$233.56	\$251.08	\$350.08	\$376.33
43	\$244.08	\$262.39	\$278.26	\$299.12	\$239.20	\$257.14	\$358.53	\$385.42
44	\$251.28	\$270.12	\$286.46	\$307.94	\$246.25	\$264.72	\$369.10	\$396.78
45	\$259.73	\$285.71	\$296.09	\$325.70	\$254.54	\$279.99	\$381.52	\$419.67
46	\$269.80	\$296.79	\$307.58	\$338.34	\$264.41	\$290.85	\$396.32	\$435.95
47	\$281.14	\$309.25	\$320.50	\$352.55	\$275.51	\$303.07	\$412.96	\$454.26
48	\$294.09	\$323.50	\$335.26	\$368.79	\$288.21	\$317.03	\$431.98	\$475.18
49	\$306.86	\$337.54	\$349.82	\$384.80	\$300.72	\$330.79	\$450.74	\$495.82
50	\$321.25	\$369.43	\$366.22	\$421.16	\$314.82	\$362.05	\$471.88	\$542.66
51	\$335.46	\$385.78	\$382.42	\$439.78	\$328.75	\$378.06	\$492.75	\$566.66
52	\$351.11	\$403.77	\$400.26	\$460.30	\$344.08	\$395.70	\$515.74	\$593.10
53	\$366.93	\$421.98	\$418.31	\$481.05	\$359.60	\$413.54	\$538.99	\$619.84
54	\$384.02	\$441.63	\$437.79	\$503.45	\$376.34	\$432.79	\$564.09	\$648.70
55	\$401.11	\$481.33	\$457.27	\$548.72	\$393.09	\$471.71	\$589.19	\$707.03
56	\$419.64	\$503.56	\$478.39	\$574.06	\$411.24	\$493.49	\$616.40	\$739.68
57	\$438.34	\$526.01	\$499.71	\$599.65	\$429.58	\$515.49	\$643.88	\$772.66
58	\$458.31	\$549.97	\$522.47	\$626.97	\$449.14	\$538.97	\$673.21	\$807.85
59	\$468.20	\$561.84	\$533.75	\$640.50	\$458.84	\$550.61	\$687.74	\$825.29
60	\$488.17	\$610.21	\$556.51	\$695.64	\$478.40	\$598.00	\$717.07	\$896.33
61	\$505.43	\$631.79	\$576.20	\$720.24	\$495.33	\$619.16	\$742.43	\$928.04
62	\$516.77	\$645.96	\$589.11	\$736.39	\$506.43	\$633.04	\$759.08	\$948.84
63	\$530.98	\$663.72	\$605.31	\$756.64	\$520.36	\$650.45	\$779.95	\$974.93
64+	\$539.60	\$674.51	\$615.15	\$768.94	\$528.81	\$661.02	\$792.62	\$990.79

Company Name:	Keystone Health Plan Central (KHPC)		
Market:	Individual		
Product:	HMO		
Effective Date of Rates:	January 1, 2023	Ending date of Rates:	December 31, 2023

HIOS Plan ID (On Exchange)=>				
HIOS Plan ID (Off Exchange)=>	53789PA0100008		53789PA0100008	
Plan Marketing Name =>	Bronze HMO 7450/0/50		Bronze HMO 7450/0/50	
Form # =>	PC-Ind-HMO-21cnty-AGRMT-v0		PC-Ind-HMO-21cnty-AGRMT-v0	
Rating Area =>	7		9	
Network =>	HMO		HMO	
Metal =>	Bronze		Bronze	
Deductible =>	\$7450 Med/Rx Combined		\$7450 Med/Rx Combined	
Coinsurance =>	0%		0%	
Copays =>	\$50/\$85/\$400 PCP/SPC/ER		\$50/\$85/\$400 PCP/SPC/ER	
OOP Maximum =>	\$9100 Med/Rx Combined		\$9100 Med/Rx Combined	
Pediatric Dental (Yes/No) =>	Yes		Yes	
Age Band	Non-Tobacco	Tobacco	Non-Tobacco	Tobacco
0 - 14	\$230.42	\$230.42	\$198.08	\$198.08
15	\$250.90	\$250.90	\$215.69	\$215.69
16	\$258.73	\$258.73	\$222.42	\$222.42
17	\$266.56	\$266.56	\$229.15	\$229.15
18	\$275.00	\$275.00	\$236.40	\$236.40
19	\$283.43	\$283.43	\$243.65	\$243.65
20	\$292.16	\$292.16	\$251.16	\$251.16
21	\$301.20	\$308.73	\$258.93	\$265.40
22	\$301.20	\$308.73	\$258.93	\$265.40
23	\$301.20	\$308.73	\$258.93	\$265.40
24	\$301.20	\$308.73	\$258.93	\$265.40
25	\$302.40	\$309.96	\$259.96	\$266.46
26	\$308.43	\$316.14	\$265.14	\$271.77
27	\$315.66	\$323.55	\$271.35	\$278.14
28	\$327.40	\$335.59	\$281.45	\$288.49
29	\$337.04	\$345.47	\$289.74	\$296.98
30	\$341.86	\$350.41	\$293.88	\$301.23
31	\$349.09	\$357.82	\$300.10	\$307.60
32	\$356.32	\$365.23	\$306.31	\$313.97
33	\$360.84	\$369.86	\$310.19	\$317.95
34	\$365.66	\$374.80	\$314.34	\$322.19
35	\$368.07	\$377.27	\$316.41	\$324.32
36	\$370.48	\$379.74	\$318.48	\$326.44
37	\$372.88	\$382.21	\$320.55	\$328.56
38	\$375.29	\$384.68	\$322.62	\$330.69
39	\$380.11	\$389.62	\$326.76	\$334.93
40	\$384.93	\$413.80	\$330.91	\$355.73
41	\$392.16	\$421.57	\$337.12	\$362.41
42	\$399.09	\$429.02	\$343.08	\$368.81
43	\$408.73	\$439.38	\$351.36	\$377.71
44	\$420.78	\$452.33	\$361.72	\$388.85
45	\$434.93	\$478.43	\$373.89	\$411.28
46	\$451.80	\$496.98	\$388.39	\$427.23
47	\$470.77	\$517.85	\$404.70	\$445.17
48	\$492.46	\$541.71	\$423.34	\$465.68
49	\$513.85	\$565.23	\$441.73	\$485.90
50	\$537.94	\$618.63	\$462.44	\$531.81
51	\$561.74	\$646.00	\$482.90	\$555.33
52	\$587.94	\$676.13	\$505.42	\$581.24
53	\$614.45	\$706.61	\$528.21	\$607.44
54	\$643.06	\$739.52	\$552.81	\$635.73
55	\$671.67	\$806.01	\$577.40	\$692.89
56	\$702.70	\$843.24	\$604.07	\$724.89
57	\$734.02	\$880.83	\$631.00	\$757.20
58	\$767.46	\$920.95	\$659.74	\$791.69
59	\$784.02	\$940.83	\$673.98	\$808.78
60	\$817.46	\$1,021.82	\$702.72	\$878.41
61	\$846.37	\$1,057.96	\$727.58	\$909.48
62	\$865.35	\$1,081.68	\$743.89	\$929.87
63	\$889.14	\$1,111.43	\$764.35	\$955.44
64+	\$903.59	\$1,129.50	\$776.78	\$970.97

**Keystone Health Plan Central (KHPC)
Individual
Plan Design Summary**

HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	Network	Rating Area	Counties Covered
53789PA0100004	Catastrophic HMO 9100/0/0	HMO	Catastrophic	Off	HMO	6,7,9	All
53789PA0100008	Bronze HMO 7450/0/50	HMO	Bronze	Off	HMO	6,7,9	All

Company Name Keystone Health Plan Central (KHPC)
 Market Individual
 RATES FOR AGE 21, NON-TOBACCO USER, BY RATING AREA AND COUNTY

02-01-2022 Number of Covered Lives by Rating County					RATING AREA 6										RATING AREA 7				RATING AREA 9						
HIOS Plan ID	Plan Marketing Name	Product	Metal	On/Off Exchange	11	3	88	0	0	61	11	13	3	6	20	53	14	97	17	44	13	1	0	2	4
					Centre	Columbia	Lehigh	Mifflin	Montour	Northampton	Northumberland	Schuylkill	Snyder	Union	Adams	Berks	Lancaster	York	Cumberland	Dauphin	Franklin	Fulton	Juniata	Lebanon	Perry
53789PA0100004	Catastrophic HMO 9100/0/0	HMO	Catastrophic	Off	\$179.87	\$179.87	\$179.87	\$179.87	\$179.87	\$179.87	\$179.87	\$179.87	\$179.87	\$179.87	\$205.05	\$205.05	\$205.05	\$205.05	\$176.27	\$176.27	\$176.27	\$176.27	\$176.27	\$176.27	\$176.27
53789PA0100008	Bronze HMO 7450/0/50	HMO	Bronze	Off	\$264.21	\$264.21	\$264.21	\$264.21	\$264.21	\$264.21	\$264.21	\$264.21	\$264.21	\$264.21	\$301.20	\$301.20	\$301.20	\$301.20	\$258.93	\$258.93	\$258.93	\$258.93	\$258.93	\$258.93	\$258.93

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1	Unified Rate Review v5.4																		
2																To add a product to Worksheet 2 - Plan Product Info, select the Add Product button or Ctrl + Shift + P.			
3	Company Legal Name:	Keystone Health Plan Central													State:	PA		To add a plan to Worksheet 2 - Plan Product Info, select the Add Plan button or Ctrl + Shift + L.	
4	HIOS Issuer ID:	53789													Market:	Individual		To validate, select the Validate button or Ctrl + Shift + I.	
5	Effective Date of Rate Change(s):	1/1/2023																	
6																			
7																			
8	Market Level Calculations (Same for all Plans)																		
9																			
10																			
11	Section I: Experience Period Data																		
12	Experience Period:	1/1/2021			to	12/31/2021													
13					Total				PMPM										
14	Allowed Claims				\$2,681,679.10				\$371.58										
15	Reinsurance				\$140,487.59				\$19.47										
16	Incurred Claims in Experience Period				\$1,783,097.02				\$247.07										
17	Risk Adjustment				-\$964,093.83				-\$133.59										
18	Experience Period Premium				\$3,773,764.85				\$522.90										
19	Experience Period Member Months				7,217														
20																			
21	Section II: Projections																		
22	Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend				Year 2 Trend				Trended EHB Allowed Claims PMPM								
23			Cost	Utilization	Cost	Utilization	Cost	Utilization	Cost	Utilization									
24	Inpatient Hospital	\$58.04	1.049	0.990	1.048	0.990				\$62.54									
25	Outpatient Hospital	\$136.48	1.052	1.000	1.051	1.000				\$150.90									
26	Professional	\$86.39	1.082	1.010	1.071	1.010				\$102.12									
27	Other Medical	\$5.69	1.052	0.990	1.051	0.990				\$6.17									
28	Capitation	\$5.15	1.030	1.000	1.030	1.000				\$5.46									
29	Prescription Drug	\$79.82	1.075	1.011	1.082	1.011				\$94.90									
30	Total	\$371.57								\$422.08									
31																			
32	Morbidity Adjustment				1.000														
33	Demographic Shift				1.000														
34	Plan Design Changes				1.000														
35	Other				1.000														
36	Adjusted Trended EHB Allowed Claims PMPM for	1/1/2023							\$422.08										
37																			
38	Manual EHB Allowed Claims PMPM				\$0.00														
39	Applied Credibility %				100.00%														
40																			
41																			
42	Projected Period Totals																		
43	Projected Index Rate for	1/1/2023			\$422.08				\$2,334,946.56										
44	Reinsurance				\$25.23				\$139,572.36										
45	Risk Adjustment Payment/Charge				-\$187.67				-\$1,038,190.44										
46	Exchange User Fees				0.00%				\$0.00										
47	Market Adjusted Index Rate				\$584.52				\$3,233,564.64										
48																			
49	Projected Member Months				5,532														
50																			
51	Information Not Releasable to the Public Unless Authorized by Law: This information has not been publically disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.																		

Product-Plan Data Collection

Company Legal Name: **Keystone Health Plan Central**
 HIOS Issuer ID: **53789**
 Effective Date of Rate Change(s): **1/1/2023**

State: **PA**
 Market: **Individual**

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

Field #	Section I: General Product and Plan Information		
1.1	Product Name	HMO	
1.2	Product ID	53789PA010	
1.3	Plan Name	Bronze HMO	Catastrophic HMO
1.4	Plan ID (Standard Component ID)	53789PA0100008	53789PA0100004
1.5	Metal	Bronze	Catastrophic
1.6	AV Metal Value	0.643	0.599
1.7	Plan Category	Renewing	Renewing
1.8	Plan Type	HMO	HMO
1.9	Exchange Plan?	No	No
1.10	Effective Date of Proposed Rates	1/1/2023	1/1/2023
1.11	Cumulative Rate Change % (over 12 mos prior)	-8.40%	-9.25%
1.12	Product Rate Increase %	-8.48%	
1.13	Submission Level Rate Increase %	-8.48%	

Worksheet 1 Totals	Section II: Experience Period and Current Plan Level Information			
	2.1 Plan ID (Standard Component ID)	Total	53789PA0100008	53789PA0100004
\$2,681,679	2.2 Allowed Claims	\$2,681,679	\$2,556,521	\$125,158
\$140,488	2.3 Reinsurance	\$140,488	\$140,488	\$0
	2.4 Member Cost Sharing	\$758,094	\$708,052	\$50,042
	2.5 Cost Sharing Reduction	\$0	\$0	\$0
\$1,783,097	2.6 Incurred Claims	\$1,783,097	\$1,707,981	\$75,116
-\$964,094	2.7 Risk Adjustment Transfer Amount	-\$964,094	-\$820,907	-\$143,186
\$3,773,765	2.8 Premium	\$3,773,765	\$3,557,144	\$216,621
7,217	2.9 Experience Period Member Months	7,217	6,180	1,037
	2.10 Current Enrollment	461	405	56
	2.11 Current Premium PMPM	\$512.84	\$533.00	\$367.00
	2.12 Loss Ratio	63.46%	62.42%	102.29%
	Per Member Per Month			
	2.13 Allowed Claims	\$371.58	\$413.68	\$120.69
	2.14 Reinsurance	\$19.47	\$22.73	\$0.00
	2.15 Member Cost Sharing	\$105.04	\$114.57	\$48.26
	2.16 Cost Sharing Reduction	\$0.00	\$0.00	\$0.00
	2.17 Incurred Claims	\$247.07	\$276.37	\$72.44
	2.18 Risk Adjustment Transfer Amount	-\$133.59	-\$132.83	-\$138.08
	2.19 Premium	\$522.90	\$575.59	\$208.89

Section III: Plan Adjustment Factors			
	3.1 Plan ID (Standard Component ID)	53789PA0100008	53789PA0100004
	3.2 Market Adjusted Index Rate	\$584.52	
	3.3 AV and Cost Sharing Design of Plan	0.7173	0.6959
	3.4 Provider Network Adjustment	1.0000	1.0000
	3.5 Benefits in Addition to EHB	1.0000	1.0000
	Administrative Costs		
	3.6 Administrative Expense	10.88%	15.98%
	3.7 Taxes and Fees	0.62%	0.66%
	3.8 Profit & Risk Load	2.00%	2.00%
	3.9 Catastrophic Adjustment	1.0000	0.6600
	3.10 Plan Adjusted Index Rate	\$484.71	\$329.97
	3.11 Age Calibration Factor	0.5775	0.5775
	3.12 Geographic Calibration Factor	0.9502	0.9502
	3.13 Tobacco Calibration Factor	0.9933	0.9933
	3.14 Calibrated Plan Adjusted Index Rate	\$264.20	\$179.86

Section IV: Projected Plan Level Information				
	4.1 Plan ID (Standard Component ID)	Total	53789PA0100008	53789PA0100004
	4.2 Allowed Claims	\$2,334,947	\$2,140,883	\$194,064
	4.3 Reinsurance	\$99,757	\$87,639	\$12,118
	4.4 Member Cost Sharing	\$759,047	\$697,160	\$61,886
	4.5 Cost Sharing Reduction	\$0	\$0	\$0
	4.6 Incurred Claims	\$1,476,143	\$1,356,084	\$120,059
	4.7 Risk Adjustment Transfer Amount	-\$741,960	-\$651,830	-\$90,130
	4.8 Premium	\$2,577,414	\$2,355,673	\$221,741
	4.9 Projected Member Months	5,532	4,860	672
	4.10 Loss Ratio	80.42%	79.59%	91.22%
	Per Member Per Month			
	4.11 Allowed Claims	\$422.08	\$440.51	\$288.79
	4.12 Reinsurance	\$18.03	\$18.03	\$18.03
	4.13 Member Cost Sharing	\$137.21	\$143.45	\$92.09
	4.14 Cost Sharing Reduction	\$0.00	\$0.00	\$0.00
	4.15 Incurred Claims	\$266.84	\$279.03	\$178.66
	4.16 Risk Adjustment Transfer Amount	-\$134.12	-\$134.12	-\$134.12
	4.17 Premium	\$465.91	\$484.71	\$329.97

Rating Area Data Collection

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

Rating Area	Rating Factor
Rating Area 6	1.0000
Rating Area 7	1.1400
Rating Area 9	0.9800

KEYSTONE HEALTH PLAN CENTRAL

ACTUARIAL MEMORANDUM

Individual Rates

Effective January 1, 2023

General Information

Company Information

- Company Legal Name: Keystone Health Plan Central
- State: PA
- HIOS Issuer ID: 53789
- Market: Individual
- Effective Date: 1/1/2023

PID Company Information

- Company Name: Keystone Health Plan Central (KHPC)
- NAIC: 95199
- Market: Individual
- On/Off Exchange: Off Exchange
- Effective Date: 1/1/2023
- Average Rate Change Requested: -8.5%
- Range of Requested Rate Change: -9.3% to -8.4%
- Total additional annual revenue generated from the proposed rate change: \$(247,432)
- Product: HMO
- Rating Areas: 6,7,9
- Metal Levels: Bronze, Catastrophic
- Current Covered Lives and Policyholders: 461/340
- 2023 Number of Plans and Change: 2/No Plan Change
- Contract Form #: KHPC-Ind-HMO-21cnty-AGRMT-v0123
- Form Filing SERFF #: CABC-133222578
- Binder SERFF #: CABC-PA23-125113306
- HIOS Issuer ID: 53789

Company Contact Information

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

Scope and Purpose

By this filing, Keystone Health Plan Central (KHPC), a subsidiary of Capital Blue Cross (Capital), submits rates for products to be made available to individuals on and after January 1, 2023. KHPC will only offer products off the PA state-based exchange.

Rate History and Proposed Variations in Rate Changes

Market	Company	Effective Date	SERFF #	Annual Increase
Individual	KHPC	1/1/2019	CABC-131454728	-7.3%
Individual	KHPC	1/1/2020	CABC-131915679	-8.0%
Individual	KHPC	1/1/2021	CABC-132354935	-1.7%
Individual	KHPC	1/1/2022	CABC-132795960	-1.7%

Average Rate Change

KHPC is proposing an aggregate annual -8.5% rate change, which varies by plan. The rate change is calculated in PA Rate Template Part III, Table 10, cell AC15.

The key drivers of the rate change and approximate impact are as follows:

- Future cost and utilization: 6.6%
- Favorable 2021 experience: -15.9%
- Proposed changes to the PA reinsurance program: 0.8%

Regulatory Considerations

Rates submitted by this filing assume changes to the current regulatory framework. As directed by the Insurance Department, the following factors have been applied to the rates for regulatory changes:

- Individual Adjustment of 1.00
- User Exchange Fee of 3%
- Reinsurance Morbidity Adjustment of 1.0
- Reinsurance attachment point of \$60,000, a cap of \$100,000, and a coinsurance parameter of 53%

Membership

Membership is shown in PA Rate Template Part I, Table 1. The average age is 42.

Benefit Changes 2022-2023

A summary of proposed 2023 benefits is included in Exhibit A.

There are several benefit changes being implemented in 2023. All benefit changes comply with the uniform modification of coverage standards described in 45 CFR 147.106(e). Any plan with a benefit change that did not meet the uniform modification of coverage standard was terminated, and a new plan was created in its place. Benefit changes by plan are listed in Exhibit B, highlighted in yellow.

Experience Period Premium and Claims

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

Base Experience Period: The base experience period (BEP) includes completed fee-for-service paid and incurred claims and capitation for dates of service between January 1, 2021 and December 31, 2021.

Paid Through Date: Claims in the BEP are paid through February 28, 2022

Premiums (net of MLR Rebate) in BEP: Premiums are calculated on an earned basis in the BEP. MLR rebate adjustments applied are equal to zero.

Allowed and Incurred Claims in BEP:

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

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

1. Historical fee-for-service claims are viewed by date of service and date of payment in a claims triangle.

2. The claims triangle payments are then accumulated by date of service to develop factors that represent the rate of accumulation or rate of “completion”.
3. Historical rates of completion by duration are used to derive projected rates of completion. Some of the methods used to develop projected completion factors are averages (e.g. harmonic averages, time weighted averages, geometric averages) and regression methods. Numerous items are considered when viewing these averages or regression statistics, such as the impact of high claims on perceived completion patterns.
4. For durations that exhibit a projected completion factor greater than the Valuation Actuary’s chosen threshold (e.g. 80% complete), cumulative paid and incurred claims are divided by the projected completion factor to arrive at ultimate incurred claims. For durations that are less than the chosen threshold, a projection methodology is used. Similar to completion factor development, projection methodologies are worthy of a lengthy discussion. In general, an ultimate incurred claims PMPM is derived by projecting a recent 12-month period to the current month(s) and seasonally adjusting.
5. With all months having both a cumulative paid amount and an estimated ultimate incurred amount, the completion factors used in pricing are calculated by taking the quotient of the two. Allowed completion and incurred completion are assumed to be identical.
6. Both allowed and paid claims in the BEP are completed by applying completion factors by incurred month developed in Step 6.

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

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

Risk Adjustment in BEP: Risk adjustment amounts in the BEP are equal to the amounts sent by the Department on 6/30/2022.

Loss Ratio in BEP: Loss ratio is 63.46%

Credibility of Data

No Credibility Manual was used.

Trend Identification

Trend: 6.58%

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

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

1. Base Cost/ Change in hospital and physician contracting: The contracted increase in reimbursements to hospitals and physicians is the basis of cost trends. Capital uses the following to project future costs:
 - a. Vendor Physician Cost Model and Internal Hospital Contracting Model
 - i. The medical cost models use best estimates of Capital Blue Cross (Capital)'s future contracting increases with physicians and hospitals. The models use cost estimates based on varying contract effective dates by physician and hospital. All facilities and providers are considered in this modeling effort (i.e. acute and non-acute, network and non-network, inpatient and outpatient, in- area and out-of-area). From there, a monthly anticipated cost (assuming static utilization) summary is produced which can be used in projecting future claims costs. Cost trends are determined at the Capital book of business level for all commercial business.
 - b. Internal Prescription Drug Trend Model
 - i. Price Inflation
 - ii. Contract Pricing
 - iii. Member Cost-Sharing
 - iv. Units per Script
 - v. Brand/Generic Mix
 - vi. Therapeutic Mix
 - vii. Cost per Script
 - viii. Pipeline (new drugs)
2. Utilization Considerations:
 - a. Intensity of medical services rendered
 - b. Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
 - c. Further migration from brand prescription drugs to generic prescription drugs
 - d. Favorable impacts of value based benefits designs
 - e. Medical utilization estimates reviewed by Capital's Chief Medical Officer
3. Leveraging: The trend model is based on allowed cost increases. Paid claims trend at a higher rate than allowed due to leveraging. Leveraging is the impact of static cost-share, such as deductibles and copays, to the paid trend.
4. Intensity: Measure of cost increase due to change in treatment sophistication. An example is migration from x-rays to MRIs at significantly higher cost.
5. Underwriting Cycle: The underwriting cycle is defined as the tendency to swing between profitable and unprofitable periods over time. The underwriting cycle is exacerbated partly by pricing performed with incomplete information as to the level of current experience trends. A reaction delay occurs, as carriers tend to rely on measurements of past experience in developing current pricing assumptions. As a result, carriers are often increasing their pricing trends when actual experience trends have begun to decline, and decreasing their pricing trends actual trends are increasing. Capital strives to mitigate the

underwriting cycle by keeping trends consistent through times of increasing and decreasing claim cost and utilization.

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

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

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

Rate Development & Change

Projection Factors

Changes in Morbidity: Found in URRT Worksheet 1, “Morbidity Adjustment”, and PA Rate Exhibits, Table 5.

$$\begin{aligned} \textit{Total Morbidity Factor} \\ &= [\textit{Individual Factor}] \times [\textit{Risk Change Rel to CAAC}] \\ &\times [\textit{Reinsurance Morbidity Factor}] \end{aligned}$$

The Individual Factor and Reinsurance Morbidity Factor are discussed in *Regulatory Considerations* above.

Risk Change Relative to CAAC: For this small subsidiary, Capital applies a morbidity factor to align rates with its larger CAAC portfolio. This factor aligns rates with similar benefits offered by CAAC.

The morbidity factors are found in Exhibit Q, Morbidity Factor Calculation.

Changes in Benefits: Benefit changes are not applied to allowed claims as allowed should stay consistent from 2021 to 2023. Benefit changes are applied in the development of future incurred claims, due to changes in member cost-share. This calculation is shown in Exhibit D, and applied in Exhibit G. The manual cost PMPMs are developed from Capital’s internal benefit relativity model, discussed in the Plan Adjusted Index Rate section below. The benefit change is equal to member-month weighted average projected manual PMPM divided by member-month weighted average manual PMPM in the BEP. This process is further discussed in the Paid-to-Allowed section below.

Changes in Demographics: KHPC does not expect changes in demographics in its individual population.

Changes in Network: No network adjustment is applied.

Other Adjustments: No other adjustment is applied to the BEP.

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

Index Rate

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

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

To calculate the projected index rate:

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

See Exhibit J as well as PA Rate Exhibits Table 5 for the Index Rate.

Paid to Allowed Ratio

KHPC used the prescribed URRT allowed claim rate development methodology in conjunction with a paid and incurred rate development methodology to determine final premium rates. URRT projects allowed claims, and uses a paid-to-allowed ratio in order to adjust allowed claims to paid levels. This value is then used to develop premiums. In order to determine the paid-to-allowed ratio, KHPC projected paid and incurred claims, adjusted for benefits, to the experience period.

Projected Paid and Incurred Claims are calculated as follows:

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

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

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

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

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

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

Trended Claim PMPM

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

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

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

The *Morbidity Adjustment*, and *Other Adjustment* are discussed in the Projections Factors section above. The *Benefit Adjustment* is described in more detail in step 6 below.

6. Develop *Projected Claims PMPM by Benefit* as follows:

- a. KHPC uses an actuarial cost model to measure the impact of cost-sharing designs on cost and utilization amounts by service category. The cost model shows frequency per 1,000 per year by type of service (IP, OP, Professional), and allowed cost per service for each of the same types of service, normalized to a \$0 office visit copayment and a \$25 ER copayment. Given a particular benefit design (for example, \$20 office visit copayment), utilization is adjusted from the benchmark based on assumed utilization change factors, and cost per service is reduced by the copayment or coinsurance per service. Cost and utilization are multiplied together to derive a PMPM by service, summed for all services. The impact of global deductible, coinsurance, and out-of-pocket max is then measured based on cumulative probability distributions (CPDs), where the value of services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.
- b. This actuarial cost model derives a Manual Cost for each benefit design in the experience period, as well as plans being offered in the projection period. The average Manual Cost of the experience is compared to the Manual Cost of the base plan. The projected experience period data is then adjusted to the base plan:

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

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

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

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

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

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

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

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

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

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

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

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

Market Adjusted Index Rate

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

$$\begin{aligned} & [\textit{Market Adjusted Index Rate}] \\ & = ([\textit{Index Rate}] \times [\textit{Paid to Allowed Ratio}] \\ & \quad - [\textit{Projected Incurred Reinsurance Recoveries}] \\ & \quad - [\textit{Projected Incurred Risk Adjustment PMPM}] \\ & \quad + [\textit{Exchange Fees PMPM}]) \div [\textit{Paid to Allowed Ratio}] \end{aligned}$$

Projected Incurred Risk Adjustments PMPM:

Relevant to 2023 pricing is the impact of Commercial Risk Adjustment (CRA) payment transfers that are expected to be earned in 2023. The following items are those that we deem important in generating a CRA payment transfer adjustment:

1. Risk profile of the those enrolled in CRA eligible plans for the market or state (i.e. competitors) relative to risk profile of CRA eligible membership enrolled in our plans
2. Statewide average premiums
3. Current market penetration of this company and competitors in the market and in the state
4. 2020-2021 risk adjustment results
5. Market improvement in coding risk: Capital's ACA book of business has had a churn rate that makes a multi-year perspective of member diagnosis and risk very challenging. Because closing gaps in care and coding, and a myriad of other risk adjustment functions require more than a single year of data to facilitate an accurate depiction of risk, it is believed that Capital is disadvantaged in the market. This will drive Capital's relative risk to the market down over time.

The 2023 projected risk adjustment amounts are equal to 2021 transfer amounts.

Projected Incurred Reinsurance Recoveries:

In order to calculate the value of reinsurance, the following is provided:

1. PA Rate Exhibits, tab II.a show the company-specific BEP claims data.
2. PA Rate Exhibits, tab II.b shows the company-specific projected claims. The claims represent BEP claims trended at 7% to the projection period.

Exchange Fee PMPM:

KHPC only offers plans off exchange, so the exchange fee is \$0.

The exchange fee PMPM is calculated as:

$$\begin{aligned} & \text{Exchange Fee PMPM} \\ & = [\text{Avg 2023 On - Exchange Premium PMPM}] \times [\% \text{ Members On} \\ & \quad - \text{Exchange}] \end{aligned}$$

Where

$$\begin{aligned} & [\text{Avg 2023 On - Exchange Premium PMPM}] \\ & = [\text{Avg 2022 On - Exchange Premium PMPM}] \times (1 \\ & \quad + [\text{Avg Proposed Rate Change}]) \end{aligned}$$

See Exhibit K for the development of the Market Adjusted Index Rate.

Retention Items

Administrative Expense Load:

1. Risk Adjustment User Fee: To fund the HHS-risk adjustment program, issuers will remit to HHS a fee of \$0.22 PMPM. The Risk Adjustment Fee PMPM is included in URRT Worksheet 1, URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.
2. Administrative Expense: Calculated using an allocation method from Capital’s Finance department, and trended to the rating period. Costs are allocated according to results reported through a company-wide questionnaire. On an annual basis, each cost center within the company completes a questionnaire listing the distribution of costs (in percentage terms) by product as well as by market segment. For example, the questionnaire will ask what percentage of time is spent on PPO versus HMO versus Drug versus Medicare. And separately will ask what percentage of time is spent on large group, small group, individual, and government programs. Using those distributions, all costs needed to perform the business are allocated to the proper market segments and lines of business. The administrative expense applied in the rate development is the total expense allocated to Capital individual products. Administrative expenses are included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Expense as a percentage of premium vary by plan because a fixed dollar admin PMPM is applied to each plan.
 - a. Value-Based Benefits (VBB): Standard with each plan, Capital Blue Cross includes wellness incentives to maximize the likelihood that consumers make positive behavioral changes, which lead to better health, and curbed health care costs for employers and employees alike. The incentive is as follows:
 - i. Complete Health Risk Assessment questionnaire and receive a gift card.
 - ii. Participate in an online coaching program and receive a gift card reward.
 - iii. The wellness program is administered through a vendor and costs are based on vendor fees, anticipated participation, and reward card amounts.
 - iv. Fees are included in overall administrative expense fee discussed above.
 - v. Included in URRT Worksheet 2 “Administrative Expense”, and PA Rate Exhibits Table 6.
3. Broker Expense: Calculated based on Capital’s explicit per contract broker fee. Broker Expense is included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6. Capital pays commissions for new business and renewal enrollment

received during open enrollment and the special enrollment period (SEP), both on and off exchange, and in all geographic areas. Attached please find the proposed 2023 broker agreements – redacted versions. Files are as follows:

- a. Redacted Agent Agreement: “Ind_22-39_Initial_KHP_HMO_WBEBrokerIndRedacted_Supporting_20220518.pdf”
 - b. Redacted Preferred Producer Master Agreement: “Ind_22-39_Initial_KHP_HMO_PPMABrokerIndRedacted_Supporting_20210518.pdf”
4. Additional Quality Improvement: Additional QI amounts applied in rating equal 0.0%. Included in URRT Worksheet 2, “Administrative Expense”, and PA Rate Exhibits Table 6.

Profit (or Contribution to Surplus) & Risk Margin:

5. Contingency: Contingency is included in URRT Worksheet 1, “Profit and Risk”, and PA Rate Exhibits Table 6.

Taxes and Fees:

1. Exchange Fee – All issuers participating in the state-based-facilitated exchange will remit 3% of premium. The exchange user fee is applied as an adjustment to the Index Rate at the market level. KHPC only offers off-exchanges products, therefore no exchange fee is applied.
2. Federal Income Tax: Federal Income Tax will be collected on the 2% contingency built into the premium. The projected Federal Income Tax is included in URRT Worksheet 2, “Taxes and Fees”, and PA Rate Exhibits, Table 6.

See Exhibit H for all retention values.

Plan Adjusted Index Rates

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

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

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

services that apply to the CPDs adjusts the level of the curve, as well as global utilization adjustments.

2. Induced Demand: Please see Table 8. Induced Demand is calculated as:

$$[Pricing\ AV]^2 - [Pricing\ AV] + 1.24$$

Where *Pricing AV* is adjusted by the Non-Funding of CSR factor: PA Rate Exhibits, Table 10, column K x column P.

3. Provider Network: The Provider network is the same across all HMO plans.
4. Adjustment for benefits in addition to EHBs: No benefits other than EHBs are included in the plans, so no adjustment is necessary.
5. Catastrophic Plans: Applied to catastrophic plans to reflect lower morbidity. This factor is the same as approved in 2022.
6. Adjustment for distribution and administrative costs: Described in Retention section above.
7. Tobacco Adjustment: Calculated as the average tobacco factor applied across the risk pool.

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

Calibrated Plan Adjusted Index Rates

Age Curve Calibration: The average age factor is calculated by taking the member-weighted average of current individual enrollment by age in KHPC. Age factors are applied in accordance with CMS's Standard Age Curve. The age calibration factor is adjusted for contracts with greater than three children under the age of 21. Please see file *Ind_22-39_Initial_KHP_HMO_List-Billed_Supporting_20220518.xlsx* for the calculation.

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

Geographic factors are unchanged from 2022.

Tobacco Factor Calibration: Average tobacco factor is calculated using current month member by smoking status data.

The calibration is:

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

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

The calibration factors and development are found on Exhibit N.

Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is developed as follows:

1. Member-Level Consumer Adjusted Premium Rate:

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

2. $[\textit{Family Consumer Adjusted Premium Rate}] = \Sigma[\textit{Member} - \textit{Level Consumer Adjusted Premium Rate}]$
 With no more than three child dependents under age 21 taken into account

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

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

AV Metal Values

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

See AV Screenshots included with the submission:

Ind_22-39_Initial_KHP_HMO_AVScreenPrints_Supporting_CONF_20220518

AV Pricing Values

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

Projected Loss Ratio

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

Membership Projection

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

Projected versus Actual MLR

Exhibit R shows a history of projected versus actual MLR and Member Months. Projected comes from the 2018-2020 filings. Actual comes from Table 4.

Calendar Year	MLR		Member Months	
	Actual	Pricing	Actual	Pricing
2018	61.85%	82.15%	22,567	36,132
2019	90.73%	86.95%	15,211	26,652
2020	80.50%	83.72%	12,244	17,727

Claim Cost Projection

Exhibit S shows a history of claim cost projection versus actual from 2018-2021 filings.

Attachments and Examples

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

PA Rate Exhibits Part I through Part V

Table B

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

Broker Contracts

Actuarial Value Screenshots

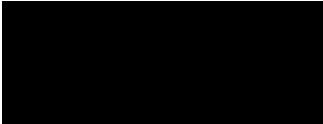
Actuarial Statement

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

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

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

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



██████████, ASA, MAAA
Director, Actuarial Services
Capital Blue Cross

2023 Rates Table Template v12.0		All fields with an asterisk (*) are required. To validate press Validate button or Ctrl + Shift + I. To finalize, press Finalize button or Ctrl + Shift + F.			
		If you are in a community rating state, select Family-Tier Rates under Rating Method and fill in all columns.			
		If you are not in a community rating state, select Age-Based Rates under Rating Method and provide an Individual Rate for every age band.			
		If Tobacco is Tobacco User/Non-Tobacco User, you must give a rate for Tobacco Use and Non-Tobacco Use.			
		To add a new sheet, press the Add Sheet button, or Ctrl + Shift + H. All plans must have the same dates on a sheet.			
HIOS Issuer ID*	53789				
Rate Effective Date*	1/1/2023				
Rate Expiration Date*	12/31/2023				
Rating Method*	Age-Based Rates				
Plan ID*	Rating Area ID*	Tobacco*	Age*	Individual Rate*	Individual Tobacco Rate*
Required: Enter the 14-character Plan ID	Required: Select the Rating Area ID	Required: Select if Tobacco use of subscriber is used to determine if a person is eligible for a rate from a plan	Required: Select the age of a subscriber eligible for the rate	Required: Enter the rate of an Individual Non-Tobacco or No Preference enrollee on a plan	Required: Enter the rate of an Individual tobacco enrollee on a plan
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	0-14	137.60	137.60
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	15	149.83	149.83
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	16	154.51	154.51
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	17	159.18	159.18
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	18	164.22	164.22
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	19	169.26	169.26
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	20	174.47	174.47
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53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	22	179.87	184.37
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	23	179.87	184.37
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	24	179.87	184.37
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	25	180.59	185.10
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53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	27	188.50	193.22
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	28	195.52	200.41
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	29	201.27	206.31
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	30	204.15	209.26
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	31	208.47	213.68
53789PA0100004	Rating Area 6	Tobacco User/Non-Tobacco User	32	212.79	218.11
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53789PA0100004	Rating Area 9	Tobacco User/Non-Tobacco User	24	176.27	180.68

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53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	42	350.08	376.33
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53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	58	673.21	807.85
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	59	687.74	825.29
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	60	717.07	896.33
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	61	742.43	928.04
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	62	759.08	948.84
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	63	779.95	974.93
53789PA0100008	Rating Area 6	Tobacco User/Non-Tobacco User	64 and over	792.62	990.79
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	0-14	230.42	230.42
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	15	250.90	250.90
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	16	258.73	258.73
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	17	266.56	266.56
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	18	275.00	275.00
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	19	283.43	283.43
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	20	292.16	292.16
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	21	301.20	308.73
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	22	301.20	308.73
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	23	301.20	308.73
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	24	301.20	308.73
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	25	302.40	309.96
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	26	308.43	316.14
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	27	315.66	323.55
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	28	327.40	335.59
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	29	337.04	345.47
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	30	341.86	350.41
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	31	349.09	357.82
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	32	356.32	365.23
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	33	360.84	369.86

53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	34	365.66	374.80
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	35	368.07	377.27
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	36	370.48	379.74
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	37	372.88	382.21
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	38	375.29	384.68
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	39	380.11	389.62
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	40	384.93	413.80
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	41	392.16	421.57
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	42	399.09	429.02
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	43	408.73	439.38
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	44	420.78	452.33
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	45	434.93	478.43
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	46	451.80	496.98
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	47	470.77	517.85
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	48	492.46	541.71
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	49	513.85	565.23
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	50	537.94	618.63
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	51	561.74	646.00
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	52	587.94	676.13
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	53	614.45	706.61
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	54	643.06	739.52
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	55	671.67	806.01
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	56	702.70	843.24
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	57	734.02	880.83
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	58	767.46	920.95
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	59	784.02	940.83
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	60	817.46	1021.82
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	61	846.37	1057.96
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	62	865.35	1081.68
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	63	889.14	1111.43
53789PA0100008	Rating Area 7	Tobacco User/Non-Tobacco User	64 and over	903.59	1129.50
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	0-14	198.08	198.08
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	15	215.69	215.69
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	16	222.42	222.42
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	17	229.15	229.15
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	18	236.40	236.40
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	19	243.65	243.65
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	20	251.16	251.16
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	21	258.93	265.40
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	22	258.93	265.40
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	23	258.93	265.40
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	24	258.93	265.40
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	25	259.96	266.46
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	26	265.14	271.77
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	27	271.35	278.14
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	28	281.45	288.49
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	29	289.74	296.98
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	30	293.88	301.23
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	31	300.10	307.60
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	32	306.31	313.97
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	33	310.19	317.95
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	34	314.34	322.19
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	35	316.41	324.32
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	36	318.48	326.44
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	37	320.55	328.56
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	38	322.62	330.69
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	39	326.76	334.93
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	40	330.91	355.73
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	41	337.12	362.41
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	42	343.08	368.81
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	43	351.36	377.71
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	44	361.72	388.85
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	45	373.89	411.28
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	46	388.39	427.23
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	47	404.70	445.17
53789PA0100008	Rating Area 9	Tobacco User/Non-Tobacco User	48	423.34	465.68

53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	49	441.73	485.90
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	50	462.44	531.81
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	51	482.90	555.33
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	52	505.42	581.24
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	53	528.21	607.44
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	54	552.81	635.73
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	55	577.40	692.89
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	56	604.07	724.89
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	57	631.00	757.20
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	58	659.74	791.69
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	59	673.98	808.78
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	60	702.72	878.41
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	61	727.58	909.48
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	62	743.89	929.87
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	63	764.35	955.44
53789PA0100008 Rating Area 9	Tobacco User/Non-Tobacco User	64 and over	776.78	970.97

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Benefit Summary**

INDIVIDUAL PORTFOLIO

Plan Name	HIOS ID	Deductible (2x Family)	Coinsurance	Out-of-Pocket Maximum	PCP	Specialist	Emergency Room	Urgent Care	IP Hospital per day, maximum of 5 days	Hi-Tech Imaging	Lab Tier 1 Tier 2	OP Surgery Tier 1 Tier 2	Small Group: Rx \$0 Individual: Rx
		In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	In-Network	
BRONZE PRODUCTS													
1 Bronze HMO 7450/0/50	53789PA010000800	\$7,450	0%	\$9,100	\$50	\$85	D/400	\$100	D	D	25 D/75	D D	Rx Ded: Combined, Rx Gen - Ded Applies? Y, Retail: 0 0 0 0, Mail: 0 0 0 0
2 Catastrophic HMO 9100/0/0	53789PA010000400	\$9,100	0%	\$9,100	D/0	D	D	D	D	D	D D	D D	Rx Ded: Combined, Rx Gen - Ded Applies? Y, Retail: 0 0 0 0, Mail: 0 0 0 0

Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Benefit Change Summary

Line	Out/Off Exchange	New/Existing	IRIS	Med Description	Rx Description	Contract	Comments	RV		Rating A1		Metal Level		Individual: Tier 1, Family: Tier 2, Family: Tier 3, Family: Tier 4		Commuter: Tier 1		Commuter: Tier 2		MOOP		PVP: Tier 1		PVP: Tier 2		SN: Tier 1		SN: Tier 2		CC		IP: Heavy Copay Per Day		IP: Heavy		High Cost Sharing					
								2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
39	Off Exchange	Existing	1337PAC1000000	Basilar and Cervical	Combined	All Inpatient/LIC/OT		64.8%	64.8%	71.8%	71.7%	Basist	Basist	7.00	7.00	7.00	7.00	0%	0%	0%	0%	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
40	Off Exchange	Existing	1337PAC1000000	Cervical and Thoracic	Combined	All		65.2%	65.2%	72.2%	72.1%	Basist	Basist	6.50	6.50	6.50	6.50	0%	0%	0%	0%	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Line Item	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050		
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Keystone Health Plan Central
 Individual Rates
 Effective 1/1/2023
 Benefit Categories

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

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Benefit Mix Changes**

Benefit Mix Calculation

	<u>Med Manual Cost</u>	<u>Rx Manual Cost</u>	<u>Manual Cost PMPM</u>
Average in Experience Period			252.94
Average in Rating Period			250.57
Benefit Mix Adjustment			0.991

BEP Manual Cost Calculation

Company	<u>HIOS 14 Digit</u>	<u>Manual Cost PMPM</u>	<u>BEP MM</u>	<u>Projected 2023 Manual C</u>	<u>Total</u>	<u>Proj Member</u>
KHPC	53789PA0100008	253.23	6,180	250.57	251.08	4,860
KHPC	53789PA0100004	251.17	1,037	250.57	246.83	672
		252.94	7,217			5,532

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Network Mix Changes**

Network Change	1.000
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**Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Trend**

Trend by Service Category

Category	Year 1			Year 2			Total Year 1	Total Year 2	Weights	Total Weights
	Cost	Util	Induced Demand	Cost	Util	Induced Demand				
Inpatient Hospital	4.90%	-1.00%	0.00%	4.80%	-1.00%	0.0%	3.9%	3.8%	19.9%	16%
Outpatient Hospital	5.20%	0.00%	0.00%	5.10%	0.00%	0.0%	5.2%	5.1%	46.8%	37%
Professional	8.20%	1.00%	0.00%	7.10%	1.00%	0.0%	9.3%	8.2%	29.6%	23%
Other Medical	5.20%	-1.00%	0.00%	5.10%	-1.00%	0.0%	4.1%	4.0%	2.0%	2%
Capitation	3.00%	0.00%	0.00%	3.00%	0.00%	0.0%	3.0%	3.0%	1.8%	1%
Prescription Drug	7.50%	1.10%	0.00%	8.20%	1.10%	0.0%	8.7%	9.4%	100.0%	21%
Dental & Vision	1.00%	1.00%	0.00%	1.00%	1.00%	0.0%	2.0%	2.0%	100.0%	100%

<u>Aggregate Pricing Trend Year 1</u>	
Total	6.6%
Medical	6.1%
Drug	8.7%
Agg Med + Rx Trend	6.6%
Dental and Vision	2.0%

<u>Aggregate Pricing Trend Year 2</u>	
Total	6.5%
Medical	5.7%
Drug	9.4%
Agg Med + Rx Trend	6.5%
Dental and Vision	2.0%

<u>Average Pricing Trend</u>	
Total	6.6%
Medical	5.9%
Drug	9.0%
Agg Med + Rx Trend	6.6%
Dental and Vision	2.0%

URRT Categories	<u>Year 1 Raw Trends*</u>				<u>Year 2 Raw Trends*</u>			
	Cost	Utilization	Induced Demand	Composite	Cost	Utilization	Composite	
Inpatient Hospital	4.4%	-1.0%	0.0%	3.4%	4.3%	-1.0%	3.3%	
Outpatient Hospital	4.7%	0.0%	0.0%	4.7%	4.6%	0.0%	4.6%	
Professional	7.7%	1.0%	0.0%	8.7%	6.6%	1.0%	7.6%	
Other Medical	4.7%	-1.0%	0.0%	3.7%	4.6%	-1.0%	3.6%	
Capitation	3.0%	0.0%	0.0%	3.0%	3.0%	0.0%	3.0%	
Prescription Drugs	7.0%	1.1%	0.0%	8.1%	7.7%	1.1%	8.9%	
Dental & Vision	1.0%	1.0%	0.0%	2.0%	1.0%	1.0%	2.0%	

*From Hospital and Physician Trend Models

<u>Adjustments to Pricing Trend</u>			
<u>Medical</u>		<u>Drug</u>	
Intensity	0.0%	Contracting	0.0%
Leveraging	0.5%	Leveraging	0.5%
Demographics	0.0%	Demographics	0.0%
Buy-Downs	0.0%	Buy-Downs	0.0%
Other	0.0%	Pipeline	0.0%
Total	0.5%	Total	0.5%

Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
URRT

Experience Period Member Months 7,217

Section II: Projections

Benefit Category	Experience Period Index Rate PMPM	Year 1 Trend		Year 2 Trend		Trended EHB Allowed Claims PMPM	Trended EHB Allowed Claims		
		Cost	Utilization	Cost	Utilization		Incurred	Allowed	PMPM
Inpatient Hospital	\$ 58.04	1.049	0.990	1.048	0.990	62.54	\$ 336,568	\$ 418,863	\$ 58.04
Outpatient Hospital	\$ 136.48	1.052	1.000	1.051	1.000	150.90	\$ 565,219	\$ 984,995	\$ 136.48
Professional	\$ 86.39	1.082	1.010	1.071	1.010	102.12	\$ 382,841	\$ 623,467	\$ 86.39
Other Medical	\$ 5.69	1.052	0.990	1.051	0.990	6.17	\$ 23,630	\$ 41,094	\$ 5.69
Capitation	\$ 5.15	1.030	1.000	1.030	1.000	5.46	\$ 37,180	\$ 37,180	\$ 5.15
Prescription Drug	\$ 79.82	1.075	1.011	1.082	1.011	94.90	\$ 437,659	\$ 576,081	\$ 79.82
Total	\$ 371.57					422.08			\$ 371.57

Change in Morbidity - Impact of Reinsurance Progr.	1.000
Change in Morbidity - All Other	1.000
Total Morbidity	1.000
*Other	
Change in Demographics	1.000
Change in Network	1.000
Change in Benefits	1.000
Change in Other	1.000
Projected Index Rate	422.08

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Paid to Allowed Ratio Development**

Medical Rate Development

Base Experience Period:	1/1/2021 - 12/31/2021
Data as of	2/28/2022
Rating Period:	1/1/2023 - 12/31/2023
Trend Months:	24
Average 2 Year Trend:	5.9%

Drug Rate Development

Base Experience Period:	1/1/2021 - 12/31/2021
Data as of	2/28/2022
Rating Period:	1/1/2023 - 12/31/2023
Trend Months:	24
Average 2 Year Trend:	9.0%

Pediatric Dental Rate Development

Base Experience Period:	1/1/2021 - 12/31/2021
Data as of	2/28/2022
Rating Period:	1/1/2023 - 12/31/2023
Trend Months:	24
Average 2 Year Trend:	2.0%

Pediatric Vision Rate Development

Base Experience Period:	1/1/2021 - 12/31/2021
Data as of	2/28/2022
Rating Period:	1/1/2023 - 12/31/2023
Trend Months:	24
Average 2 Year Trend:	2.0%

1	Medical Paid and Incurred Claims	1,379,909
2	Completion Factor	0.96
3	BEP Completed Claims (1) / (2)	1,437,255
4	BEP Member Months Net CSR*	7,217
5	BEP Completed Claim PMPM (3) / (4)	199.15
6	Trend Factor	1.12
7	Trended Claim PMPM (5) x (6)	223.27
8	Benefit Change Factor	0.99
9	Morbidity Adjustment	1.000
10	Network	1.00
11	Capitation	37,180
12	Capitation PMPM	5.15
13	Other Adjustment	1.000
14	Other Adjustment	1.000
15	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) + (12)] x (13) x (14)	226.33

1	Medical Paid and Incurred Claims	528,758
2	Completion Factor	1.000
3	BEP Completed Claims (1) / (2)	528,758
4	BEP Member Months Net CSR*	7,217
5	BEP Completed Claim PMPM (3) / (4)	73.27
6	Trend Factor	1.19
7	Trended Claim PMPM (5) x (6)	87.10
8	Benefit Change Factor	0.99
9	Morbidity Adjustment	1.00
10	Network	1.00
11	Rx Rebates	91,099
12	Rx Rebates PMPM	12.62
13	Other Adjustment	1.000
14	Other Adjustment	1.000
15	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10) - (12)] x (13) x (14)	73.67

1	BEP Paid and Incurred Claims	10,195
2	Completion Factor	0.967
3	BEP Completed Claims (1) / (2)	10,542
4	BEP Member Months	7,217
5	BEP Completed Claim PMPM (3) / (4)	1.46
6	Trend Factor	1.04
7	Trended Claim PMPM (5) x (6)	1.52
8	Benefit Change Factor	1.00
9	Morbidity Adjustment	1.00
10	Network	1.00
11		
12		
13	Other Adjustment	1.000
14	Other Adjustment	1.000
15	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10)] x (13) x (14)	1.52

1	BEP Paid and Incurred Claims	920
2	Completion Factor	0.970
3	BEP Completed Claims (1) / (2)	949
4	BEP Member Months	7,217
5	BEP Completed Claim PMPM (3) / (4)	0.13
6	Trend Factor	1.04
7	Trended Claim PMPM (5) x (6)	0.14
8	Benefit Change Factor	1.00
9	Morbidity Adjustment	1.00
10	Network	1.00
11		
12		
13	Other Adjustment	1.000
14	Other Adjustment	1.000
15	Total Benefit Adjusted Claim PMPM [(7) x (8) x (9) x (10)] x (13) x (14)	0.14

Expected Claim PMPM in	
	Rating Period
Medical	226.33
Drug	73.67
Pediatric Dental	1.52
Pediatric Vision	0.14
Expected Distribution of Embedded Dental Benefit	100%
Total Expected Incurred in Rating Period	301.65
Total Expected Incurred in Rating Period Net RA and Reinsurance + Exchange Fee	417.74

Projected Allowed	422.08
Paid to Allowed Ratio	0.715

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Retention**

	<u>Medical + Rx</u>	<u>Dental</u>	<u>Vision</u>	<u>Total</u>	<u>% of Premium</u>
Reinsurance Contribution	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Risk Adjustment Fee	\$0.22	\$0.00	\$0.00	\$0.22	0.05%
Admin PMPM	\$46.11	\$0.60	\$0.09	\$46.80	10.0%
Broker PMPM	\$5.94	\$0.00	\$0.00	\$5.94	1.3%
Placeholder1	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Placeholder2	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Placeholder3	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Quality Improvement	0.0%	0.0%	0.0%	0.0%	0.0%
Contingency	2.0%	2.0%	2.0%	2.0%	2.0%
Patient-Centered Outcomes Research Trust Fund:	\$0.20	\$0.00	\$0.00	\$0.20	0.0%
Insurer Tax	0.0%	0.0%	0.0%	0.0%	0.0%
Exchange Fee	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
Federal Income Tax	0.5%	0.5%	0.5%	0.5%	0.5%
Premium Tax	0.0%	0.0%	0.0%	0.0%	0.0%

Insurer Tax and Admin Fee Calc

Applied HIF to All Quarters 0.00%

Quarter	% of Enrollees	HIF	2022 assessment	2023 assessment
1	100%	0.00%	0	0.0%
			3	0.0%
			6	0.0%
			9	0.0%

	<u>Admin</u>	<u>Profit</u>	<u>Taxes</u>
Claims	11.5%	2.0%	0.6%
Broker	1.3%		
Quality Improvement	0.0%		

Plan	Bronze HMO	Catastrophic
Deductible	7450/0/50	HMO 9100/0/0
Expected Claim Cost	7450	9100
Expected Premium PMPM *	419.28	268.46
	\$484.71	\$329.96
<u>Allowed Adjustments to Premium for MLR</u>		
Reinsurance Contribution	0.00	0.00
Patient-Centered Outcomes Research Trust Fund:	0.20	0.20
Risk Adjustment Fee	0.22	0.22
Premium Tax	0.00	0.00
Insurer Tax	0.00	0.00
Exchange Fee	0.00	0.00
Quality Improvement	0.00	0.00
Federal Income Tax**	2.04	1.39
MLR Adjusted Claims	\$419.28	\$268.46
MLR Adjusted Premium	\$482.25	\$328.16
Expected Member Distribution	87.9%	12.1%

Claims	\$400.96
Unadjusted Premium	\$465.91
Expected MLR Adjusted Claims	\$400.96
Expected MLR Adjusted Premium	\$463.53

MLR	86.5%
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* From Exhibit L

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

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Projected Index Rate**

Projected Index Rate	\$422.10
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<u>Effective Date</u>	<u>Total Index Rate</u>	<u>Trend</u>	<u>Distribution of Members</u>	<u>Projected Allowed</u>	<u>Market Adjusted Index Rate</u>
January - December	\$422.10		100%	\$422.10	

Average for Projection Period	\$422.10			\$422.10	\$584.53
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* From URRT and Exhibit B

Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Market Adjusted Index Rate

Development of Market Adjusted Index Rate

Q1 Index Rate	422.10	Index Rate Calculated in II Rate Development & Change
Paid to Allowed	0.71	Differs slightly from URRT due to rounding
Q1 Projected Claims	301.66	
Net Projected ACA Reinsurance Recoveries	18.03	
Net Projected Risk Adjustments PMPM	-134.12	
Exchange User Fee Adjustment	0.00	
Q1 Market-Adjusted Projected Paid EHB Claims PMPM	417.75	
Q1 Market Adjusted Index Rate	584.53	

Development of Exchange User Fee

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

Development of Risk Adjustment Projection

Projected 2023 Risk Adjustment Transfer	-\$134.12
Projected 2021 Risk Adjustment	-\$964,094
2021 MemberMonths	7,217
Projected 2021 Risk Adjustment Payment PMPM	-\$133.59
Keystone Health Plan Central	-\$964,094

Show Network is Normalized	1.00
Show Induced Demand is Normalized	1.00

Rate Development by Benefit Option	Off Exchange	Off Exchange
Level of Coverage	Bronze	Bronze
HIOS 16 Digit	53789PA010000800	53789PA010000400
HIOS Plan ID	53789PA01000008	53789PA01000004
Med Plan Name:	Bronze HMO 7450/0/5Catastrophic HMO 9100/0/0	
Rx:	Combined	Combined
Plan Type:	HMO	HMO
HRA	N	N
Q1 Market Adjusted Index Rate	584.53	584.53

AV and Cost-Sharing Adjustment	0.72	0.70
Network	1.000	1.000
Non-Funding of CSR Adjustment	1.000	1.000
Catastrophic Adjustment	1.000	0.660
Induced Demand	1.001	0.994

Plan Pricing Relativities:		
Pricing Relativity	1.000	0.640
Total Projected Claims PMPM + Market Level Adjustments:	419.28	268.46

Retention		
Admin PMPM	\$46.80	\$46.80
Broker PMPM	\$5.94	\$5.94
Risk Adjustment User Fee	\$0.22	\$0.22
PCORTF	\$0.20	\$0.20
Value-Based Benefits	\$0.00	\$0.00
BCBSA Identity Theft	\$0.00	\$0.00
Premium Tax	0.0%	0.0%
Federal Income Tax	0.5%	0.5%
Insurer Tax	0.0%	0.0%
Contingency	2.0%	2.0%
Quality Improvement	0.0%	0.0%

Premium Neutrality	1.83	1.83
Total Premium Single Rate:	\$264.21	\$179.86
Plan Adjusted Index Rates	\$484.71	\$329.96
Expected Member Distribution	87.9%	12.1%

	\$52.74	\$52.74
Admin	10.9%	16.0%
Taxes	0.6%	0.7%

#	Combo Description	Benefit Plans											Annual Trend												Plan ID (14)	HMOS ID (16)	All Plan Names	Company												
		100%	5,532	Projected Membership	Proj MM	New or Existing	Product ID	Plan ID (14)	On/Off Exchange	Metal Level	Metal Value	Pricing Value	Network	Induced Demand	Catastrophic	Product	Med Plan Description	Deductible	Drug Plan	Pediatric Dental	Pediatric Vision	Average Plan Adj Index Rate	Q1 Plan Adj Index Rate	Q2 Plan Adj Index Rate					Q3 Plan Adj Index Rate	Q4 Plan Adj Index Rate	Medical & Rx	Dental & Vision	Aggregate Trend	Q1 Calibrated Plan Index	Q2 Calibrated Plan Index	Q3 Calibrated Plan Index	Q4 Calibrated Plan Index	Calibrated Index from PA Exhibits	% Admin	% Taxes
1	Bronze HMO 7450/0/50	87.9%	4,860	Existing	53789PA010	53789PA0100008	Off Exchange	Bronze	64.3%	71.7%	1.00	1.00	1.00	HMO	Bronze HMO 7450/0/50	7450	Combined	Embedded	Embedded	\$484.71	\$484.71					6.64%	2.0%	6.64%	\$264.21					264.21	10.9%	0.6%	53789PA0100008	53789PA010000800	Bronze HMO 7450/0/50	KHPC

Individual Rates

Effective 1/1/2023

Calibration

Expected Average Age Factor:	1.738
List-Billed Adjustment for Max 3 Children	1.004
Adjusted Average Age Factor	1.732
Expected Average Region Factor:	1.05
Expected Average Tobacco Factor	1.007
Cumulative Rating Factors (Premium Neutrality):	1.83

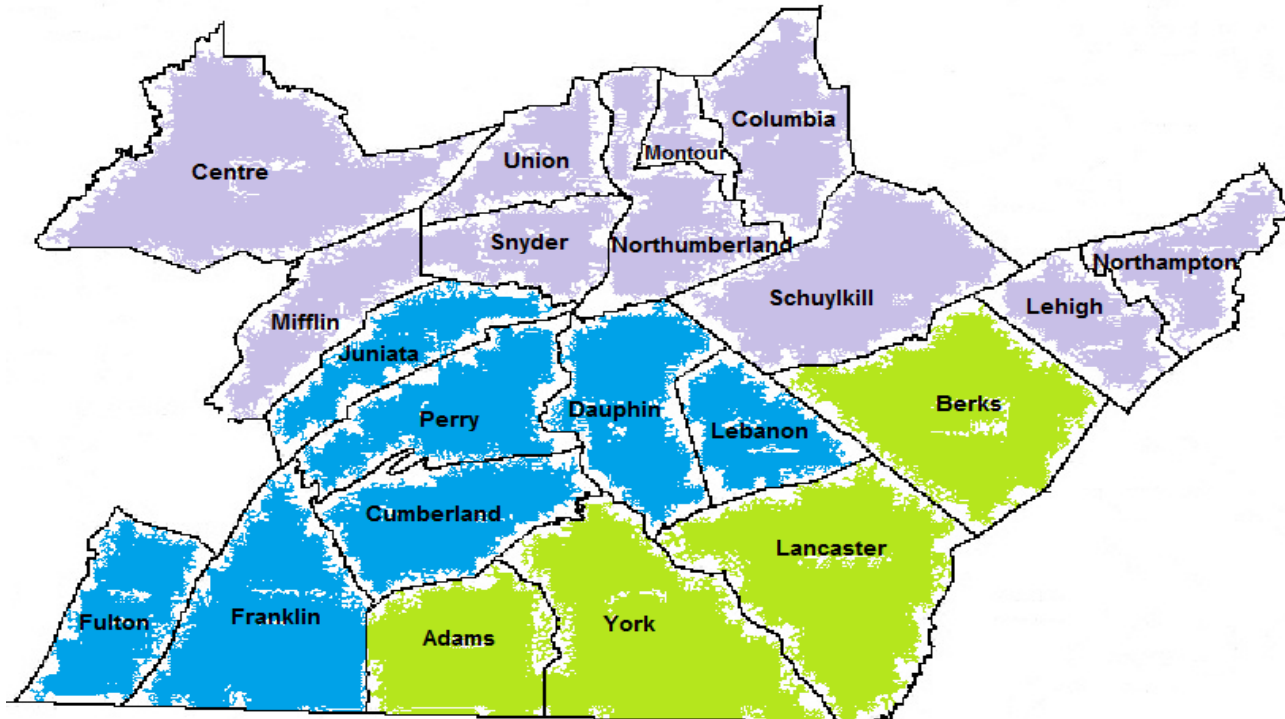
Age	Age Factors		Region	Region Factors		Tobacco Factors		
	Distribution of Population	Age Factor		Distribution of Population	Factor	PPO	HMO	Final Factor
0-14	9.11%	0.765	6	43%	1.0000	1.007	1.008	1.007
15	0.43%	0.833	7	40%	1.1400			
16	1.08%	0.859	9	18%	0.9800			
17	0.65%	0.885						
18	1.30%	0.913						
19	1.08%	0.941						
20	1.08%	0.970						
21	1.52%	1.000						
22	0.87%	1.000						
23	0.65%	1.000						
24	1.08%	1.000						
25	0.87%	1.004						
26	0.22%	1.024						
27	1.30%	1.048						
28	1.74%	1.087						
29	1.74%	1.119						
30	1.95%	1.135						
31	1.95%	1.159						
32	2.17%	1.183						
33	1.95%	1.198						
34	1.08%	1.214						
35	1.95%	1.222						
36	0.65%	1.230						
37	0.65%	1.238						
38	0.87%	1.246						
39	1.08%	1.262						
40	1.95%	1.278						
41	3.47%	1.302						
42	1.52%	1.325						
43	1.95%	1.357						
44	1.95%	1.397						
45	1.95%	1.444						
46	1.95%	1.500						
47	0.43%	1.563						
48	1.30%	1.635						
49	1.30%	1.706						
50	1.30%	1.786						
51	2.82%	1.865						
52	1.52%	1.952						
53	2.39%	2.040						
54	2.60%	2.135						
55	2.82%	2.230						
56	2.17%	2.333						
57	3.47%	2.437						
58	3.25%	2.548						
59	1.95%	2.603						
60	1.95%	2.714						
61	3.25%	2.810						
62	2.82%	2.873						
63	5.86%	2.952						
64+	4.99%	3.000						

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Rating Factors**

Age Factors

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

Region



<u>Region</u>	<u>Factor</u>
6	1
7	1.14
9	0.98

<u>Network</u>	<u>Factor</u>
HMO	1.00

Benefit Plans

Base Rates

#	Combo Description	Projected Membership	Proj MM	New or Existing	Product ID	Plan ID	On/Off Exchange	Metal Level	Metal Value	Pricing Value	Induced Demand	Product	Medical Plan Description	Deductible	Drug Plan Desc	Pediatric Dental	Pediatric Vision	Medical + Rx	Medical	Base Rates				Annual Trend	
																				1/1/2023 - 12/31/2023	Rx	Pediatric Dental	Pediatric Vision	Total	Medical & Rx
1	Bronze HMO 7450/0/50	87.9%	4,860	Existing	53789PA010	53789PA0100008	Off Exchange	Bronze	64.3%	0.716703635	1.00	HMO	Bronze HMO 7450/0/50	7450	Combined	Embedded	Embedded	\$262.90	\$226.10	\$36.80	\$1.18	\$0.13	\$264.21	6.6%	2.0%
2	Catastrophic HMO 9100/0/0	12.1%	672	Existing	53789PA010	53789PA0100004	Off Exchange	Bronze	59.9%	0.699999506	0.99	HMO	Catastrophic HMO 9100/0/0	9100	Combined	Embedded	Embedded	\$178.56	\$153.57	\$24.99	\$1.18	\$0.13	\$179.87	6.6%	2.0%

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Morbidity Factor Calculation**

Factor to Align Rates*	APRA Morbidity Factor	Department Individual Factor	Total Morbidity Factor
1.000	1.000	1.000	1.000

*No alignment factor applies in Individual - rate development based on KHPC claims and KHPC risk adjustment projection

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
MLR Exhibit**

Calendar Year	MLR		Member Months	
	Actual	Pricing	Actual	Pricing
2018	61.85%	82.15%	22,567	36,132
2019	90.73%	86.95%	15,211	26,652
2020	80.50%	83.72%	12,244	17,727

**Keystone Health Plan Central
Individual Rates
Effective 1/1/2023
Claim Cost Projection**

Year	Paid		Risk Adjustment		Exchange User Fees		Market Adjusted Paid	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
2018	\$374.32	\$249.72	-\$42.55	-\$156.68	\$0.00	\$0.00	\$416.86	\$406.40
2019	\$244.20	\$350.44	-\$191.67	-\$142.66	\$0.00	\$0.00	\$435.87	\$493.10
2020	\$307.76	\$280.38	-\$111.62	-\$169.30	\$0.00	\$0.00	\$419.38	\$449.68
2021	\$371.09	\$247.07	-\$121.49	-\$133.59	\$0.00	\$0.00	\$470.05	\$380.66

June 24, 2022

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

Re: **Keystone Health Plan Central
Individual Rates
Filing No 22-39
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear Ms. Swartz:

KHPC received an objection letter from the Department dated June 15, 2022. KHPC is providing the following in response to the objection letter:

- Q&A written response
- Q&A exhibits
- Trend leveraging calculation workbook
- Revised rate development workbook
- Revised PAAM exhibits
- Revised URRT
- Revised rates (PA and Federal templates)
- Revised memos – Actuarial, Cover Letter

All changes are due to PID requests/questions and have been disclosed in the Q&A written response. Additionally, below is a summary of changes:

- Question 1: Corrections to URRT and Table 2
- Question 2: Correction to reinsurance morbidity and modification to projected reinsurance data
- Question 4: Correction to Individual adjustment
- Question 6: Correction to Paid-to-Allowed calculation, trend
- Question 7: Modification to projected risk adjustment
- Question 8: Correction to broker fees
- Question 10: Correction to Table 10 metallic tier

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

Sincerely,

[REDACTED]

[REDACTED], ASA, MAAA
Director, Actuarial Services
Capital Blue Cross

Enclosures

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

KEYSTONE HEALTH PLAN CENTRAL, INC.

Question and Answer Individual Rates Effective January 1, 2023

With this response, please find corresponding Q&A Exhibits in Ind_22-39_Initial_KHP_HMO_Q&AExhibits1_Supporting_20220624.xlsx

Question 1. The following questions pertain to the URRT vs. PAAM Exhibits:

- a. Per the URRT, Worksheet 1, the Allowed Claims (cell E14) is equal to \$2,822,166.69. However, per the PAAM Exhibits, Table 2, Allowed Claims (cell D36) + Total Prescription Drug Rebates (cell I36) + Total EHB Capitation (cell J36) + Total Non-EHB Capitation (cell K36) is equal to \$2,681,679.10. Please explain the discrepancy or update so that these numbers are consistent.
- b. Per the URRT, Worksheet 2, the Allowed Claims (cell D26) are \$2,822,166.69. However, per Table 2, Allowed Claims are \$2,681,679.10 based on the following calculation: Allowed Claims (cell D36) + Total Prescription Drug Rebates (cell I36) + Total EHB Capitation (cell J36) + Total Non-EHB Capitation (cell K36). Please update so that these numbers are consistent or explain why the discrepancy.
- c. Per the URRT, Worksheet 2, the Member Cost-Sharing (cell D28) is equal to \$898,582.08. However, based on Table 2 of the PAAM Exhibits, Member Cost-Sharing (cell F36) is equal to \$758,094.49. Please update so that these numbers are consistent or explain the discrepancy.
- d. Per Table 2 of the PAAM Exhibits, the Ultimate Incurred Claims (cell D36) are \$1,977,503.60. However, in Table 4 of the PAAM Exhibits, the Ultimate Incurred Claims for 2021 (column F) sum to \$1,874,195.70. Please update so that these numbers are consistent or provide an explanation explaining the difference.
- e. Per Table 2 of the PAAM Exhibits, the Estimated Total Cost-Sharing (cell F36) are \$758,094.49. However, in Table 4 of the PAAM Exhibits, the Estimated Cost Sharing (Column I) is \$898,582.08. Please update so that these numbers are consistent or provide an explanation explaining the difference.

Answer 1.

- a. The Allowed Claims (cell E14) on the URRT Wkst 1 has been updated to align with the value on the PAAM Exhibits, Table 2.
- b. The Allowed Claims (cell D26) on the URRT Wkst 2 has been updated to align with the value on the PAAM Exhibits, Table 2.
- c. The Member Cost-Sharing (cell F36) on the PAAM Exhibits. Table 2 has been updated to align with the value on the URRT Wkst 2.
- d. The Ultimate Incurred Claims for 2021 (column F) of Table 4 is Ultimate Incurred Claims of Table 2 (cell D36) less Reinsurance recoveries (cell M36), plus Capitation (cell J36).

- e. The Estimated Cost Sharing for 2021 (column I) of Table 4 is Estimated Cost Sharing of Table 2 (cell F36) plus Reinsurance recoveries (cell M36).

Question 2. The following questions pertain to the reinsurance program:

- a. For PY23, the reinsurance program assumes no additional morbidity improvement because of the program. Please update the reinsurance morbidity adjustment to 1.0.
- b. Per the Actuarial Memorandum, the proposed changes to the PA reinsurance program are listed as impacting the rate change by 1.7%. However, in CAAC's filing the impact is listed as 2.5%. Please explain the reason for the difference in impact given that the reinsurance impact is calculated by combining CAAC and KHPC and is listed as a 3.9% impact for both companies.

Answer 2.

- a. The Morbidity Adjustment has been updated to 1.0.
- b. The projected reinsurance table in worktab II.b. Reins Table – Proj has been updated to use company specific data. Add wording around why changes in the proj reinsurance differs by company. And how we additionally changed the projection to use company specific data.

Question 3. The following questions pertain to COVID-19:

- a. No adjustment has been made in Change in Morbidity due to COVID-19 related claims. In CAAC's filing, the amount of COVID related claims in the base experience period and then adjusted down by 3% for the projection period. Please explain why this approach was not used for KHPC?
- b. Please provide a quantitative exhibit showing the percentage of claims in the 2021 experience period related to COVID-19.
- c. Please provide an exhibit demonstrating all areas which Covid has affected the development of rates. Has trend been adjusted at all? Has the base experience been adjusted at all?

Answer 3.

- a. Historically, Capital backs into a morbidity factor for KHPC in order to align rates with CAAC. This is because CAAC and KHPC plans are offered to the same population. Our goal is to differ the rates between the two subsidiaries based on benefits and network. Any COVID-specific morbidity would result in a higher "rate alignment" morbidity factor, but the end result in rates would be the same.
- b. Please see Q&A Exhibit 1 for 2021 COVID-19 claims and Q&A Exhibit 1a for claim criteria. Claims are pulled for all Group Commercial and Individual markets. COVID-19 claims account for 6.2% of total claims.
- c. KHPC rates are aligned with CAAC rates, so COVID-19 has the same impact to KHPC as described in the CAAC response. Given that COVID accounts for 6.2% of BEP claims, a morbidity adjustment between -6.2% and 0% seems reasonable. We expect COVID to continue to have an impact both on medical inflation (i.e. nursing shortages, hospitals asking to renegotiate contracts), and costs directly attributable to treatment and testing of the virus. We expect those costs to be less than the base year, 2021. Beyond those assumptions, our knowledge of the future is limited. We estimate 3% as a midpoint

of the reasonable possibilities. 2023 rates are only impacted by the BEP COVID claims (reduced as described above). Trends and the BEP have not been adjusted.

Question 4. The following question pertain to Table 5 of the PAAM Exhibits:

- a. In Table 5, Change in Morbidity – All Other, the formula listed is $1.089 * 1.01$. Please explain what the 1.01 factor represents. If the 1.01 factor represents the individual adjustment, please set the number to 1.0 as the Department has removed the individual adjustment factor for PY23

Answer 4. The Individual adjustment factor has been removed from the change in morbidity formula.

Question 5. The following questions pertain to the Morbidity Adjustment Factor of 1.10:

- a. Per the Actuarial Memorandum, this factor is applied to align rates with CAAC. Please explain why this factor is appropriate given that this product is experience rated and 100% credible.
- b. Please provide an exhibit demonstrating how the 1.10 adjustment factor was developed.

Answer 5.

- a. Historically, Capital backs into a morbidity factor for KHPC in order to align rates with CAAC. This is because CAAC and KHPC plans are offered to the same population. So it is reasonable to stage the rates so that KHPC rates do not swing wildly annually. Our goal is to differ the rates between the two subsidiaries based on benefits and network.
- b. The factor is developed so that ending rates align with CAAC bronze and catastrophic rates. The proposed rate relativity shows that KHPC bronze and catastrophic plans are 5% below CAAC bronze and catastrophic with like benefits, and different networks. We typically apply 1% rate difference between a PPO and HMO network. Additional rate concession was applied for KHPC's favorable performance.

Question 6. The following questions pertain to the Paid to Allowed Ratio Calculation:

- a. Please explain why it is reasonable to apply trend and other table 5 adjustments that were determined at the block level (i.e., CSR and non-CSR) to BEP Allowed Claims and BEP Paid Claims that are net CSR?
- b. In the Paid Claim PMPM buildup please explain why only Year 1's trend is used.
- c. Please confirm that the leveraging adjustment factor 0.5% is being handled correctly in both the paid claims trended PMPM and the allowed claims trended PMPM.

Answer 6.

- a. Please note that this question is only pertinent to CAAC. KHPC is off-exchange only so does not offer CSR plans.
- b. This has been corrected to use the average of year 1 and year 2 trends.
- c. While leverage is a paid claims metric, the format of the filing and templates do not allow paid trend to differ from allowed trend. Any additional trend applied to the allowed claims due to leveraging is negated in the paid-to-allowed ratio calculation. So if leveraging was not applied to allowed, the paid-to-allowed ratio would be slightly higher, but the resulting premium rates would be the same.

Question 7. The following questions pertain to the 2023 risk adjustment estimate:

- a. Please provide support for applying no changes to the 2021 risk adjustment PMPM results in projecting the 2023 information, which includes the assumption of no change in the relative risk for the Company relative to statewide.
- b. Please provide support for assuming no changes to the statewide average premium would occur between 2021 and 2023.

Answer 7.

- a. Rate development is being performed on an experience-net-risk-adjustment basis. That means that we are neither making an issuer-specific morbidity adjustment to the base experience period claims or to risk adjustment. This approach assumes that experience net risk adjustment is the best predictor of future experience.
- b. Please see Q&A Exhibit 2 for a history of change in statewide average premiums. Given recent history, we are assuming Individual 2023 average premiums will rise 0.2% over 2022, for a total change over 2021 of 0.4%. The 2023 projected risk adjustment amount is being modified to reflect this change. The new calculation is found in Exhibit K, Market Adjusted Index Rate.

Question 8. The following questions pertain to commissions:

- a. Based on the AdminFees tab, the New ICHRA and Non ICHRA assumed broker PMPM are \$23.00 and \$5.39 respectively. Please explain the difference between New ICHRA and Non ICHRA and the reason for the difference between the assumed broker PMPM.
- b. Please provide an exhibit showing the commission PMPM amount to be paid to brokers in the following situations: Open-Enrollment Enrollee – Renewing, Open Enrollment Enrollee – New, Special Enrollment Period Enrollee – New, Special Enrollment Enrollee – Renewing. If the commission PMPM is not consistent between the four options above, please explain in detail the reason for the difference. Note that federal law prohibits different compensation to agents and brokers for coverage in the same benefit year based on whether the enrollment is during an SEP or during OEP.

Answer 8.

- a. With this submission, the AdminFees tab has been corrected to remove references to ICHRA and non ICHRA. This is obsolete data that is not relevant to this workbook. The data has been replaced with 2023 projected broker fees.
- b. Please see Q&A Exhibit 3 for commission PMPM by the requested categories. Brokers are paid more for new business to appropriately compensate them for the additional time required to enroll a new member over an existing member, i.e. marketing and the time to educate a new enrollee over a renewal.

Question 9. On the “PMPMs” tab, the starting paid-to-allowed ratios by plan were grossed up by approximately 45% ($0.786/0.54 - 1$), which also increases the induced demand. Please provide support as to why this adjustment is necessary and appropriate to apply in a uniform manner across all plans

Answer 9. The pricing AV is calculated relative to the paid-to-allowed ratio. So as an example, if a bronze plan has a pricing AV of 0.79 and the paid-to-allowed ratio is 0.546, the benefits are

.79/.546 -1 = 45% richer than the average plan in the projection period. It is important to note that the average pricing AV in Table 10 matches the pricing AV calculated in Exhibit G, so rates are not inflated. Relativities are developed from Capital's manual cost model.

Question 10. The following questions pertain to Table 10 of the PAAM Exhibits:

- a. For HIOS Plan ID: 53789PA0100004, the metallic tier in column G is listed as bronze. Please change the metallic tier to catastrophic.
- b. The catastrophic plan has an adjustment factor of 0.66. Please provide an exhibit showing the development of the 0.66 adjustment factor.
- c. Please confirm that both plans follow the Standard AV approach, and no cost-sharing designs were adjusted to the AV calculator

Answer 10.

- a. The metallic tier in column G has been updated for HIOS plan 53789PA0100004.
- b. Last year's catastrophic factor was 0.66. For market consistency, the same factor is being applied in 2023 rates.
- c. Both HMO plans follow the Standard AV approach.

Question 11. The following questions pertain to the Pricing/Metallic AVs:

- a. The Pricing AV is significantly greater than the Metallic AV produced by the AV Calculator. In the current filing, the Pricing AVs are 23% and 29% higher than the metallic AVs. Please provide a narrative explaining the steps Capital has taken to get from the Metallic AV to Pricing AV.
- b. Also, please provide a quantitative exhibit showing all adjustments made to the metallic AV to get to the final Pricing AV used.
- c. Based on Exhibit_B_BenChange, the AVs for both plans from 2022 and 2023 have remained relatively consistent. However, the Pricing AVs from year to year have significantly shifted upward. Please provide a narrative and exhibit demonstrating how the Pricing AVs have shifted upward significantly but not the metallic AVs.
- d. Please explain why the Pricing AVs have increased yet the plan benefits have gotten leaner.

Answer 11.

- a. The pricing AV is calculated relative to the paid-to-allowed ratio. So as an example, if a bronze plan has a pricing AV of 0.79 and the paid-to-allowed ratio is 0.788, the benefits are $.79/.788 - 1 = 0.25\%$ richer than the average plan in the projection period. It is important to note that the average pricing AV in Table 10 matches the pricing AV calculated in Exhibit G, so rates are not inflated. Relativities are developed from Capital's manual cost model.
- b. Capital uses Milliman, Inc. Health Cost Guidelines Commercial Rating Structures (for active employees) to develop benefit relativities, which translate into pricing AVs. Below, I am pulling from Milliman's methodology description. Anything in quotations is directly from Milliman, Inc.
"Milliman utilizes an enrollment and utilization database of full medical and prescription drug claims experience for over 78 million lives, of which approximately 41 million lives were selected and used as the primary source in developing the [model]. Other sources

include a database of inpatient admission representing a large percentage of all admissions nationwide, retail pharmacy information, and other reference data sources.” CBC adjusts nationwide data to CBC’s average costs and contracting in our service area.

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

The reference to actuarial judgment in the memorandum is a general statement to show that the model is evaluated regularly to ensure pricing relativities are reasonable. For this filing, all pricing AVs are developed in the Milliman model.

- c. As demonstrated in a. above, the pricing AV is relative to the paid-to-allowed ratio. 2021 experience produces a higher paid-to-allowed ratio compared to 2020 experience. In both 2022 and 2023 filings, the bronze plan is slightly above the paid-to-allowed ratio and the catastrophic is slightly below. The relativity between the pricing AVs and the paid-to-allowed ratio have remained consistent.
- d. The explanation in c. applies here. The relativity between the pricing AVs and the paid-to-allowed ratio have remained consistent.

Question 12. Please provide an exhibit which demonstrates that the criteria for the expanded bronze plan(s) have been met.

Answer 12. Please see Q&A Exhibits 4 and 4a for a comprehensive list of all CBC Individual and Small Group expanded bronze plans, and supporting analysis. For the PCP copay analysis, 2021 CBC ACA PCP data is used, trended at 7.25% for 2 years to 2023. The analysis shows that a \$50 PCP is less than 50% of the average 2023 PCP visit cost.

Question 13. With the Public Health Emergency scheduled to end prior to the start of PY23, how has the rate development been affected? Please provide support for any adjustments.

Answer 13. No adjustments have been made.

Question 14. Please explain how a change in member behavior to use service types such as telehealth more frequently than in the past and how a reversion back to more traditional service types is considered in your trend development.

Answer 14. Capital pays providers the same contracted rate for both in person and telehealth visits, so no adjustment has been applied for telehealth. Our trend does reflect increases in professional utilization (+1%) and decreases in hospital IP utilization (-1%).

Question 15. How are drug rebates projected to change from the base period to the rating period? How has this change been reflected in the rate development?

Answer 15. Drug rebates are projected to trend at the same rate as overall drug cost and utilization trends. So projection period drug rebates are equal to base experience drug rebates trended to the projection period.

Question 16. Please confirm that you have tested to ensure that the rates in Table 11 of the PAAM Exhibits, PA Plan Design Summary and Rate Table, Federal Rates Template, and binder are identical.

Answer 16. I confirm that the exhibits above have been tested to ensure that rates are identical.

**Keystone Health Plan Central
Individual Rates
Q&A Exhibit 1
COVID Costs by Claim Type and Major Diagnosis
Group Commercial + Individual**

CAAC

Claim Type	Paid Amount
↳ Major Diagnosis Code	
FIP	\$35,293,681
Alcohol/Drug Use or Induced Mental Disorders	\$38,903
Blood and Blood Forming Organs & Immunological Disorders	\$60,843
Circulatory System	\$485,019
Digestive System	\$375,921
Ear, Nose, Mouth & Throat	\$23,524
Endocrine, Nutritional & Metabolic System	\$206,662
Factors Influencing Health Status	\$216,026
Female Reproductive System	\$50,741
Hepatobiliary System & Pancreas	\$158,145
Infectious & Parasitic DDs	\$6,833,951
Injuries, Poison & Toxic Effect of Drugs	\$39,402
Kidney & Urinary Tract	\$262,661
Mental Diseases & Disorders	\$111,145
Musculoskeletal System & Connective Tissue	\$533,159
Myeloproliferative DDs (Poorly Differentiated Neoplasms)	\$1,484
Nervous System	\$868,161
Pregnancy, Childbirth & Puerperium	\$77,884
Respiratory System	\$24,919,193
Skin Subcutaneous Tissue & Breast	\$30,854
FOP	\$7,067,485
Alcohol/Drug Use or Induced Mental Disorders	\$6,240
Blood and Blood Forming Organs & Immunological Disorders	\$9,305
Circulatory System	\$227,704
Digestive System	\$143,535
Ear, Nose, Mouth & Throat	\$334,892
Endocrine, Nutritional & Metabolic System	\$68,260
Eye	\$9,644
Factors Influencing Health Status	\$1,839,319
Female Reproductive System	\$20,534
Hepatobiliary System & Pancreas	\$14,841
Human Immunodeficiency Virus Infection	\$2,615
Infectious & Parasitic DDs	\$141,985
Injuries, Poison & Toxic Effect of Drugs	\$13,600
Kidney & Urinary Tract	\$37,179
Male Reproductive System	\$9,799
Mental Diseases & Disorders	\$31,453
Multiple Significant Trauma	\$681
Musculoskeletal System & Connective Tissue	\$123,040
Myeloproliferative DDs (Poorly Differentiated Neoplasms)	\$10,616
Nervous System	\$124,296
Newborn & Other Neonates (Perinatal Period)	\$1,595
No Diagnostic Category	\$1,987
Pregnancy, Childbirth & Puerperium	\$62,337
Respiratory System	\$3,795,853
Skin Subcutaneous Tissue & Breast	\$36,178
PIP	\$1,713,699
Alcohol/Drug Use or Induced Mental Disorders	\$405
Blood and Blood Forming Organs & Immunological Disorders	\$3,191
Circulatory System	\$36,957
Digestive System	\$9,370
Ear, Nose, Mouth & Throat	\$2,633
Endocrine, Nutritional & Metabolic System	\$16,170
Eye	\$1,098
Factors Influencing Health Status	\$25,988
Female Reproductive System	\$180
Hepatobiliary System & Pancreas	\$1,022
Infectious & Parasitic DDs	\$31,393
Injuries, Poison & Toxic Effect of Drugs	\$893
Kidney & Urinary Tract	\$13,128
Male Reproductive System	\$156
Mental Diseases & Disorders	\$2,398
Multiple Significant Trauma	\$9
Musculoskeletal System & Connective Tissue	\$9,035
Myeloproliferative DDs (Poorly Differentiated Neoplasms)	\$655
Nervous System	\$12,851
Pregnancy, Childbirth & Puerperium	\$4,197
Respiratory System	\$1,540,802
Skin Subcutaneous Tissue & Breast	\$1,166
POP	\$6,820,064
Alcohol/Drug Use or Induced Mental Disorders	\$1,169
Blood and Blood Forming Organs & Immunological Disorders	\$3,792
Circulatory System	\$56,509
Digestive System	\$36,854
Ear, Nose, Mouth & Throat	\$375,455
Endocrine, Nutritional & Metabolic System	\$21,314
Eye	\$670
Factors Influencing Health Status	\$4,128,394
Female Reproductive System	\$350
Hepatobiliary System & Pancreas	\$1,295
Human Immunodeficiency Virus Infection	\$512
Infectious & Parasitic DDs	\$59,884
Injuries, Poison & Toxic Effect of Drugs	\$1,026
Kidney & Urinary Tract	\$7,647
Male Reproductive System	\$339
Mental Diseases & Disorders	\$8,197
Multiple Significant Trauma	\$2
Musculoskeletal System & Connective Tissue	\$25,372
Myeloproliferative DDs (Poorly Differentiated Neoplasms)	\$1,570
Nervous System	\$58,893
Newborn & Other Neonates (Perinatal Period)	\$3,080
No Diagnostic Category	\$248
Pregnancy, Childbirth & Puerperium	\$7,329
Respiratory System	\$2,016,242
Skin Subcutaneous Tissue & Breast	\$3,923
RX	\$2,017,280
COVID-19 Vaccine	\$2,017,280
Grand Total	\$52,912,209

KHPC

Claim Type	Paid Amount
↳ Major Diagnosis Code	
FIP	\$22,625
Respiratory System	\$22,625
FOP	\$44,080
Circulatory System	\$15,991
Digestive System	\$117
Ear, Nose, Mouth & Throat	\$926
Endocrine, Nutritional & Metabolic System	\$117
Factors Influencing Health Status	\$10,189
Hepatobiliary System & Pancreas	\$12
Infectious & Parasitic DDs	\$710
Mental Diseases & Disorders	\$98
Musculoskeletal System & Connective Tissue	\$339
Nervous System	\$292
Respiratory System	\$15,286
PIP	\$478
Respiratory System	\$478
POP	\$39,312
Circulatory System	\$52
Ear, Nose, Mouth & Throat	\$1,810
Endocrine, Nutritional & Metabolic System	\$127
Factors Influencing Health Status	\$28,914
Infectious & Parasitic DDs	\$51
Kidney & Urinary Tract	\$42
Musculoskeletal System & Connective Tissue	\$225
Nervous System	\$248
Respiratory System	\$7,843
RX	\$4,221
COVID-19 Vaccine	\$4,221
Grand Total	\$110,715

**Keystone Health Plan Central
Individual Rates
Q&A Exhibit 1a
COVID Claim Criteria
Group Commercial + Individual**

Time Period Services Incurred 2021

Primary or second Dx:	U071
Lab procedures:	86408
	0224U
	87428
	86409
	86635
	U0005
	86328
	86769
	86318
	86413
Vaccination Procedures:	0011A
	91302
	0054A
	D1703
	0034A
	0022A
	0003A
	91303
	91305
	0013A
	91301
	0052A
	0004A
	0071A
	91307
	0001A
	D1702
	0021A
	0072A
	D1704
	0051A
	91304
	0002A
	D1707
	0031A
	0053A
	91300
	0012A
Vaccinate NDCs:	80777027315
	59267100003
	59267102501
	59267105501
	8063110010
	310122215
	310122210
	59267102503
	80777027398
	59267100002
	80777027310
	80777027399
	59676058005
	59267102504
	59676058015
	59267100001

**Keystone Health Plan Central
Individual Rates
Q&A Exhibit 2
Statewide Avg Premium History**

<u>Year</u>	<u>Market</u>	<u>Avg Prem</u>	<u>Annual Change</u>
2014	Individual	\$343.40	
2015	Individual	\$347.47	1.2%
2016	Individual	\$379.91	9.3%
2017	Individual	\$518.61	36.5%
2018	Individual	\$657.75	26.8%
2019	Individual	\$625.81	-4.9%
2020	Individual	\$617.66	-1.3%
2021*	Individual	\$598.55	-3.1%
2022*	Individual	\$599.74	0.2%
2023**	Individual	\$600.94	0.2%

2023 over 2021 Individual 0.4%

2014	Small Group	\$443.99	
2015	Small Group	\$452.19	1.8%
2016	Small Group	\$471.10	4.2%
2017	Small Group	\$486.43	3.3%
2018	Small Group	\$514.82	5.8%
2019	Small Group	\$517.24	0.5%
2020	Small Group	\$518.07	0.2%
2021*	Small Group	\$544.56	5.1%
2022*	Small Group	\$569.06	4.5%
2023**	Small Group	\$594.67	4.5%

2023 over 2021 Small Group 9.2%

*Based on PID Estimate

**Projected based on recent history

Keystone Health Plan Central
Individual Rates
Q&A Exhibit 3
Broker Commissions

	OEP	SEP
New	\$22.00	\$22.00
Renewing	\$16.00	\$16.00

**Keystone Health Plan Central
Individual Rates
Q&A Exhibit 4
Expanded Bronze Plans
Individual and Small Group Market
2023 Plan Offerings**

<u>Market Segment</u>	<u>HIOS Plan ID</u>	<u>Plan Name</u>	<u>Meets the requirements to be a high deductible health plan within the meaning of 26 U.S.C. 223(c)(2)</u>	<u>1 Major Service Paid Before Deductible at</u>		<u>Meet Expanded</u>	<u>Notes</u>
				<u>Cost-sharing <= 50%</u>	<u>Coinsurance Equivalent</u>		
Small Group	53789PA0090004	Bronze HMO 8000/0/50	N		Y	Y	\$50 PCP Copay
Small Group	45127PA0010135	Bronze QHDHP-E PPO 6900/0/0	Y		N	Y	High Deductible Health Plan
Individual	45127PA0020031	Bronze QHDHP PPO 6300/0/50	Y		N	Y	High Deductible Health Plan
Individual	45127PA0020020	Bronze PPO 7450/0/50	N		Y	Y	\$50 PCP Copay and 50% Coins on Specialty Drugs
Individual	45127PA0020033	Bronze QHDHP PPO Choice 6300/0/50	Y		N	Y	High Deductible Health Plan
Individual	45127PA0020025	Bronze PPO Choice 7100/0/50	N		Y	Y	\$50 PCP Copay and 50% Coins on Specialty Drugs
Individual	45127PA0140005	Bronze Valley Advantage EPO 7450/0/50	N		Y	Y	\$50 PCP Copay and 50% Coins on Specialty Drugs
Individual	45127PA0140010	Bronze Capital Advantage EPO 7450/0/50	N		Y	Y	\$50 PCP Copay and 50% Coins on Specialty Drugs
Individual	53789PA0100008	Bronze HMO 7450/0/50	N		Y	Y	\$50 PCP Copay and 50% Coins on Specialty Drugs

**Keystone Health Plan Central
Individual Rates
Q&A Exhibit 4a
Individual and Small Group
2021 Data Trended to 2023**

From: CostSharingTool_2023

Expanded Bronze Plan Review

This review checks that each plan with an Expanded Bronze metal level meets the
1. Meet the requirements to be a high deductible health plan within the meaning of 26 U.S.C. 223(c)(2).

OR

2. Pay for at least one major service before the deductible with reasonable cost sharing.
-Major services are defined as the below list of benefits.
-Reasonable cost sharing is defined as a coinsurance less than or equal to 50% or a copay less than or equal to a benefit-specific copay limit defined by the state. The values are set to default to \$0 and states may update the values below.

	Copay	Coins
Primary Care Visits	\$50	50%
Specialist Visit	\$0	50%
Emergency Room Services	\$0	50%
Inpatient Hospital Services (e.g.,	\$0	50%
Generic Drugs	\$0	50%
Preferred Brand Drugs	\$0	50%
Specialty Drugs	\$0	50%

<u>Allowed</u>	<u>Visits</u>	<u>Cost per Visit</u>	<u>Trend</u>	<u>2023 Cost Per Visit</u>	<u>Max Copay</u>	<u>Copay Applied</u>
\$17,649,144	\$199,061	\$88.66	7.25%	\$101.98	\$50.99	\$50

July 14, 2022

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

Re: **Keystone Health Plan Central
Individual Rates
Filing No 22-39
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear Ms. Swartz:

KHPC received an objection letter from the Department dated July 6, 2022. KHPC is providing the following in response to the objection letter:

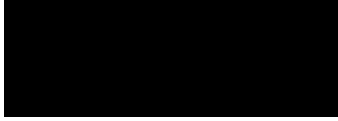
- Q&A written response
- Revised rate development workbook
- Revised PAAM exhibits
- Revised URRT
- Revised memos – Actuarial, Cover Letter
- Initial Rate Change Summary
- Public filing PDF

All changes are due to PID requests/questions and have been disclosed in the Q&A written response. Additionally, below is a summary of changes:

- Question 3: Update to morbidity factor from 1.1 to 1.0.
- Question 8: Update to 2021 risk adjustment due to the final CMS transfer amount published on June 30th. This amount changed by less than one dollar due to the Department's original estimate rounded to the nearest dollar. This change did not impact the projected RA transfer amount or rates.

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

Sincerely,



[REDACTED], ASA, MAAA
Director, Actuarial Services
Capital Blue Cross

Enclosures

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

KEYSTONE HEALTH PLAN CENTRAL, INC.

Question and Answer Individual Rates Effective January 1, 2023

Question 1. Please confirm that none of the changes made in Question 1 impacted the rate increase.

Answer 1. I can confirm the updates to URRT Wkst 1 & URRT Wkst 2 has had no impact on rates.

Question 2. The following questions pertain to the response received from Q2:

- a. Your response to part 2b appears to be incomplete. Please explain what has prompted the use of company specific data for the Projected Incurred Reinsurance Recoveries PMPM.
- b. Please provide what impact this change specifically had on the rate increase.

Answer 2.

- a. Capital uses company-specific claims and risk adjustment data. Due to Q5, Capital reevaluated the process and decided we should remain consistent and also use company-specific data for our reinsurance projections. This will result in the best estimate of reinsurance dollars given the company-specific claim projection.
- b. Updating the reinsurance morbidity adjustment from 0.999 to a 1.0, and changing our reinsurance projections to using company specific data instead of combined data decreased rates 0.581%.

Question 3. The following questions pertain to the response received in Q5:

- a. There was no exhibit demonstrating how the 1.10 adjustment factor was developed on the “Exhibit Q_Morbidity” tab in the “...RateDev_Supporting...” excel file. Please supply a quantitative exhibit that supports the 1.10 adjustment. If an exhibit cannot be created to support the adjustment, please remove the adjustment from the rate development.

Answer 3.

- a. Unlike the Small Group KHPC filing, the Individual market KHPC filing uses KHPC’s company-specific claim experience and risk adjustment for rate development. There is no manual. Additionally, the members purchasing insurance off the exchange have different utilization behaviors and morbidity than the highly subsidized members on exchange. Because of these two factors, Capital agrees with the Department that a morbidity adjustment to align rates with CAAC is not needed. The factor has been removed.

Question 4. The following question pertains to the response received in Q10:

- a. Please explain what has changed in terms of benefit design that allowed the Standard AV approach as opposed to Approach 1 from last year.

Answer 4. The only changes to the plan are increases to deductible and MOOP. These changes did not necessarily impact the AV approach, but instead differences in Capital's approach to AV versus the QHP Plans and Benefits template. In all AV calculations, Capital blends Rx copays – mail and retail - to create an effective average copay for each category. This is done while developing products early in the year before the QHP templates are available. Sometimes, once a plan is run through the QHP Plans and Benefits template AV macro, the plan does not meet AV (since the macro does not blend Rx copays). In those circumstances, Capital marks the plan as a Unique plan and applies Approach 1 to certifying the AV. This year, this plan met AV both in Capital's approach and the Plans and Benefits AV approach.

Question 5. The following questions pertain to the response received in Q11:

- a. Please provide a detailed quantitative exhibit (i.e., excel file) that walks from the catastrophic pricing AV of 0.7717 to the bronze pricing AV of 0.7901. Please provide what the pricing AV changes to after each of the following changes in this exact order: MOOP, Deductible, Coinsurance, Copays, Other Benefit Designs, and Other adjustments outside of the benefit relativity model.
- b. Please also provide what the modeled allowed and paid PMPMs are after each change.
- c. Please provide a detailed quantitative exhibit (i.e., excel file) that walks from the 2022 Pricing AV to the 2023 Pricing AV for both plans. For each plan please provide the impact for each of the following changes in this exact order: updated experience, benefit changes, any other changes.
- d. If there are any other changes please provide a description of what the changes represent.
- e. Please provide additional quantitative support for the following values represented on the "PMPMs" tab in the "...RateDev_Supporting..." excel spreadsheet:
 - i. Column F – please explain what time period these paid claims PMPMs are based off of. If the total paid claims PMPM in cell F2 is based on CY21 please explain how that same PMPM can be derived from Table 2. If it is based off of CY23 please provide how it can be derived from Table 5.
- f. Please provide a detailed quantitative exhibit on how each plan's specific Paid claims PMPM was developed.
- g. Cell G1 please provide the support for this allowed claims PMPM value and what time period it represents. If this total allowed claims PMPM is based on CY21 please explain how the same PMPM can be derived from Table 2. If it is based on CY23 please explain how the same PMPM can be derived from Table 5.
- h. Based on how each plan's paid to allowed ratio is calculated in column G, please explain why both plans have the same allowed claims PMPM amount.
- i. Based on the base experience data, both the "Table 4 w HIOS and ETOS" and "Exhibit F URRT" tabs indicate that CY21 had an underlying paid-to-allowed ratio of 0.655. Please provide a detailed quantitative exhibit with additional narrative that explains in detail why the CY23 paid-to-allowed ratio increases to 0.788.

Answer 5.

Due to question 3, the morbidity adjustment of 1.1 has been removed from the filing. The morbidity adjustment impacts the calculated paid-to-allowed ratio on Exhibit G. Removing the morbidity adjustment from both the allowed and incurred claims decreases the average paid-to-allowed ratio from 0.788 to 0.715. This new paid-to-allowed ratio is in line with prior filings and the paid-to-allowed ratio seen in 2021 experience (Table 2: Ultimate Incurred Claims/Allowed Claims (Non Capitated) = 0.723). Please let me know if you have additional questions now that the paid-to-allowed has been updated.

Question 6. The following question pertains to the response received for Q15:

- a. What would the Rx trend have been without considering rx rebates?

Answer 6.

- a. Because Rx rebates are projected to trend at the same rate as Rx costs, the Rx trend is unchanged by rebates.

Question 7. Please update the 2021 experience period risk adjustment amount, in Table 2, to reflect the final CMS risk adjustment amount released on June 30th.

Answer 7. The risk adjustment amount has been updated to reflect the amount released by CMS on June 30th.

Question 8. 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.

Answer 8. The risk adjustment amount in Table 5 was not adjusted.

Question 9. Please confirm that you have tested to ensure that the rates in Table 11 of the Actuarial Memorandum Exhibits, PA Plan Design Summary and Rate Tables, and Federal Rate Templates are identical.

Answer 9. I confirm that the exhibits above have been tested to ensure that rates are identical.

Question 10. Please ensure that the 7/14/22 versions of the following items are posted in SERFF with your July 14th response to this data call.

- a. Cover Letter identifying all changes made and the reasons for the change. Also, show the revised rate change.
- b. PA Actuarial Memorandum
- c. PA Actuarial Memorandum Exhibits
- d. Department's Plan Design Summary and Rate Template Exhibits (please ensure that the rate template by county is populated with only numeric values – no "NA")
- e. URRT
- f. Federal Rate Template
- g. Part III: Actuarial Memorandum
- h. Updated Rate Change Request Summary (Attachment I)

- i. Public PDF with limited redactions as previously directed in the Guidance (includes all correspondence and supporting exhibits after the initial submission, in addition to all the above items).

Answer 10. I confirm the requested information has been submitted.

July 20, 2022

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

Re: **Keystone Health Plan Central
Individual Rates
Filing No 22-39
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear Ms. Swartz:

KHPC received an objection letter from the Department dated July 18, 2022. KHPC is providing the following in response to the objection letter:

- Q&A written response
- Revised public filing PDF

There are no changes to the rates, exhibits, templates or memos. The public filing is only being updated to include this response.

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

Sincerely,

[REDACTED]

[REDACTED], ASA, MAAA
Director, Actuarial Services
Capital Blue Cross

Enclosures

cc: [REDACTED], FSA, MAAA, Senior Director, Actuarial Services

██████████, ASA, MAAA, Vice President and Chief Actuary, Actuarial Services
██████████, Corporate Counsel

KEYSTONE HEALTH PLAN CENTRAL, INC.

Question and Answer Individual Rates Effective January 1, 2023

Question 1. Have you implemented any incentives for providers and enrollees to continue managing health care cost and claims for individuals eligible for reinsurance (individual ACA compliant enrollees)? If yes, please provide a high-level description of the incentive.

Answer 1. Capital has not implemented any provider incentives specifically for individuals eligible for reinsurance.

Question 2. Please provide any updated public PDF with limited redactions as directed in the Guidance (includes all correspondence and supporting exhibit after the initial submission

Answer 2. We have updated the public PDF to include this response. No other changes are necessary.

Question 3. If the average requested rate change has changed from this round of questions, please provide an updated Rate Change Summary (Attachment I) with the new average rate change listed in the Revised average rate change section and update the rate change range.

Answer 3. We have not updated the average requested rate change with this submission.

August 26, 2022

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

Re: **Keystone Health Plan Central
Individual Rates
Filing No 22-39
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear Ms. Swartz:

KHPC received an objection letter from the Department dated August 23, 2022. KHPC is providing the following in response to the objection letter:

- Revised rate development workbook
- Revised PAAM exhibits
- Revised URRT
- Revised Rates (PA and Federal templates)
- Revised memos – Actuarial, Cover Letter, Rate Change Summary
- Revised public filing PDF

All changes are due to the adoption of the Inflation Reduction Act, and at the request of the Department. Below is a summary of changes:

- Update of PY2023 reinsurance coinsurance parameter from 40% to 53%.
- Update of projected enrollment for PY2023.

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

Sincerely,

August 26, 2022

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

Re: **Keystone Health Plan Central
Individual Rates
Filing No 22-39
TOI Code: H15I Individual Health – Hospital/Surgical/Medical Expense
Sub-TOI Code: H15I.001 - Hospital/Surgical/Medical Expense
Filing Type: Rate**

Dear Ms. Swartz:

KHPC received an objection letter from the Department dated August 23, 2022. KHPC is providing the following in response to the objection letter:

- Revised rate development workbook
- Revised PAAM exhibits
- Revised URRT
- Revised Rates (PA and Federal templates)
- Revised memos – Actuarial, Cover Letter, Rate Change Summary
- Revised public filing PDF

All changes are due to the adoption of the Inflation Reduction Act, and at the request of the Department. Below is a summary of changes:

- Update of PY2023 reinsurance coinsurance parameter from 40% to 53%.
- Update of projected enrollment for PY2023.

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

Sincerely,

[REDACTED]

[REDACTED], ASA, MAAA
Director, Actuarial Services
Capital Blue Cross

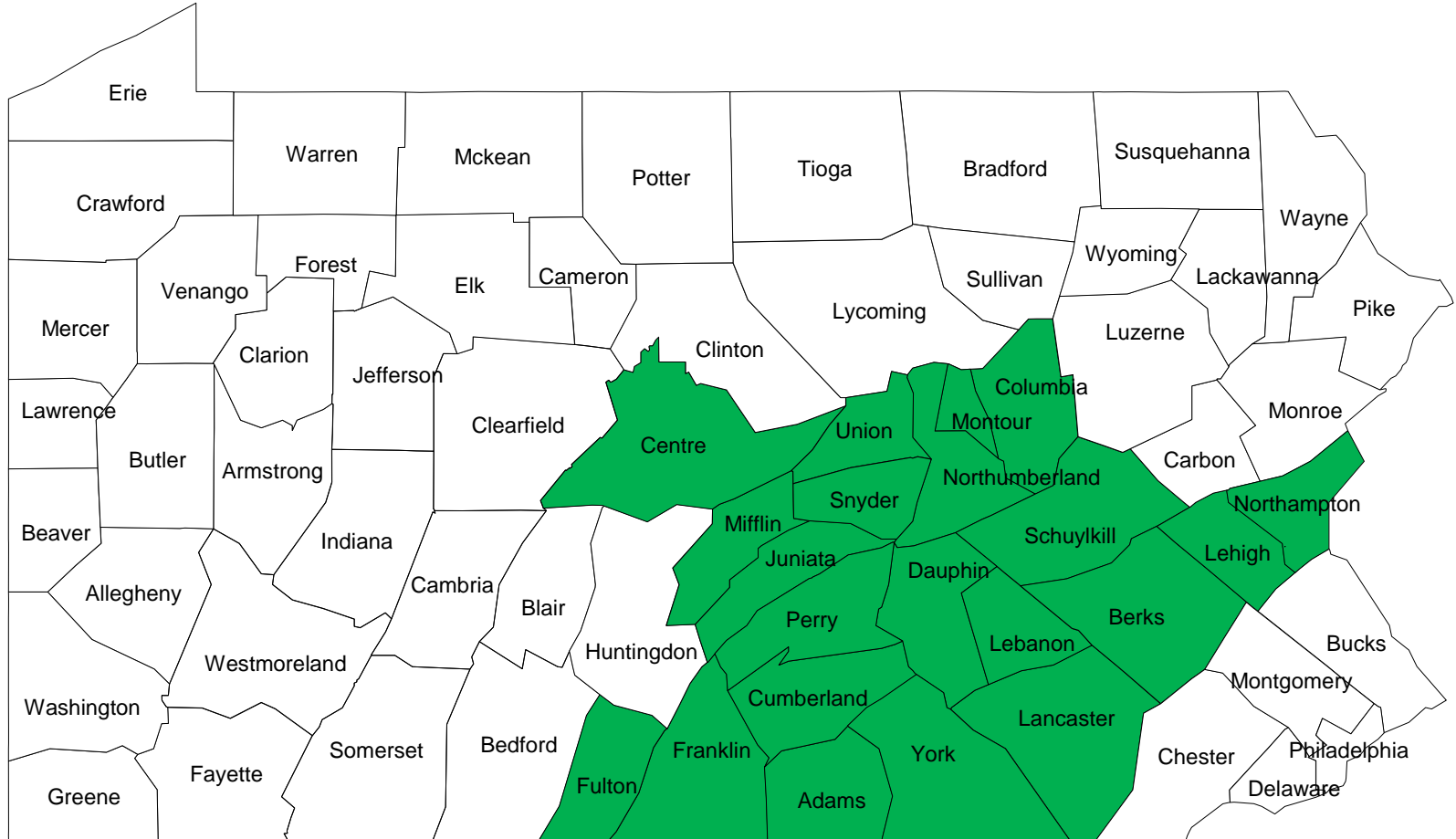
Enclosures

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



2022 Service Area

Issuer: 53789

Market: Individual



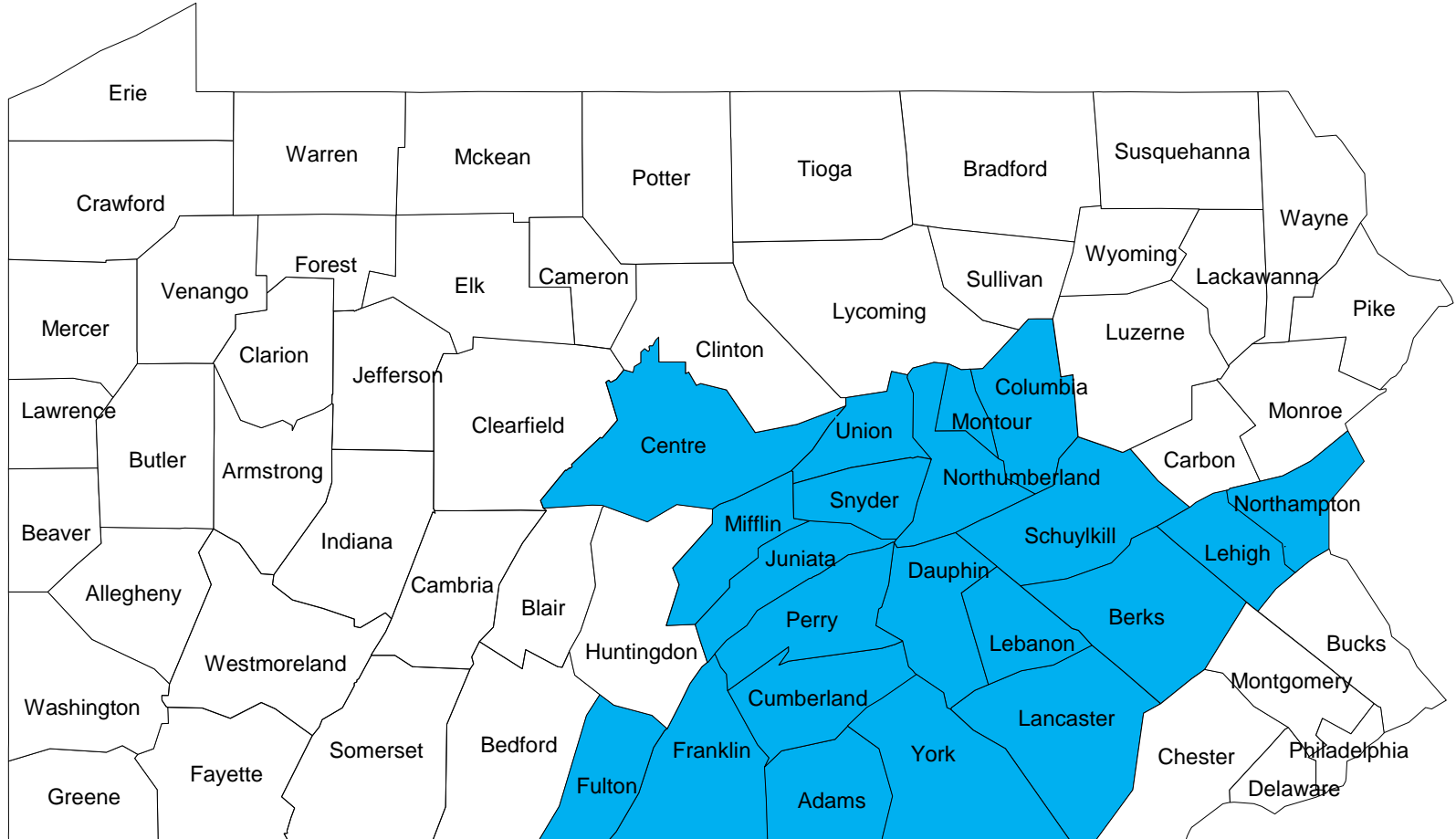
Key (*modify as needed*)

-  : 2022 on-exchange service area
-  : 2022 off-exchange only service area



2023 Service Area

Issuer: 53789

Market: Individual



Key (*modify as needed*)

-  : 2023 on-exchange service area
-  : 2023 off-exchange only service area