

SERFF Tracking #:

INAC-132358832

State Tracking #:

INAC-132358832

Company Tracking #:

KHPE SG 1-1-2021

State:

Pennsylvania

Filing Company:

Keystone Health Plan East, Inc.

TOI/Sub-TOI:

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

Product Name:

KHPE Small Group HMO eff 1-1-2021

Project Name/Number:

/

## Supporting Document Schedules

<b>Satisfied - Item:</b>	ACA Public Rate Filing PDF
<b>Comments:</b>	
<b>Attachment(s):</b>	Public Rate Filing KHPE Small Group 09012020.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	



May 19, 2020

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

**SUBMITTED VIA SERFF**

**RE: Keystone Health Plan East  
Small Group HMO Rate Filing effective 1/1/2021  
INAC-132358832**

Dear Ms. Gray:

Attached is the 2021 annual rate filing for HMO plans of Keystone Health Plan East (KHPE), and Direct Point-of-Service (DPOS) plans, of which a large majority of benefit expenses is attributed to KHPE and the remainder to QCC Insurance Company (QCC), and offered to small employer groups in the Commonwealth of Pennsylvania. Rates for new and renewing plans are being filed and satisfy market reform requirements of the Affordable Care Act (ACA).

This rate filing includes rates for these plans and specifies compliance with rating requirements of the ACA. The enclosed is for rating periods effective from January 1, 2021 through December 31, 2021.

The proposed rates represent a 0.9% increase over the previously approved 2020 rates.

Information for the Pennsylvania Bulletin:

1.	Company Name and NAIC Number:	Keystone Health Plan East; 95056
2.	Market	Small Group
3.	On or Off Exchange	Off
4.	Effective Date of Coverage	January 1, 2021
5.	Average Rate Change Requested	0.9%
6.	Range of Rate Changes Requested	-3.1% to 8.5%
7.	Total Annual Revenue Generated from the Proposed Rate Change	\$6,460,555
8.	Products	HMO
9.	Rating Areas and Change from 2020	Rating Area 8; No Change
10.	Metal Levels and Catastrophic Plans	Platinum, Gold, Silver, Bronze



- |  |  |
|--|--|
| 11. Current covered lives and policyholders as of February 1, 2020 | 110,253 lives  |
| 12. Number of plans offered in 2021 and change from 2020           | 21 plans in 2021; 21 plans in 2020                         |
| 13. Corresponding contract form number, SERFF, and binder numbers  | SERFF # INBC-132357845<br>See appendix for form numbers.   |
| 14. HIOS Issuer ID # and submission tracking Number                | HIOS Issuer ID # 33871; Filing # 33871-1751467485967847431 |

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

Sincerely,

[REDACTED]

cc:

[REDACTED]



## APPENDIX

### Form Numbers

KE 670 WPR GMC Rev. 1.21  
KE 670 SG EXC-OFF Rev. 1.21  
KE 670 SG EXC-OFF.Direct Rev. 1.21  
KE 670 SG EXC-OFF.Tier Rev. 1.21  
PREV/SCH-II Rev. 1.21

# **Attachment I**

# Rate Change Summary

## Keystone Health Plan East – Small Group Plans

Rate request filing ID # INAC-132358777 - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at

<http://www.insurance.pa.gov/Consumers/ACARelatedFilings/>

### Overview

Initial requested average rate change:	0.9%
Revised requested average rate change:	N/A
Range of requested rate change:	-3.1% to 1.5%
Effective date:	January 1, 2021
Mapped Members:	110,253
Available in:	Area 8

### Key information

#### Jan. 2019-Dec. 2019 financial experience

Premiums	\$647,879,911
Claims	\$534,599,580
Administrative expenses	\$76,666,000
Taxes & fees	\$16,221,464
Company made (after taxes)	<b>\$20,392,867</b>

#### How it plans to spend your premium

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

Claims:	82.9%
Administrative:	14.6%
Taxes & fees:	0.5%
Profit:	2.0%

The company expects its annual medical costs to increase **6.2%**.

### Explanation of requested rate change

Keystone Health Plan East ("KHPE") is revising premium rates for the Pennsylvania Small Group ACA compliant products, effective from January 1, 2021.

About 110,000 members will be affected.

Changes in Taxes and Fees:

The Federal government ended the Health Insurance Providers Fee beginning with premiums due in 2021. This lowers 2021 premium rates by about 3.4%.

#### Changes in Medical Service Costs:

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

#### Financial Experience of the Product:

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

#### Changes in Benefits:

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

#### Administrative Costs:

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

# PENNSYLVANIA ACTUARIAL MEMORANDUM

## PURPOSES

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

## 1. BASIC INFORMATION AND DATA

### A. COMPANY INFORMATION

<b>Company Legal Name:</b>	Keystone Health Plan East ("KHPE")
<b>State:</b>	Pennsylvania
<b>NAIC #:</b>	95056
<b>Market:</b>	Small Group
<b>Marketplace:</b>	Off Exchange
<b>Effective Date(s):</b>	1/1/2021-3/31/2021, 4/1/2021 – 6/30/2021, 7/1/2021 – 9/30/2021, 10/1/2021 – 12/31/2021
<b>Average Rate Change:</b>	0.9%
<b>Range of Rate Changes:</b>	-3.1% to 8.5%
<b>Products:</b>	HMO
<b>Rating Areas:</b>	Rating Area 8
<b>Metal Levels:</b>	Platinum, Gold, Silver, Bronze
<b>Current Members:</b>	110,253
<b>Number of 2021 Plans:</b>	21
<b>HIOS Issuer ID (5-digit):</b>	33871

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

### COMPANY CONTACT INFORMATION

**Primary Contact Name:** [REDACTED]  
**Primary Contact Telephone Number:** [REDACTED]



**Primary Contact Email Address:** [REDACTED]

## **B. RATE HISTORY AND PROPOSED VARIATIONS IN RATE CHANGES**

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

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

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

## **C. AVERAGE RATE CHANGE**

The average proposed rate change shown in Cell AC15 of Table 10 is 0.9%. The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2019 to calendar year 2021 are incorporated into the pricing and reflected in the Unified Rate Review Template.

The change in 21-year-old Non-Tobacco Premium PMPM calculated in Table 11, Cell AN13 is -0.85%.

## **D. MEMBERSHIP COUNT**

Table 1 illustrates the Experience Period member-months, Current Period members as of February 1, 2020, and Projected Rating Period Member-months by ages.

## **E. BENEFIT CHANGES**

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

## **F. EXPERIENCE PERIOD CLAIMS AND PREMIUMS**

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

Experience period premium, claims, and member months are obtained from the company's internal data warehouse. The claims data is collected for incurred dates from January through December 2019 and paid through February 2020. Earned premiums and member months are for January through December 2019. The data are for all direct-written small group business of KHPE in the Commonwealth of Pennsylvania, including out-of-network claims written by KHPE but paid by QCC for POS plans. No private reinsurance was applicable.

### **Projected Risk Adjustment PMPM**

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

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

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

The projected risk adjustment amounts for KHPE and Independence Blue Cross (QCC) are consistent with the projection made in the respective submissions. We also considered preliminary 2019 risk transfer results.

In the URRT v5.1, it is necessary to divide Risk Adjustment by the Paid to Allowed factor when it is used in calculations based on Allowed Claims to produce calculations that are consistent with the Actuarial Memo Rate Exhibit.

## **G. CREDIBILITY OF DATA**

The experience period data is considered 100% credible.

## **H. TREND IDENTIFICATION**

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

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

## **I. HISTORICAL EXPERIENCE**

Table 4 illustrates historical experience from 2016 through 2019 for the product line.

### **a. Annualized Cost Trend**

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

### **b. Annualized Utilization Trend**

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

## **J. TERMINATED PLANS**

No plans are being terminated in 2021.

## **2. RATE DEVELOPMENT AND CHANGE**

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

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

### **Changes in Population Risk Morbidity**

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

### **COVID-19 Impact**

Morbidity was increased by an additional 1% to account for the impact of COVID-19 on overall projected claims.

### **Changes in Other Factors**

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

We incorporated the quarterly trend methodology from Table 5A into the URRT Part 1 Worksheet 1 Section II so that the calculated MAIR in the URRT was consistent with the MAIR calculated in the Actuarial Memo Rate Exhibits. The factor is also applied in the URRT Worksheet 2 Section 3, Plan Adjustment Factors, to correctly calculate the first quarter 2021 rates.

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

## **B. RETENTION ITEMS**

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

Administrative Expenses		15.73%
General and Claims	9.57%	
Agent/Broker Fees and Commissions	5.36%	
Quality Improvement Initiatives	0.80%	
Taxes and Fees		0.49%
Risk Adjustment User Fee	0.03%	
PCORI Fee	0.04%	
PA Premium Tax	0.00%	
Federal Income Tax	0.42%	
Health Insurance Providers Fee	0.00%	
Profit/Contingency		2.00%
Total Retention		18.22%

### C. NORMALIZED MARKET-ADJUSTED PROJECTED ALLOWED TOTAL CLAIMS

Table 7 compares the normalization factors used in this filing to those used in the 2020 filing. The changes in the factors reflect small differences from the projected populations in 2020 and 2021.

### D. COMPONENTS OF RATE CHANGE

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

Data in Table 9 is consistent with the 2020 and 2021 URRT with the exceptions of Risk Adjustment and Reinsurance which were revised to project company-specific values.

## 3. PLAN RATE DEVELOPMENT

Table 10 is populated with plan information consistent with entries in the 2021 URRT. Plan mappings, where applicable, are illustrated in Column F of Table 10.

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

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

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

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

#### 5. PLAN FACTORS

Tables 12, 13, and 14 illustrate the factors used in pricing for age, tobacco, geographic rating area, and network. The tobacco factors match the previously approved tobacco factors from the 2020 filing.

#### 6. ACTUARIAL CERTIFICATION

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

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

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

- The projected index rate is:
  - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.08(d)(1) and 147.106);
  - Developed in compliance with applicable Actuarial Standards of Practice;
  - Reasonable in relation to the benefits provided and the population anticipated to be covered; and
  - Neither excessive nor deficient.
- The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.

- The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.
- The AV Calculator was used to determine the AV Metal Values illustrated in Worksheet 2 of the Part I Unified Rate Review Template for all plans, unless an alternate methodology was required. If an alternate methodology was used to calculate the AV Metal Value for at least one plan offered, a copy of the actuarial certification required by 45 CFR Part 156, §156.135 will be included.
- All factor, benefit, and other changes from the prior approved filing have been disclosed in the actuarial memorandum.
- New plans cannot be considered modifications of existing plans under the uniform modification standards in 45 CFR 147.106.
- The information presented in the PA Actuarial Memorandum and PA Actuarial Memorandum Rate Exhibits is consistent with the information presented in the 2021 Rate Filing Justification.

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May 19, 2020

PA Rate Template Part I  
Data Relevant to the Rate Filing

Table 0. Identifying Information

Carrier Name:	KeyStone Health Plan East
Product(s):	HMO
Market Segment:	Small Group
Rate Effective Date:	1/1/2019
Base Period Start Date:	1/1/2019
Date of Most Recent Membership:	12/31/2019

to 12/31/2021  
to 12/31/2019

Table 1. Number of Members

	Members	
	Experience Period	Member-months
Average Age	36.4	35.5
Total	1,310,009	6,123,836
45+	213,477	1,029,296
18-44	118,633	117,413
35-39	147,139	144,104
30-34	108,828	104,124
25-29	115,211	121,740
20-24	103,560	106,405
15-19	109,279	109,506
10-14	110,655	111,212
5-9	12,116	16,112
0-4	15,254	11,620

Table 2. Experience Period Claims and Premiums

Earned Premium	Paid Claims	Ultimate Incurred Claims	Member Months	Estimated Cost Sharing (Member % HRS)	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
\$ 25,349,924.11	\$ 14,296,538.05	\$ 14,274,019.08	1,310,009	41.26%	140,942,955.73	24	116,450,871.33	114,853,854.44	5,979,897.44	108,369,148.44	\$
Experience Period Total Allowed EHB Claims + EHB Capitation (PMPM) (Net of prescription drug rebates)											\$
Non-EHB											\$

\* Express Prescription Drug Rebates as a negative number

Table 3. Trend Components

Service Category	Cost*	Utilization*	Induced Demand*	Composite Trend	Weight*
Inpatient Hospital	1.65%	5.89%	0.00%	0.53%	17.31%
Outpatient Hospital	1.50%	1.89%	0.00%	0.68%	17.71%
Professional	7.61%	5.97%	0.00%	6.65%	21.42%
Other Medical	2.61%	5.89%	0.00%	1.65%	0.00%
Capitation					18.71%
Prescription Drug	-2.68%	5.89%	0.00%	1.68%	22.82%
Total Annual Trend				6.22%	100.00%
Months of Trend				24	
Total Applied Trend Projection Factor				1.148	

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

\*\* Should equal UBR Trend

Table 4. Historical Experience

Month Year	Total Annual Premium	Incurred Claims	Completion Factor*	Ultimate Incurred Claims	Members	Ultimate Incurred PMPM	Estimated Annual Cost Sharing (Member % HRS)	Prescription Drug Rebates**	Allowed Claims (Net of Prescription Drug Rebates)	Allowed PMPM
Jan-14	\$	\$ 25,118,239.45	1.0000	\$ 25,118,239.45	124,688	\$	336.41	\$	45,071,995.30	\$ 362.87
Feb-14	\$	\$ 20,851,326.44	1.0000	\$ 20,851,326.44	125,317	\$	330.51	\$	45,705,312.21	\$ 364.37
Mar-14	\$	\$ 44,420,173.97	1.0000	\$ 44,420,173.97	124,143	\$	350.16	\$	49,137,804.24	\$ 395.87
Apr-14	\$	\$ 42,241,519.07	1.0000	\$ 42,241,519.07	127,151	\$	328.25	\$	46,678,701.25	\$ 365.62
May-14	\$	\$ 38,853,829.48	1.0000	\$ 38,853,829.48	123,046	\$	314.13	\$	44,815,053.80	\$ 362.31
Jun-14	\$	\$ 45,361,200.78	1.0000	\$ 45,361,200.78	127,226	\$	344.07	\$	47,230,624.46	\$ 368.97
Jul-14	\$	\$ 42,400,000.40	1.0000	\$ 42,400,000.40	124,806	\$	340.86	\$	46,816,907.14	\$ 368.06
Aug-14	\$	\$ 42,764,938.55	1.0000	\$ 42,764,938.55	122,117	\$	350.21	\$	49,066,787.20	\$ 401.82
Sep-14	\$	\$ 39,554,775.95	1.0000	\$ 39,554,775.95	121,121	\$	326.37	\$	44,411,214.57	\$ 366.75
Oct-14	\$	\$ 38,484,477.24	1.0000	\$ 38,484,477.24	120,096	\$	316.20	\$	44,119,764.28	\$ 362.58
Nov-14	\$	\$ 32,280,226.54	1.0000	\$ 32,280,226.54	120,394	\$	309.80	\$	43,807,788.69	\$ 365.55
Dec-14	\$	\$ 35,089,732.76	1.0000	\$ 35,089,732.76	120,858	\$	300.08	\$	43,090,266.08	\$ 363.53
Jan-15	\$	\$ 35,473,627.18	1.0000	\$ 35,473,627.18	120,494	\$	310.34	\$	45,814,038.20	\$ 380.27
Feb-15	\$	\$ 33,791,636.94	1.0000	\$ 33,791,636.94	120,524	\$	280.37	\$	39,448,907.51	\$ 327.53
Mar-15	\$	\$ 39,766,332.17	1.0000	\$ 39,766,332.17	119,980	\$	331.44	\$	44,783,886.01	\$ 373.20
Apr-15	\$	\$ 35,364,653.33	1.0000	\$ 35,364,653.33	119,391	\$	296.34	\$	40,869,364.24	\$ 341.26
May-15	\$	\$ 38,112,205.57	1.0000	\$ 38,112,205.57	118,562	\$	314.81	\$	43,747,427.44	\$ 365.00
Jun-15	\$	\$ 37,313,288.24	1.0000	\$ 37,313,288.24	118,278	\$	312.03	\$	43,444,121.18	\$ 363.99
Jul-15	\$	\$ 36,702,185.24	1.0000	\$ 36,702,185.24	118,501	\$	299.88	\$	43,327,114.45	\$ 351.87
Aug-15	\$	\$ 39,341,032.60	1.0000	\$ 39,341,032.60	118,134	\$	332.47	\$	44,264,808.54	\$ 372.89
Sep-15	\$	\$ 36,768,146.29	1.0000	\$ 36,768,146.29	118,188	\$	310.88	\$	41,607,246.84	\$ 352.21
Oct-15	\$	\$ 39,438,182.08	1.0000	\$ 39,438,182.08	118,076	\$	335.20	\$	43,020,479.40	\$ 372.03
Nov-15	\$	\$ 37,211,163.20	1.0000	\$ 37,211,163.20	117,921	\$	316.46	\$	42,000,098.54	\$ 353.83
Dec-15	\$	\$ 34,999,622.44	1.0000	\$ 34,999,622.44	116,566	\$	300.28	\$	40,434,434.44	\$ 346.67
Jan-16	\$	\$ 37,391,538.56	1.0000	\$ 37,391,538.56	115,224	\$	324.37	\$	43,543,863.37	\$ 377.74
Feb-16	\$	\$ 34,851,929.47	1.0000	\$ 34,851,929.47	114,786	\$	303.90	\$	40,100,835.24	\$ 345.63
Mar-16	\$	\$ 35,592,985.65	1.0000	\$ 35,592,985.65	113,438	\$	313.77	\$	41,233,356.47	\$ 363.48
Apr-16	\$	\$ 32,028,381.47	1.0000	\$ 32,028,381.47	112,273	\$	278.81	\$	39,366,366.63	\$ 343.48
May-16	\$	\$ 37,838,810.99	1.0000	\$ 37,838,810.99	111,764	\$	310.45	\$	43,874,034.30	\$ 389.21
Jun-16	\$	\$ 35,895,450.02	1.0000	\$ 35,895,450.02	110,511	\$	324.04	\$	41,284,647.24	\$ 372.33
Jul-16	\$	\$ 36,784,670.16	1.0000	\$ 36,784,670.16	109,688	\$	325.71	\$	41,424,782.61	\$ 375.52
Aug-16	\$	\$ 36,491,739.93	1.0000	\$ 36,491,739.93	109,391	\$	324.45	\$	42,711,449.84	\$ 375.27
Sep-16	\$	\$ 34,692,094.78	1.0000	\$ 34,692,094.78	109,161	\$	317.80	\$	40,807,970.85	\$ 362.68
Oct-16	\$	\$ 36,336,273.18	1.0000	\$ 36,336,273.18	108,663	\$	339.02	\$	42,558,611.40	\$ 381.68
Nov-16	\$	\$ 33,820,263.00	1.0000	\$ 33,820,263.00	108,003	\$	314.20	\$	39,879,566.08	\$ 355.09
Dec-16	\$	\$ 34,311,829.14	1.0000	\$ 34,311,829.14	107,277	\$	314.10	\$	40,417,609.24	\$ 366.74
Jan-17	\$	\$ 36,021,322.31	0.9998	\$ 36,021,322.31	106,922	\$	328.10	\$	42,000,074.14	\$ 365.40
Feb-17	\$	\$ 34,818,222.81	0.9999	\$ 34,818,222.81	105,461	\$	294.16	\$	40,148,206.24	\$ 348.92
Mar-17	\$	\$ 36,032,950.28	0.9999	\$ 36,032,950.28	105,448	\$	326.54	\$	42,127,117.12	\$ 364.93
Apr-17	\$	\$ 32,028,579.03	0.9984	\$ 32,028,579.03	105,201	\$	278.36	\$	39,122,468.36	\$ 345.43
May-17	\$	\$ 37,443,464.06	0.9974	\$ 37,443,464.06	104,214	\$	343.01	\$	43,168,107.41	\$ 399.08
Jun-17	\$	\$ 35,205,702.84	0.9951	\$ 35,205,702.84	103,070	\$	305.36	\$	41,603,568.81	\$ 354.79
Jul-17	\$	\$ 35,818,121.30	0.9951	\$ 35,818,121.30	102,647	\$	315.30	\$	41,705,202.41	\$ 357.13
Aug-17	\$	\$ 36,311,632.56	0.9941	\$ 36,311,632.56	102,513	\$	333.20	\$	43,822,212.24	\$ 384.56
Sep-17	\$	\$ 34,666,021.03	0.9813	\$ 34,666,021.03	102,646	\$	325.46	\$	41,035,371.80	\$ 375.09
Oct-17	\$	\$ 36,361,230.44	0.9738	\$ 36,361,230.44	102,708	\$	340.43	\$	43,967,153.31	\$ 404.45
Nov-17	\$	\$ 35,213,233.22	0.9628	\$ 35,213,233.22	102,730	\$	318.07	\$	42,000,022.01	\$ 365.89
Dec-17	\$	\$ 34,614,234.54	0.9314	\$ 34,614,234.54	102,811	\$	322.72	\$	41,436,860.41	\$ 361.88

\* Express Completion Factor as a percentage

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



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

Carrier Name: Keystone Health Plan East  
 Product(s): HMO  
 Market Segment: Small Group  
 Rate Effective Date: 1/1/2021

**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	\$ 465.95	\$ -	< Actual Experience PMPM should be consistent with the Index Rate for Experience Period on URRT
Two year trend projection factor	1.128	1.000	
Unadjusted Projected Allowed EHB Claims PMPM	\$ 525.71	\$ -	
<b>Single Risk Pool Adjustment Factors</b>			
Change in Morbidity - Impact of Reinsurance Program	1.000	1.000	
Change in Morbidity - All Other	1.010		< See URRT Instructions
Total Non-Morbidity Changes	1.011	0.000	
Change in Demographics	1.008		< See URRT Instructions
Change in Network	1.003		< See URRT Instructions
Change in Benefits	1.000		< See URRT Instructions
Change in Other	1.000		< See URRT Instructions
Total Adjusted Projected Allowed EHB Claims PMPM	\$ 536.72	\$ -	
Credibility Factors	100%	0%	< See Instructions
Blended Projected EHB Claims PMPM	\$ 536.72	\$ 536.72	< Projected Index Rate
<b>Development of the Market-Adjusted Index Rate and Total Allowed Claims</b>			
Adjusted Projected Allowed EHB Claims PMPM	\$ 536.72		< Index Rate for Projection Period on URRT
Projected Paid to Allowed Ratio	0.780		
Projected Incurred EHB Claims PMPM	\$ 418.78		
Market-wide Adjustments			
Projected Incurred Risk Adjustment PMPM	-526.56		
Projected Incurred Exchange User Fees PMPM	50.00		
Projected Incurred Reinsurance Recoveries PMPM	50.00		
Market-Adjusted Projected Incurred EHB Claims PMPM	\$ 445.34		
Market-Adjusted Projected Allowed EHB Claims PMPM	\$ 570.76		< Market-Adjusted Index Rate
Projected Allowed Non-EHB Claims PMPM	\$ 5.43		
Market-Adjusted Projected Incurred Total Claims PMPM	\$ 449.58		
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 576.20		

**For Informational Purposes only - No input required.**

Blended Base Period Unadjusted Claims before Normalization	\$ 465.95	< Index Rate of Experience Period on URRT
Blended Earned Premium	\$ 676,249,629.13	
Blended Loss Ratio	82.52%	

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

Effective Date	1/1/2021	4/1/2021	7/1/2021	10/1/2021	Total Single Risk Pool
# of Member Months Renewing in Quarter	475,521.00	273,441.00	221,948.00	339,150.00	1,310,060
Adjusted Projected Allowed EHB Claims PMPM	\$ 536.72	\$ 536.72	\$ 536.72	\$ 536.72	\$ 536.72
Months of Trend	-	3	6	9	
Annual Trend	6.22%	6.22%	6.22%	6.22%	
Single Risk Pool Projected Allowed Claims	\$ 536.72	\$ 644.88	\$ 553.16	\$ 561.57	\$ 547.64
Quarterly Trend Factor	1.000	1.015	1.031	1.046	1.020

**Table 6. Retention**

Retention Items - Express in percentages	Percentages	PMPM Amounts
Administrative Expenses	15.73%	\$86.50
General and Claims	5.27%	\$28.62
Agent/Broker Fees and Commissions	5.36%	\$29.48
Quality Improvement Initiatives	0.80%	\$4.40
Taxes and Fees	0.50%	\$2.75
Risk Adjustment User Fee	0.05%	\$0.25
PCORI Fee	0.04%	\$0.20
PA Premium & Other Taxes (if applicable)	0.00%	\$0.00
Federal Income Tax	0.42%	\$2.31
Health Insurance Providers Fee (Pricated for Small Groups only)	0.00%	\$0.00
Profit/Contingency (after tax)	2.00%	\$11.00
Total Retention	18.23%	\$100.25
Projected Required Revenue PMPM		\$ 549.83

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

Normalization Factors	2020	2021
Average Aca Factor	\$ 1.50	\$ 1.50
Average Generosistic Factor	\$ 1.01	\$ 1.00
Average Tobacco Factor	\$ 1.01	\$ 1.01
Average Benefit Richness (induced demand)	\$ 1.00	\$ 1.00
Average Network Factor	\$ 1.00	\$ 1.00
Market-Adjusted Projected Allowed Total Claims PMPM	\$ 529.66	\$ 576.20
Normalized Market-Adjusted Projected Allowed Total Claims PMPM	\$ 349.26	\$ 380.81

**Table 8. Components of Rate Change**

Rate Components	2020	2021	Difference	Percent Change
A. Calibrated Plan Adjusted Index Rate (PMPM)	\$ 364.85	\$ 368.08	\$ 3.23	0.9%
B. Base period allowed claims before normalization	\$ 454.33	\$ 465.95	\$ 11.59	2.2%
C. Normalization factor component of change	\$ (154.75)	\$ (158.00)	\$ (3.25)	-0.9%
D. Change in Normalized Allowed Claims Adjustment Components				
D1. Base period allowed claims after normalization	\$ 299.60	\$ 307.95	\$ 8.34	2.3%
D2. URRT Trend	\$ 22.99	\$ 39.50	\$ 16.51	4.5%
D3. URRT Morbidity	\$ -	\$ 3.47	\$ 3.47	1.0%
D4. URRT Other	\$ 7.47	\$ 3.80	\$ (3.67)	-1.0%
D5. Normalized URRT Risk Adjustment on an allowed basis	\$ 11.32	\$ 22.50	\$ 11.18	3.1%
D6. Normalized Exchange User Fee on an allowed basis	\$ -	\$ -	\$ -	0.0%
D7. Normalized Reinsurance Recoveries on an allowed basis	\$ -	\$ -	\$ -	0.0%
D8. Subtotal - Sum(D1-D7)	\$ 341.38	\$ 377.22	\$ 35.84	9.8%
E. Change in Allowable Plan Adjusted Level Components				
E1. Network	\$ -	\$ -	\$ -	0.0%
E2. Pricing AV	\$ (58.51)	\$ (82.89)	\$ (24.38)	-6.7%
E3. Benefit Richness	\$ (0.02)	\$ 0.00	\$ 0.02	0.0%
E4. Catastrophic Eligibility	\$ -	\$ -	\$ -	0.0%
E5. Subtotal - Sum(E1-E4)	\$ (58.53)	\$ (82.89)	\$ (24.36)	-6.7%
F. Change in Retention Components				
F1. Administrative Expenses	\$ 57.54	\$ 57.91	\$ 0.37	0.1%
F2. Taxes and Fees	\$ 14.12	\$ 1.84	\$ (12.28)	-3.4%
F3. Profit and/or Contingency	\$ 7.30	\$ 7.36	\$ 0.06	0.0%
F4. Subtotal - Sum(F1-F3)	\$ 78.96	\$ 77.11	\$ (1.84)	-2.3%
G. Change in Miscellaneous Items	\$ -	\$ -	\$ -	0.0%
H. Sum of Components of Rate Change (should approximate the change shown in line A)	\$ 361.80	\$ 361.44	\$ (0.36)	-0.1%

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

	2020	2021	
Paid-to-Allowed	0.829	0.780	
URRT Trend (Total Acquired Trend Factor)	1.077	1.128	< URRT W1, S2
URRT Morbidity	1.000	1.010	< URRT W1, S2
URRT "Other"	1.023	1.011	< URRT W1, S2
Risk Adjustment	\$ 14.22	\$ 26.56	< URRT W1, S3
Exchange User Fee	\$ -	\$ -	< URRT W1, S3
Reinsurance Recoveries	\$ -	\$ -	< URRT W1, S3
Capitation	\$ -	\$ -	< URRT W1, S2
Network	1.000	1.000	
Pricing AV	0.829	0.780	< For 2020 in cell B1, please include a factor equal to the product of the average Pricing AV and the Non-Funding of CSR Adjustment
Benefit Richness	1.000	1.000	
Catastrophic Eligibility	1.000	1.000	
Administrative Expenses	15.73%	15.73%	
Taxes and Fees	3.87%	0.50%	
Profit and/or Contingency	2.00%	2.00%	



PA Rate Template Part IV B - Small Group Annual  
 Table 11. Plan Premium Development for 32 Year-Old Non-Tobacco User

Plan Name: [Blank]  
 Product Code: [Blank]  
 Effective Date: [Blank]  
 Rate Year: [Blank]

Plan Name	Rate Year	Rate Class	Rate Code	Rate Description	2024												Annual Premium
					1	2	3	4	5	6	7	8	9	10	11	12	
Total																	
[Detailed rate data rows with columns for months 1-12 and annual premium]																	



Company Name: **Proforma Health Plan # 1**  
Market: **IND**  
Product: **IND**  
Effective Date of Rate: **01/01/2015**

Ending date of Rate: **March 31, 2015**

Table with columns for Plan ID, Plan Name, and various rate categories (e.g., Health Plan, Dental, Vision, Life, Acc/Disability, etc.) for multiple plan types (e.g., 1000, 1001, 1002, etc.). The table contains a dense grid of numerical values representing rates for each category and plan type.

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

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



Company Name: [Redacted]
Market: [Redacted]
Product: [Redacted]
Effective Date of Rate: [Redacted]
Ending date of Rate: [Redacted]

Table with columns for Plan ID, Plan Name, and various rate values (e.g., 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64). Each row contains multiple columns of numerical data representing different plan rates.



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

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



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

Table with columns for Plan, Plan Year, and various rate categories (e.g., Health, Dental, Vision, Life, Acc/Disability). Rows represent different plan options and their associated rates.

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

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



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

Table with columns for Plan ID, Plan Name, and various rate values (e.g., 1.48, 1.49, 1.50, etc.) for different plan categories and years.

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

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





A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T			
1	<b>Unified Rate Review v5.1</b>										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.											
2																						
3	Company Legal Name:	Keystone Health Plan East										State:	PA									
4	HIOS Issuer ID:	33871										Market:	Small Group									
5	Effective Date of Rate Change(s):	1/1/2021																				
6																						
7																						
8	<b>Market Level Calculations (Same for all Plans)</b>																					
9																						
10																						
11	<b>Section I: Experience Period Data</b>																					
12	Experience Period:	1/1/2019										to	12/31/2019									
13												Total	PMPM									
14	Allowed Claims											\$610,416,618.51										\$465.95
15	Reinsurance											\$0.00										\$0.00
16	Incurred Claims in Experience Period											\$528,625,682.34										\$403.51
17	Risk Adjustment											-\$28,369,718.43										-\$21.66
18	Experience Period Premium											\$676,249,629.13										\$516.20
19	Experience Period Member Months											1,310,060										
20																						
21	<b>Section II: Projections</b>																					
22												Year 1 Trend				Year 2 Trend				Trended EHB Allowed Claims		
23	Benefit Category	Experience Period Index Rate PMPM	Cost		Utilization		Cost		Utilization		PMPM											
24	Inpatient Hospital	\$80.75	1.034	1.059	1.034	1.059	1.034	1.059	1.034	1.059	\$96.82											
25	Outpatient Hospital	\$82.53	1.036	1.059	1.036	1.059	1.036	1.059	1.036	1.059	\$99.34											
26	Professional	\$109.14	1.026	1.059	1.026	1.059	1.026	1.059	1.026	1.059	\$128.85											
27	Other Medical	\$0.00	1.026	1.059	1.026	1.059	1.026	1.059	1.026	1.059	\$0.00											
28	Capitation	\$87.19	1.000	0.995	1.000	0.995	1.000	0.995	1.000	0.995	\$86.32											
29	Prescription Drug	\$106.33	0.979	1.059	0.979	1.059	0.979	1.059	0.979	1.059	\$114.29											
30	Total	\$465.94									\$525.62											
31																						
32	Morbidity Adjustment											1.010										
33	Demographic Shift											1.008										
34	Plan Design Changes											1.000										
35	Other											1.003										
36	Adjusted Trended EHB Allowed Claims PMPM for	1/1/2021										\$536.73										
37																						
38	Manual EHB Allowed Claims PMPM											\$0.00										
39	Applied Credibility %											100.00%										
40																						
41	<b>Projected Period Totals</b>																					
42	Projected Index Rate for	1/1/2021										\$536.73	\$710,113,112.28									
43	Reinsurance											\$0.00	\$0.00									
44	Risk Adjustment Payment/Charge											-\$34.04	-\$45,036,145.44									
45	Exchange User Fees											0.00%	\$0.00									
46	Market Adjusted Index Rate											\$570.77	\$755,149,257.72									
47																						
48	Projected Member Months											1,323,036										
49																						
50	<b>Information Not Releasable to the Public Unless Authorized by Law:</b> This information has not been publicly disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.																					
51																						



**Rating Area Data Collection**

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

Rating Area	Rating Factor
Rating Area 8	1.0000

## URRT Part II – Consumer Friendly Justification

### **Scope and Range of the Rate Increase:**

Keystone Health Plan East ("KHPE") is revising premium rates for the Pennsylvania Small Group ACA compliant products, effective from January 1, 2021. The proposed revisions to each plan are shown on the second page of this exhibit.

About 110,000 members will be affected.

### **Financial Experience of the Product:**

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

### **Changes in Taxes and Fees:**

The Federal government ended the Health Insurance Providers Fee beginning with premiums due in 2021. This lowers 2021 premium rates by about 3.4%.

### **Changes in Medical Service Costs:**

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

We are projecting that claims will increase by 8.9% in 2021. More than half of the change in health care service costs is driven by changes to health care provider fees.

We project an additional 1% increase in claims to account for the impact of COVID-19 on overall projected claims.

### **Changes in Benefits:**

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

### **Administrative Costs:**

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

## URRT Part II – Consumer Friendly Justification

HIOS ID	Plan Name	1Q % Change	2Q % Change	3Q % Change	4Q % Change
33871PA0100020	Keystone HMO Platinum Preferred \$10/\$20/\$200	1.3%	5.7%	7.0%	8.3%
33871PA0100021	Keystone HMO Platinum Preferred \$20/\$40/\$250	1.5%	5.9%	7.2%	8.4%
33871PA0100022	Keystone HMO Gold Preferred \$40/\$80/\$650	1.3%	5.7%	7.0%	8.2%
33871PA0100023	Keystone HMO Gold Classic \$1,500/\$30/\$60/90%	1.2%	5.6%	6.9%	8.1%
33871PA0100024	Keystone HMO Silver Classic \$4,750/\$30/\$60/70%	0.8%	5.3%	6.5%	7.8%
33871PA0100025	Keystone HMO Silver Classic \$3,750/\$30/\$60/50%	-0.2%	4.2%	5.5%	6.7%
33871PA0100026	Keystone HMO Bronze Essential \$7,500/\$70/\$140/\$700	-3.1%	1.2%	2.4%	3.6%
33871PA0110011	Keystone DPOS Platinum Preferred \$10/\$20/\$200	1.3%	5.7%	7.0%	8.2%
33871PA0110012	Keystone DPOS Platinum Preferred \$20/\$40/\$250	1.5%	5.9%	7.2%	8.4%
33871PA0110013	Keystone DPOS Gold Preferred \$40/\$80/\$650	1.3%	5.7%	7.0%	8.2%
33871PA0110014	Keystone DPOS Gold Classic \$1,500/\$30/\$60/90%	1.2%	5.6%	6.9%	8.1%
33871PA0110019	Keystone DPOS Silver Classic \$3,750/\$30/\$60/50%	-0.2%	4.2%	5.5%	6.7%
33871PA0110020	Keystone DPOS Bronze Essential \$7,500/\$70/\$140/\$700	-3.1%	1.2%	2.3%	3.5%
33871PA0100044	Keystone HMO Gold Proactive	1.5%	5.9%	7.2%	8.4%
33871PA0100045	Keystone HMO Silver Proactive	0.1%	4.5%	5.7%	7.0%
33871PA0100047	Keystone HMO Gold Classic \$2,500/\$40/\$80/100%	0.5%	5.0%	6.2%	7.5%
33871PA0100048	Keystone HMO Silver Classic \$4,500/\$50/\$100/100%	1.1%	5.6%	6.8%	8.1%
33871PA0100049	Keystone HMO Silver Secure \$5,000/\$50/\$100/\$600	1.1%	5.6%	6.8%	8.1%
33871PA0100050	Keystone HMO Platinum Preferred \$30/\$60/\$400	1.5%	6.0%	7.3%	8.5%
33871PA0100051	Keystone HMO Gold Secure \$1000/\$40/\$80/\$650	1.3%	5.7%	7.0%	8.2%
33871PA0100052	Keystone HMO Silver Proactive Value	0.1%	4.5%	5.7%	7.0%

## **GENERAL OVERVIEW**

### **PURPOSES**

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

### **GENERAL INFORMATION**

#### **COMPANY IDENTIFYING INFORMATION**

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

**State:** Pennsylvania

**HIOS Issuer ID (5-digit):** 33871

**Market:** Small Group

**Effective Date(s):** 1/1/2021-3/31/2021, 4/1/2021 – 6/30/2021, 7/1/2021 – 9/30/2021,  
10/1/2021 – 12/31/2021

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

#### **COMPANY CONTACT INFORMATION**

**Primary Contact Name:** [REDACTED]

**Primary Contact Telephone Number:** [REDACTED]

**Primary Contact Email Address:** [REDACTED]

### **PROPOSED RATE INCREASE**

The changes to the single risk pool gross premium average rate per member per month (PMPM) from calendar year 2019 to calendar year 2021 were incorporated into the pricing and reflected in the Unified Rate Review Template. The changes are driven by factors including: changes in market-wide population risk morbidity and covered services, increasing unit costs for medical services, increasing utilization of medical services, increasing fees and taxes imposed by the federal government, anticipated costs to administer the plan, and anticipated revenue or payments due to market-wide risk adjustment.

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

We are projecting that claims will increase by 8.9% in 2021. More than half of the change in health care service costs is driven by changes to health care provider fees.

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

The weighted average increase across KHPE plans based on projected membership, inclusive of the impact of benefit and cost sharing changes, is 0.9%. The minimum increase is -3.1% and the maximum increase is 8.5%.

## **WORKSHEET 1: MARKET EXPERIENCE**

### **SECTION I: EXPERIENCE PERIOD DATA**

#### **SINGLE RISK POOL**

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

#### **PAID THROUGH DATE**

Experience period premium, claims, and member months are obtained from the company's internal data warehouse. The claims data is collected for incurred dates from January through December 2019 and paid through February 2020. Earned premiums and member months are for January through December 2019. The data are for all direct-written small group business of KHPE in the Commonwealth of Pennsylvania.

#### **PREMIUMS IN EXPERIENCE PERIOD**

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

#### **ALLOWED AND INCURRED CLAIMS INCURRED DURING THE EXPERIENCE PERIOD**

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

Insurer fee-for-service claims expenses and member liabilities for dates of service in January 2019 through December 2019 and paid through February 2020 are sourced from the IBCFOC's internal data

warehouse. The claims and member liabilities are completed with incurred but not reported (IBNR) adjustments to develop ultimate incurred insurer fee-for-service claims expenses and member liabilities for the January through December 2019 period. Capitation amounts are also sourced from the internal data warehouse for the January through December 2019 period but they are not adjusted for IBNR.

### **Allowed Claims**

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

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

### **IBNR Development**

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

The completion factors are developed annually in the 2Q – 3Q period. We do not believe our IBNR is unusually high or unusually low for incurred 2019 paid through February 2020.

### **Experience Period Index Rate**

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

## **SECTION II: PROJECTIONS**

### **BENEFIT CATEGORIES**

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

### **PROJECTION FACTORS**

The estimated incurred claims experience on an allowed basis for January 2019 through December 2019 is projected to the future rating period by several factors.

### **Morbidity Adjustment**



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

**COVID-19 Impact**

Morbidity was increased by an additional 1% to account for the impact of COVID-19 on overall projected claims.

**Demographic Shift**

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

**Plan Design Changes**

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

**Other Changes**

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

**Trend Factors**

**a. Annualized Cost Trend**

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

**b. Annualized Utilization Trend**

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

**c. Quarterly Premium Trend**

Rates for second, third and fourth quarters increase by 1.6% each quarter

**CREDIBILITY MANUAL RATE DEVELOPMENT**

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

## **RISK ADJUSTMENT AND REINSURANCE**

### **Projected Risk Adjustment PMPM**

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

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

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

The projected risk adjustment amounts for KHPE and Independence Blue Cross (QCC) are consistent with the projection made in the respective submissions. We also considered preliminary 2019 risk transfer results.

### **MARKET ADJUSTED INDEX RATE**

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

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

## **WORKSHEET 2: PRODUCT-PLAN DATA COLLECTION**

### **SECTION I: GENERAL PRODUCT AND PLAN INFORMATION**

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

## **AV METAL VALUES**

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

## **SECTION II: EXPERIENCE PERIOD AND CURRENT PLAN LEVEL INFORMATION**

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

## **SECTION III: PLAN ADJUSTMENT FACTORS**

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

## **PLAN ADJUSTED INDEX RATE**

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

## **NON-BENEFIT EXPENSES AND PROFIT & RISK**

### **Administrative Expense Load**

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

### **Profit & Risk Load/Contribution to Surplus**

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

### **Taxes and Fees**

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

## **CALIBRATION**

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

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

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

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

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

## **MEMBERSHIP PROJECTIONS**

Enrollment is projected based on current and anticipated enrollment by plan. Items impacting these projections include changes in the size of the market due to guarantee issue requirements and the individual mandate changes. The enrollment is our February 2020 enrollment.

## **LOSS RATIO**

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

## **INDEX RATE**

The Index Rate is defined as the EHB portion of projected allowed claims divided by all projected single risk pool lives. The Index Rate is the same value for all non-grandfathered plans for KHPE Small Group Plans in Pennsylvania. The Index Rate reflects the twelve month projection for calendar year 2021. It has been developed following the specifications of 45 CFR § 156.80(d)(1).

## **TERMINATED PLANS**

No plans are being terminated during 2021.

## **WORKSHEET 3: RATING AREAS**

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

## **ACTUARIAL CERTIFICATION**

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

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

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

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

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[REDACTED]  
May 19, 2020





Year	Month	Day	Time	Location	Activity	Remarks
2010	1	1	08:00	...	...	...
2010	1	2	08:00	...	...	...
2010	1	3	08:00	...	...	...
2010	1	4	08:00	...	...	...
2010	1	5	08:00	...	...	...
2010	1	6	08:00	...	...	...
2010	1	7	08:00	...	...	...
2010	1	8	08:00	...	...	...
2010	1	9	08:00	...	...	...
2010	1	10	08:00	...	...	...
2010	1	11	08:00	...	...	...
2010	1	12	08:00	...	...	...
2010	1	13	08:00	...	...	...
2010	1	14	08:00	...	...	...
2010	1	15	08:00	...	...	...
2010	1	16	08:00	...	...	...
2010	1	17	08:00	...	...	...
2010	1	18	08:00	...	...	...
2010	1	19	08:00	...	...	...
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2010	3	5	08:00	...	...	...
2010	3	6	08:00	...	...	...
2010	3	7	08:00	...	...	...
2010	3	8	08:00	...	...	...
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2010	3	13	08:00	...	...	...
2010	3	14	08:00	...	...	...
2010	3	15	08:00	...	...	...
2010	3	16	08:00	...	...	...
2010	3	17	08:00	...	...	...
2010	3	18	08:00	...	...	...
2010	3	19	08:00	...	...	...
2010	3	20	08:00	...	...	...
2010	3	21	08:00	...	...	...
2010	3	22	08:00	...	...	...
2010	3	23	08:00	...	...	...
2010	3	24	08:00	...	...	...
2010	3	25	08:00	...	...	...
2010	3	26	08:00	...	...	...
2010	3	27	08:00	...	...	...
2010	3	28	08:00	...	...	...
2010	3	29	08:00	...	...	...
2010	3	30	08:00	...	...	...
2010	3	31	08:00	...	...	...
2010	4	1	08:00	...	...	...
2010	4	2	08:00	...	...	...
2010	4	3	08:00	...	...	...
2010	4	4	08:00	...	...	...
2010	4	5	08:00	...	...	...
2010	4	6	08:00	...	...	...
2010	4	7	08:00	...	...	...
2010	4	8	08:00	...	...	...
2010	4	9	08:00	...	...	...
2010	4	10	08:00	...	...	...
2010	4	11	08:00	...	...	...
2010	4	12	08:00	...	...	...
2010	4	13	08:00	...	...	...
2010	4	14	08:00	...	...	...
2010	4	15	08:00	...	...	...
2010	4	16	08:00	...	...	...
2010	4	17	08:00	...	...	...
2010	4	18	08:00	...	...	...
2010	4	19	08:00	...	...	...
2010	4	20	08:00	...	...	...
2010	4	21	08:00	...	...	...
2010	4	22	08:00	...	...	...
2010	4	23	08:00	...	...	...
2010	4	24	08:00	...	...	...
2010	4	25	08:00	...	...	...
2010	4	26	08:00	...	...	...
2010	4	27	08:00	...	...	...
2010	4	28	08:00	...	...	...
2010	4	29	08:00	...	...	...
2010	4	30	08:00	...	...	...
2010	5	1	08:00	...	...	...
2010	5	2	08:00	...	...	...
2010	5	3	08:00	...	...	...
2010	5	4	08:00	...	...	...
2010	5	5	08:00	...	...	...
2010	5	6	08:00	...	...	...
2010	5	7	08:00	...	...	...
2010	5	8	08:00	...	...	...
2010	5	9	08:00	...	...	...
2010	5	10	08:00	...	...	...
2010	5	11	08:00	...	...	...
2010	5	12	08:00	...	...	...
2010	5	13	08:00	...	...	...
2010	5	14	08:00	...	...	...
2010	5	15	08:00	...	...	...
2010	5	16	08:00	...	...	...
2010	5	17	08:00	...	...	...
2010	5	18	08:00	...	...	...
2010	5	19	08:00	...	...	...
2010	5	20	08:00	...	...	...
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2010	5	23	08:00	...	...	...
2010	5	24	08:00	...	...	...
2010	5	25	08:00	...	...	...
2010	5	26	08:00	...	...	...
2010	5	27	08:00	...	...	...
2010	5	28	08:00	...	...	...
2010	5	29	08:00	...	...	...
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2010	5	31	08:00	...	...	...
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2010	6	7	08:00	...	...	...
2010	6	8	08:00	...	...	...
2010	6	9	08:00	...	...	...
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2010	6	21	08:00	...	...	...
2010	6	22	08:00	...	...	...
2010	6	23	08:00	...	...	...
2010	6	24	08:00	...	...	...
2010	6	25	08:00	...	...	...
2010	6	26	08:00	...	...	...
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2010	6	28	08:00	...	...	...
2010	6	29	08:00	...	...	...
2010	6	30	08:00	...	...	...
2010	6	30	08:00	...	...	...













Date		Description		Amount		Balance	
Start	End	Particulars	Debit	Credit	Debit	Credit	Balance
01-01-2023	01-01-2023	Opening Balance					
01-01-2023	01-01-2023	Bank of India		100000		100000	
01-01-2023	01-01-2023	State Bank of India		50000		150000	
01-01-2023	01-01-2023	Axis Bank		25000		175000	
01-01-2023	01-01-2023	HDFC Bank		15000		190000	
01-01-2023	01-01-2023	ICICI Bank		10000		200000	
01-01-2023	01-01-2023	SBID		50000		250000	
01-01-2023	01-01-2023	SBIC		25000		275000	
01-01-2023	01-01-2023	SBIS		15000		290000	
01-01-2023	01-01-2023	SBIL		10000		300000	
01-01-2023	01-01-2023	SBID		50000		350000	
01-01-2023	01-01-2023	SBIC		25000		375000	
01-01-2023	01-01-2023	SBIS		15000		390000	
01-01-2023	01-01-2023	SBIL		10000		400000	
01-01-2023	01-01-2023	SBID		50000		450000	
01-01-2023	01-01-2023	SBIC		25000		475000	
01-01-2023	01-01-2023	SBIS		15000		490000	
01-01-2023	01-01-2023	SBIL		10000		500000	
01-01-2023	01-01-2023	SBID		50000		550000	
01-01-2023	01-01-2023	SBIC		25000		575000	
01-01-2023	01-01-2023	SBIS		15000		590000	
01-01-2023	01-01-2023	SBIL		10000		600000	
01-01-2023	01-01-2023	SBID		50000		650000	
01-01-2023	01-01-2023	SBIC		25000		675000	
01-01-2023	01-01-2023	SBIS		15000		690000	
01-01-2023	01-01-2023	SBIL		10000		700000	
01-01-2023	01-01-2023	SBID		50000		750000	
01-01-2023	01-01-2023	SBIC		25000		775000	
01-01-2023	01-01-2023	SBIS		15000		790000	
01-01-2023	01-01-2023	SBIL		10000		800000	
01-01-2023	01-01-2023	SBID		50000		850000	
01-01-2023	01-01-2023	SBIC		25000		875000	
01-01-2023	01-01-2023	SBIS		15000		890000	
01-01-2023	01-01-2023	SBIL		10000		900000	
01-01-2023	01-01-2023	SBID		50000		950000	
01-01-2023	01-01-2023	SBIC		25000		975000	
01-01-2023	01-01-2023	SBIS		15000		990000	
01-01-2023	01-01-2023	SBIL		10000		1000000	



# Cover Page

**HIOS Issuer ID:** 33871

**HIOS Product ID:** 33871PA010, 33871PA011

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



# Unique Plan Design Supporting Documentation and Justification

## ACTUARIAL MEMORANDUM

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**HIOS Issuer ID:** 33871

**HIOS Product IDs:** 33871PA010, 33871PA011

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

### **Purpose of document:**

The purpose of this document is to provide CMS with a justification of the methods used in calculating the actuarial value for unique plan designs offered in the individual or small group market for the plan year beginning 1/1/2021. As prescribed by law, the AV calculation was based on the AV calculator to the full extent possible. The AV is meant to represent the average percent of costs paid by the insurer for a standard population and may vary from actual member experience. The resulting AV was based on prescribed methodology and, therefore, may not reasonably reflect the actuary's estimate of the portion of allowed costs covered by the health insurance plan. The AV was determined based on the plan's benefits and coverage data, the standard population, and utilization and continuance tables published by HHS for purposes of the valuation of AV. This actuarial analysis is not appropriate for any other purposes.

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

The cost-sharing for outpatient facility fee varies by site of service. Outpatient facility fee accounts for roughly 14% of allowed costs in the AV calculation.

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

Method 156.135(b)(2) was used for the outpatient facility site of service cost-sharing.

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

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

### **Description of the standardized plan population data used:**

For the freestanding and hospital utilization data for outpatient facility, we used our commercial PPO and HMO data incurred between July 2018 and June 2019.

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

For the outpatient facility site of service cost-sharing, our recent data indicated that 80% of outpatient facility claims came from the hospital setting.

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

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

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

Not applicable

**Certification Language:**

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

The analysis was

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

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

**Actuary signature:** \_\_\_\_\_

**Actuary Printed Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_ 5/19/2020 \_\_\_\_\_

# Unique Plan Design Supporting Documentation and Justification

## ACTUARIAL MEMORANDUM

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**HIOS Issuer ID:** 33871

**HIOS Product IDs:** 33871PA010, 33871PA011

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

### **Purpose of document:**

The purpose of this document is to provide CMS with a justification of the methods used in calculating the actuarial value for unique plan designs offered in the individual or small group market for the plan year beginning 1/1/2021. As prescribed by law, the AV calculation was based on the AV calculator to the full extent possible. The AV is meant to represent the average percent of costs paid by the insurer for a standard population and may vary from actual member experience. The resulting AV was based on prescribed methodology and, therefore, may not reasonably reflect the actuary's estimate of the portion of allowed costs covered by the health insurance plan. The AV was determined based on the plan's benefits and coverage data, the standard population, and utilization and continuance tables published by HHS for purposes of the valuation of AV. This actuarial analysis is not appropriate for any other purposes.

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

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

Plans 33871PA0100044, 33871PA0100045 and 33871PA0100052 have three in-network tiers. 33871PA0100044 has expected third tier utilizations of 39%. 33871PA0100045 and 33871PA0100052 have expected third tier utilizations of 41%.

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

Method 156.135(b)(2) was used for inpatient hospital cost-sharing.

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

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

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

**Description of the standardized plan population data used:**

For the freestanding and hospital utilization data for outpatient facility, we used our commercial PPO and HMO data incurred between July 2018 and June 2019.

**If the method described in 156.135(b)(2) was used, a description of how the benefits were modified to fit the parameters of the AV calculator:*****Combination of Copays and Coinsurance for IP Hospital***

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

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

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

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

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

HIOS IDs	33871PA0100026, 33871PA0110020	33871PA0100044 Tier 2	33871PA0100044 Tier 3	33871PA0100045 33871PA0100052 Tier 2	33871PA0100045 33871PA0100052 Tier 3
<b>IP Cost Sharing</b>					
Facility	\$700	\$700	\$1,100	\$900	\$1,300
Professional	50%	20%	30%	5%	10%

<b>AVC Continuance Table</b>	Bronze	Gold	Gold	Silver	Silver
PMPY for IP	\$1,144	\$1,516	\$1,516	\$1,236	\$1,236
Admit PMPY	0.05	0.06	0.06	0.06	0.06
Claim per Admit	\$23,982	\$23,897	\$23,897	\$22,251	\$22,251
Average LOS (days)	4.7	4.6	4.6	4.7	4.7
Effective Copay Factor for 5 days	0.50	0.46	0.46	0.49	0.49

<b>Assumption from Data</b>					
% Facility Cost	84%	84%	84%	84%	84%
% Professional Cost	16%	16%	16%	16%	16%

<b>Calculations</b>					
Professional Claim per Admit	\$3,837	\$3,823	\$3,823	\$3,560	\$3,560
Professional Claim per Day	\$823	\$824	\$824	\$750	\$750
Equiv. Copay per Day no max	\$412	\$165	\$247	\$38	\$75
Equiv. Copay per Day, 5-day max	\$828	\$356	\$534	\$77	\$154
Total Copay per Day, 5-day max	<b>\$1,528</b>	<b>\$1,056</b>	<b>\$1,634</b>	<b>\$977</b>	<b>\$1,454</b>

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

Using the AV calculator and the methods described above, we calculated the AV for each tier in each plan, as follows. Based on actual tier utilization experience incurred in 2015, we projected expected utilization by tier for the plans. The final AV for the plan was then calculated by taking the weighted average of the tier AVs using the utilization by tier. The following exhibits details this calculation.

Utilization	Tier 1	Tier 2	Tier 3	Total
33871PA0100044	48%	13%	39%	<b>100%</b>
33871PA0100045	50%	9%	41%	<b>100%</b>
33871PA0100052				

	Actuarial Value			
HIOS ID	Tier 1	Tier 2	Tier 3	Average
33871PA0100044	79.95%	77.65%	76.50%	<b>78.31%</b>
33871PA0100045	73.46%	70.33%	69.66%	<b>71.62%</b>
33871PA0100052	72.15%	70.33%	69.66%	<b>70.96%</b>

**Certification Language:**

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

The analysis was

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

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

**Actuary signature:** \_\_\_\_\_

**Actuary Printed Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_ 5/19/2020

A COVID-19 Morbidity Adjustment of 1.01 was used in the rate calculation.



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

The change in the average age was measured by comparing the average age factor calculated in this filing, based on May 2019 enrollments, to the average age factor calculated for the prior annual filing.

	2020 Filing	2021 Filing	Change
Age Factor	1.500	1.503	1.002
Geographic Factor	1.000	1.000	1.000
Tobacco Factor	1.011	1.006	0.995
Total change			0.998

No changes were assumed for this filing.

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

The network factor used for Keystone HMO was 1.100.

The network factor used for Proactive was 1.000.

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

Table 10 factors:	HMO	1.045
	Proactive	0.950

## REDACTION JUSTIFICATION

### DOCUMENT

#### URRT Part III – Federal Actuarial Memorandum

Redacted Name of opining actuary (page 8)

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

#### PA Actuarial Memorandum

Redacted Name of opining actuary (page 7)

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

#### Cover Letter

Redacted names and contact information (page 2)

#### AV Screenshots

Entire File Redacted

#### Unique AV Justification file

Redacted name of opining actuary (pages 4 and 13)

Redacted AV Screenshots (pages 5-9 and 14-24)



- 1. The cover letter and rate change request summary indicate that the average rate change requested is 1.5%, with the range varying from -4.0% to 7.5%. The Part III Actuarial Memorandum indicates that the average rate change requested is -0.2%, with the range varying from -4.0% to 0.6%. The Pennsylvania Actuarial Memorandum indicates the average proposed rate change is -1.4%. Worksheet II of the URRT shows rate changes by plan varying from 0.0% to 11.5%. Please explain these discrepancies.**

We corrected Worksheet 2 of the URRT to show the proposed increases for this filing.

- 2. The estimated experience period risk adjustment included in the URRT is -\$8.22 PMPM. The independent estimates calculated by the PID suggest that the experience period risk adjustment amount is -\$26.71 PMPM. Please reconcile this difference.**

We are working to provide the information in a subsequent response.

- 3. The following questions are related to the projected risk adjustment transfer amount:**
  - a. Please explain and provide the quantitative development of the projected risk adjustment transfer amount PMPM.**
  - b. Please compare the projected 2021 risk adjustment transfer amount PMPM to the anticipated 2019 risk adjustment transfer amount PMPM and identify the specific driver(s) of any differences between the two values**

We are working to provide the information in a subsequent response.

- 4. The following questions are related to the proposed annual trend rate included in the filing.**
  - a. A number of the filing documents, including the rate change request summary and Part II Justification indicate that a trend of 8.9% has been assumed in rate development. However, the URRT and rate exhibits show that an overall annual trend of 6.2% has been applied. Please explain this discrepancy.**
  - b. Please provide the actual observed trends based on historical allowed claims experience for each benefit category for years 2017, 2018, 2019, and 2020 (year to date). We realize 2020 trends will be partially based on estimated claim costs. In providing your response, for each calendar year, provide the total member months, allowed claims, and any normalization adjustments that should be applied to the claims experience.**
  - c. Please compare the proposed annual trend rate to the actual observed trend rates per your response above. To the extent they are significantly different, please explain and justify why it is reasonable that they should be different.**

We are working to provide the information in a subsequent response.

- 5. Please provide a numerical development of the average 2020 and 2021 age and tobacco factors as shown in the file [ACA KHPE SG Supporting 05192020 RV.xlsx].**

We used the February 2020 membership to calculate the 2021 age and tobacco factors. The 2020 factors are those calculated in last year's annual filing based on February 2019 membership. The calculations are shown on Tab Q5&6 of the "KHPE Small Group Response to June 16 Obj" excel worksheet.

- 6. Please reconcile the change in the average age factor included in the file [ACA KHPE SG Supporting 05192020 RV.xlsx] with the change in demographic factor included in Table 5 of the**

**rate filing exhibits.**

The change in the average age factor is calculated by comparing the projected 2021 average age factor to the age factor calculated for 2019 as of February 2020. The 2019 factor is based on the entire year's membership instead of just the membership as of February 2019, making it more consistent with the experience period premiums and claims. The calculation is shown on Tab Q5&6 of the "KHPE Small Group Response to June 16 Obj" excel worksheet.

- 7. Please provide a numerical development of the 1.003 change in network factor included in Table 5 of the rate filing exhibits.**

The calculation is shown on Tab Q7 of the "KHPE Small Group Response to June 16 Obj" excel worksheet.

- 8. Please explain why the pricing AVs are significantly lower than the metal AVs for Bronze plans, as shown in Table 10 of the rate filing exhibits. In addition, please compare the average 2021 pricing AV's by metal level to the actual observed 2019 paid-to-allowed ratios by metal level. To the extent the pricing AV's are significantly different than the actual observed experience for a particular metal level, please explain and justify why the pricing AV's are appropriate.**

Please note that the metal AV is to determine compliance with Actuarial Value and is not a Pricing AV. The metal AV is based on the AV calculator which is calibrated to national average costs. The Philadelphia market is significantly more expensive than the national average from a cost of services standpoint. This means that the same deductible or copay is worth significantly less as a percentage of total allowed cost in the Philadelphia market compared to the national average. This leads to different Pricing AVs for the same metal level.

- 9. The following questions are related to the quarterly small group index rate development:**  
**a. Please show support and explain the methodology used to project the quarterly member months shown in Table 5A.**

The member months used for weights are the member months based on their renewal dates in 2019.

- b. Please demonstrate quantitatively how the 1.6% quarterly trend factor being utilized in Table 5A was developed.**

[We are working to provide the information in a subsequent response.](#)

- 10. Please provide the numerical development of the projected 2021 MLR that shows compliance with the 80% minimum MLR.**

The calculation of the MLR is shown on Tab Q10 of the "KHPE Small Group Response to June 16 Obj" excel worksheet.

- 11. Please explain and provide support for the 1.01 adjustment factor for benefits in addition to EHB as demonstrated in Table 10 of the rate filing exhibits.**

The adjustment factor was applied to off-exchange plans to reflect the projected cost of non-elective abortion coverage, adult vision, and acupuncture included in these plans.

- 12. The information shown in columns Z and AA of Table 10 should provide a direct year-over-year calibrated PAIR comparison to generate the rate increase shown in column AC. Please identify the source of the data shown in column Z; the Department anticipates that column Z of the current small group filing will consist of the data in column AA from the 2020 annual filing adjusted by the Q1 trend factor found in Cell J35 in Table 5A of that filing. This will result in the comparison of a Q1 2020 calibrated PAIR with a Q1 2021 calibrated PAIR. This will yield a proper apples-to-apples comparison.**

We have made this revision in the AM Exhibit.

- 13. Also, provide an exhibit showing the average quarterly rate change (Q1 2021/Q1 2020 - approved, Q2 2021/Q2 2020 - approved, etc.) groups will see if the proposed rates are approved, with these rate changes then weighted by enrollment to produce an aggregate change for the four quarters.**

This is shown on Tab Q13 of the “KHPE Small Group Response June 16 Obj” excel worksheet.

- 14. The Risk Adjustment User Fee has been finalized at \$0.25 pmpm; please revise Table 6 accordingly.**

We have made this revision.

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

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

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

Our average allowed cost per visit for PCP is about \$107. Therefore \$50 PCP copay is less than 50% coinsurance.

- 17. Please provide an exhibit showing the financial gains and losses for calendar years 2014 – 2019 for the following categories: Member months, total administrative expenses, total incurred claims, total premium, total actual paid taxes and fees, profit, annual underwriting gain/loss and underwriting gain/loss pmpy.**

[We are working to provide the information in a subsequent response.](#)

- 18. Per the Department’s published guidance, the Benefit Richness factors in Table 10 Column L should be developed based upon the following formula:  $(\text{Plan Pricing AV in column K} * \text{CSR Defunding Adjustment in column P})^2 - (\text{Plan Pricing AV in column K} * \text{CSR Defunding Adjustment in column P}) + 1.24$ . Further, the value developed by the quadratic formula must then be multiplied by a normalization constant such that the value in Cell L15 or L16 balances back to 1.000. Please modify the cells in Column L to explicitly show the quadratic formula and normalizing constant to demonstrate compliance with our guidance.**



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The calculation of the MLR is shown on Tab Q18 of the “KHPE Small Group Response to June 16 Obj” excel worksheet. This shows that we followed the department’s guidance. The normalization requires two levels of calculation that could not simply be demonstrated in the cells in Column L. We calculated factors by plan based on the formula, then divided each result by the weighted average to normalize Cells L15 and L16 to 1.000 while maintaining the relativities between each plan’s factors. We have copied the resulting formulas into Table 10.

**19. Section 4.3 of the 2021 URR Instructions requires issuers to discuss the reason for rate increase(s): Issuers must provide the quantitative impact and a narrative description of all significant factors driving the proposed rate increase. As an example, these factors could include:**

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

We have added this information to the URRT Part III.

**20. If the requested rate increase is not the same across all products and plans, provide an explanation as to why the rate changes vary by product or plan given they are based on the same single risk pool of experience for the market. Explain how the impact of morbidity was removed from impacting the variance in rate changes across products or plans.**

For the most part we have held our rate increases constant by plan design across the single risk pool except for differences in changes in cost sharing between plan design and the changes to the induced demand factors that were required by the state. The largest driver of different rate increase by plan design for our plans in 2021 is the required change in induced demand factors that were required by the state. In this way the morbidity impact by plan was removed from the rate increases because if the plans had the same benefit changes, they would have received the same rate increase regardless of what their plan specific experience was.

**21. In Table 2, please update the risk adjustment amount to reflect the risk adjustment transfer shared by the Department on May 23, 2020 from Jim Laverty.**

[We are working to provide the information in a subsequent response.](#)

**22. Please provide by service category the emerging data and resulting trend for the current calendar year to-date as of the end of May.**

[We are working to provide the information in a subsequent response.](#)

**23. Regarding Trend:**

- a. Was the data in Table 4 utilized in developing the proposed trend?
- b. Is the data in Table 4 raw unadjusted data or has it been normalized or otherwise adjusted? If the data has been adjusted, please provide an exhibit that quantitatively shows the unadjusted allowed monthly data for the 48 months. Also include the following monthly data:

- i. The average age factor;**
- ii. The average geographic factor;**
- iii. The average tobacco factor; and**
- iv. The average benefit factor;**
- v. The normalized average pmpm (should match the allowed pmpms in column L of Table 4).**

We are working to provide additional information in a subsequent response.

- 24. Cell D16 of Table 5 should contain a formula, specifically the product of the 1.01 factor to reflect the repeal of the individual mandate and any other assumption that produces the amount shown in that cell. Please revise; I note that the formula could be as simple as  $1.01 \times 1$ .**

We have entered the formula “1.01\*1” in this cell.

- 25. Regarding Table 6:**
- a. Please provide the proposed commission schedules for 2021.**
  - b. Using the proposed commission schedules, quantitatively show the development of the percent and pmpm amounts in cells C51 and D51.**
  - c. Using the 2019 SHCE in the Annual Statement, please quantitatively show the development of the Quality Improvement Initiatives percent and pmpm amount.**
  - d. We have repurposed row 54 to capture RA User Fees. Please provide the RA User Fee percentage and pmpm amount in cells C54 and D54.**

We are working to provide the information in a subsequent response.

- 26. Please provide an exhibit that shows, by HIOS Plan ID, summary benefit and cost sharing changes for 2021 relative to the 2020 design for all plans to be offered in 2021. Include Pricing AV columns for 2020 and 2021. Please show the approved 2020 Pricing AVs for all plans in the 2020 column and the proposed 2021 Pricing AVs in the 2021 column. Also provide a supporting worksheet that shows the quantitative development of the proposed factors.**

We are working to provide the information in a subsequent response.

- 27. Please provide an exhibit that quantitatively shows a comparison of the actual to projected claim cost pmpms for calendar years 2015 – 2019, as applicable.**

We are working to provide the information in a subsequent response.

- 1. The cover letter and rate change request summary indicate that the average rate change requested is 1.5%, with the range varying from -4.0% to 7.5%. The Part III Actuarial Memorandum indicates that the average rate change requested is -0.2%, with the range varying from -4.0% to 0.6%. The Pennsylvania Actuarial Memorandum indicates the average proposed rate change is -1.4%. Worksheet II of the URRT shows rate changes by plan varying from 0.0% to 11.5%. Please explain these discrepancies.**

We corrected Worksheet 2 of the URRT to show the proposed increases for this filing.

- 2. The estimated experience period risk adjustment included in the URRT is -\$8.22 PMPM. The independent estimates calculated by the PID suggest that the experience period risk adjustment amount is -\$26.71 PMPM. Please reconcile this difference.**

The -\$8.22 is in line with what we expect our ultimate transfer amount to be based on an updated RATEE file. The updated file is not final yet.

- 3. The following questions are related to the projected risk adjustment transfer amount:**
  - a. Please explain and provide the quantitative development of the projected risk adjustment transfer amount PMPM.**
  - b. Please compare the projected 2021 risk adjustment transfer amount PMPM to the anticipated 2019 risk adjustment transfer amount PMPM and identify the specific driver(s) of any differences between the two values**

Please refer to Tab Q3 of the “KHPE Small Group Response to June 16 Obj” excel worksheet.

- 4. The following questions are related to the proposed annual trend rate included in the filing.**
  - a. A number of the filing documents, including the rate change request summary and Part II Justification indicate that a trend of 8.9% has been assumed in rate development. However, the URRT and rate exhibits show that an overall annual trend of 6.2% has been applied. Please explain this discrepancy.**

The URRT Part II states “We are projecting that claims will increase by 8.9% in 2021” and the Rate Change Request Summary states “The company expects its annual medical costs to increase 8.9%”. These are one-year estimates from 2020 to 2021. The 6.2% trend in the URRT is the annual trend applied to the experience period data over two years to calculate the projected period claims.

**b. Please provide the actual observed trends based on historical allowed claims experience for each benefit category for years 2017, 2018, 2019, and 2020 (year to date). We realize 2020 trends will be partially based on estimated claim costs. In providing your response, for each calendar year, provide the total member months, allowed claims, and any normalization adjustments that should be applied to the claims experience.**

We have added historical trend information in Tab Q4b of the “KHPE Small Group Response to June 16 Obj” excel worksheet.

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

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We have added historical trend information in Tab Q4b of the “KHPE Small Group Response to June 16 Obj” excel worksheet.

- 5. Please provide a numerical development of the average 2020 and 2021 age and tobacco factors as shown in the file [ACA KHPE SG Supporting 05192020 RV.xlsx].**

We used the February 2020 membership to calculate the 2021 age and tobacco factors. The 2020 factors are those calculated in last year’s annual filing based on February 2019 membership. The calculations are shown on Tab Q5&6 of the “KHPE Small Group Response to June 16 Obj” excel worksheet.

- 6. Please reconcile the change in the average age factor included in the file [ACA KHPE SG Supporting 05192020 RV.xlsx] with the change in demographic factor included in Table 5 of the rate filing exhibits.**

The change in the average age factor is calculated by comparing the projected 2021 average age factor to the age factor calculated for 2019 as of February 2020. The 2019 factor is based on the entire year’s membership instead of just the membership as of February 2019, making it more consistent with the experience period premiums and claims. The calculation is shown on Tab Q5&6 of the “KHPE Small Group Response to June 16 Obj” excel worksheet.

- 7. Please provide a numerical development of the 1.003 change in network factor included in Table 5 of the rate filing exhibits.**

The calculation is shown on Tab Q7 of the “KHPE Small Group Response to June 16 Obj” excel worksheet.

- 8. Please explain why the pricing AVs are significantly lower than the metal AVs for Bronze plans, as shown in Table 10 of the rate filing exhibits. In addition, please compare the average 2021 pricing AV’s by metal level to the actual observed 2019 paid-to-allowed ratios by metal level. To the extent the pricing AV’s are significantly different than the actual observed experience for a particular metal level, please explain and justify why the pricing AV’s are appropriate.**

Please note that the metal AV is to determine compliance with Actuarial Value and is not a Pricing AV. The metal AV is based on the AV calculator which is calibrated to national average costs. The Philadelphia market is significantly more expensive than the national average from a cost of services standpoint. This means that the same deductible or copay is worth significantly less as a percentage of total allowed cost in the Philadelphia market compared to the national average. This leads to different Pricing AVs for the same metal level.

- 9. The following questions are related to the quarterly small group index rate development:  
a. Please show support and explain the methodology used to project the quarterly member months shown in Table 5A.**

The member months used for weights are the member months based on their renewal dates in 2019.

- b. Please demonstrate quantitatively how the 1.6% quarterly trend factor being utilized in Table 5A was developed.**

For the purpose of the quarterly trend factor, we estimated a 6.5% trend on claims from 2021 into 2022. The 1.6% quarterly trend is one fourth of the 6.5% [  $1.065^{(0.25)}$  ] = 1.016.

**10. Please provide the numerical development of the projected 2021 MLR that shows compliance with the 80% minimum MLR.**

The calculation of the MLR is shown on Tab Q10 of the “KHPE Small Group Response to June 16 Obj” excel worksheet.

**11. Please explain and provide support for the 1.01 adjustment factor for benefits in addition to EHB as demonstrated in Table 10 of the rate filing exhibits.**

The adjustment factor was applied to off-exchange plans to reflect the projected cost of non-elective abortion coverage, adult vision, and acupuncture included in these plans.

**12. The information shown in columns Z and AA of Table 10 should provide a direct year-over-year calibrated PAIR comparison to generate the rate increase shown in column AC. Please identify the source of the data shown in column Z; the Department anticipates that column Z of the current small group filing will consist of the data in column AA from the 2020 annual filing adjusted by the Q1 trend factor found in Cell J35 in Table 5A of that filing. This will result in the comparison of a Q1 2020 calibrated PAIR with a Q1 2021 calibrated PAIR. This will yield a proper apples-to-apples comparison.**

We have made this revision in the AM Exhibit.

**13. Also, provide an exhibit showing the average quarterly rate change (Q1 2021/Q1 2020 - approved, Q2 2021/Q2 2020 - approved, etc.) groups will see if the proposed rates are approved, with these rate changes then weighted by enrollment to produce an aggregate change for the four quarters.**

This is shown on Tab Q13 of the “KHPE Small Group Response June 16 Obj” excel worksheet.

**14. The Risk Adjustment User Fee has been finalized at \$0.25 pmpm; please revise Table 6 accordingly.**

We have made this revision.

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

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

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

Our average allowed cost per visit for PCP is about \$107. Therefore the \$50 PCP copay is less than 50% coinsurance.

**17. Please provide an exhibit showing the financial gains and losses for calendar years 2014 – 2019 for the following categories: Member months, total administrative expenses, total incurred claims, total premium, total actual paid taxes and fees, profit, annual underwriting gain/loss and underwriting gain/loss pmpy.**

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

- 18. Per the Department’s published guidance, the Benefit Richness factors in Table 10 Column L should be developed based upon the following formula: (Plan Pricing AV in column K \* CSR Defunding Adjustment in column P)^2 - (Plan Pricing AV in column K \* CSR Defunding Adjustment in column P) + 1.24. Further, the value developed by the quadratic formula must then be multiplied by a normalization constant such that the value in Cell L15 or L16 balances back to 1.000. Please modify the cells in Column L to explicitly show the quadratic formula and normalizing constant to demonstrate compliance with our guidance.**

The calculation of the MLR is shown on Tab Q18 of the “KHPE Small Group Response to June 16 Obj” excel worksheet. This shows that we followed the department’s guidance. The normalization requires two levels of calculation that could not simply be demonstrated in the cells in Column L. We calculated factors by plan based on the formula, then divided each result by the weighted average to normalize Cells L15 and L16 to 1.000 while maintaining the relativities between each plan’s factors. We have copied the resulting formulas into Table 10.

- 19. Section 4.3 of the 2021 URR Instructions requires issuers to discuss the reason for rate increase(s): Issuers must provide the quantitative impact and a narrative description of all significant factors driving the proposed rate increase. As an example, these factors could include:**

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

We have added this information to the URRT Part III.

- 20. If the requested rate increase is not the same across all products and plans, provide an explanation as to why the rate changes vary by product or plan given they are based on the same single risk pool of experience for the market. Explain how the impact of morbidity was removed from impacting the variance in rate changes across products or plans.**

For the most part we have held our rate increases constant by plan design across the single risk pool except for differences in changes in cost sharing between plan design and the changes to the induced demand factors that were required by the state. The largest driver of different rate increase by plan design for our plans in 2021 is the required change in induced demand factors that were required by the state. In this way the morbidity impact by plan was removed from the rate increases because if the plans had the same benefit changes, they would have received the same rate increase regardless of what their plan specific experience was.

- 21. In Table 2, please update the risk adjustment amount to reflect the risk adjustment transfer shared by the Department on May 23, 2020 from Jim Laverty.**

Please see our response to questions 2 and 3 which also address this question.

- 22. Please provide by service category the emerging data and resulting trend for the current calendar year to-date as of the end of May.**

We will address this question in the response to the COVID-19 survey that is due back to the PID on July 8<sup>th</sup>.

- 23. Regarding Trend:**

- a. Was the data in Table 4 utilized in developing the proposed trend?**  
**b. Is the data in Table 4 raw unadjusted data or has it been normalized or otherwise adjusted? If the data has been adjusted, please provide an exhibit that quantitatively shows the unadjusted allowed monthly data for the 48 months. Also include the following monthly data:**
- i. The average age factor;**
  - ii. The average geographic factor;**
  - iii. The average tobacco factor; and**
  - iv. The average benefit factor;**
  - v. The normalized average pmpm (should match the allowed pmpms in column L of Table 4).**

The data in Table 4 was not adjusted.

- 24. Cell D16 of Table 5 should contain a formula, specifically the product of the 1.01 factor to reflect the repeal of the individual mandate and any other assumption that produces the amount shown in that cell. Please revise; I note that the formula could be as simple as 1.01 x 1.**

We have entered the formula “1.01\*1” in this cell.

- 25. Regarding Table 6:**

- a. Please provide the proposed commission schedules for 2021.**  
**b. Using the proposed commission schedules, quantitatively show the development of the percent and pmpm amounts in cells C51 and D51.**  
**c. Using the 2019 SHCE in the Annual Statement, please quantitatively show the development of the Quality Improvement Initiatives percent and pmpm amount.**

The 2021 Commissions schedule is still being finalized; we will provide when it is available.

CMS allows a safe harbor in the MLR formula using 0.8% of earned premium for Quality Improvement Initiatives. We are using the 0.8% of our premium in our rating to be consistent with the safe harbor provision in the MLR formula.

- d. We have repurposed row 54 to capture RA User Fees. Please provide the RA User Fee percentage and pmpm amount in cells C54 and D54.**

We entered those values in our submission and updated the cells as noted in our response to Q14.

- 26. Please provide an exhibit that shows, by HIOS Plan ID, summary benefit and cost sharing changes for 2021 relative to the 2020 design for all plans to be offered in 2021. Include Pricing AV columns for 2020 and 2021. Please show the approved 2020 Pricing AVs for all plans in the**

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**2020 column and the proposed 2021 Pricing AVs in the 2021 column. Also provide a supporting worksheet that shows the quantitative development of the proposed factors.**

This is shown on Tab Q26 of the “KHPE Small Group Response June 16 Obj” excel worksheet.

**27. Please provide an exhibit that quantitatively shows a comparison of the actual to projected claim cost pmpms for calendar years 2015 – 2019, as applicable.**

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



KHPE Small Group

Metal	BMMO	PLRS	ARF	GCF	IDF	AV	Product w Risk	Product w/o Risk	
Plat	195,576	1.731	1.495		1.002	1.150	0.900	1.996	1.551
Gold	562,020	1.327	1.486		1.002	1.080	0.800	1.436	1.287
Silver	533,808	1.034	1.520		1.002	1.030	0.700	1.067	1.099
Bronze	31,632	0.746	1.556		1.002	1.000	0.600	0.748	0.936
<b>Total</b>	<b>1,323,036</b>	<b>1.254</b>	<b>1.503</b>		<b>1.002</b>	<b>1.068</b>	<b>0.770</b>	<b>1.354</b>	<b>1.242</b>
Check to AM	TRUE		TRUE						
Est. StateWide Average		1.390	\$ 443.93	1.504	1.00	1.079	0.787	1.499	1.277

(26.56)

Entity	Segment	2017	2018	2019	2020
Comml KHPE - SG 2-50	Inpatient	3.2%	2.4%	3.1%	4.5%
	Outpatient	2.0%	1.9%	2.8%	3.5%
	Professional	0.7%	1.1%	1.2%	1.7%
	Capitation	1.2%	0.8%	1.8%	1.9%
	Total	1.8%	1.6%	2.2%	3.0%

Age	Age Factor	Feb-19 Members	2019 Members	Feb-20 Members	Tobacco Factor	Projected Use
0-14	0.765	14,876	14,943	14,399	0	0
15	0.833	1,179	1,204	1,177	0	0
16	0.859	1,259	1,231	1,176	0	0
17	0.885	1,242	1,243	1,243	0	0
18	0.913	1,332	1,297	1,220	0	0
19	0.941	1,312	1,300	1,290	0	0
20	0.970	1,393	1,367	1,324	0	0
21	1.000	1,394	1,411	1,431	0.125	0.018
22	1.000	1,465	1,424	1,439	0.125	0.018
23	1.000	1,513	1,539	1,455	0.125	0.018
24	1.000	1,562	1,541	1,524	0.125	0.018
25	1.004	1,639	1,675	1,700	0.125	0.018
26	1.024	2,002	2,090	1,997	0.125	0.018
27	1.048	2,226	2,287	2,304	0.125	0.018
28	1.087	2,309	2,264	2,377	0.125	0.018
29	1.119	2,243	2,277	2,422	0.125	0.018
30	1.135	2,163	2,212	2,288	0.175	0.018
31	1.159	2,303	2,224	2,296	0.175	0.018
32	1.183	2,169	2,183	2,298	0.175	0.018
33	1.198	2,102	2,092	2,195	0.175	0.018
34	1.214	1,978	2,001	2,134	0.175	0.018
35	1.222	2,033	2,008	2,053	0.175	0.018
36	1.230	1,991	2,017	2,011	0.175	0.018
37	1.238	2,006	2,006	2,019	0.175	0.018
38	1.246	1,969	1,958	2,059	0.175	0.018
39	1.262	1,889	1,943	2,054	0.175	0.018
40	1.278	1,811	1,807	1,955	0.225	0.037
41	1.302	1,764	1,760	1,835	0.225	0.037
42	1.325	1,762	1,704	1,803	0.225	0.037
43	1.357	1,656	1,678	1,730	0.225	0.037
44	1.397	1,698	1,679	1,688	0.225	0.037
45	1.444	1,703	1,694	1,735	0.225	0.037
46	1.500	1,633	1,662	1,706	0.225	0.037
47	1.563	1,825	1,775	1,688	0.225	0.037
48	1.635	2,105	2,042	1,825	0.225	0.037
49	1.706	1,949	1,973	2,118	0.225	0.037
50	1.786	2,050	2,006	1,951	0.375	0.037
51	1.865	1,939	1,974	2,059	0.375	0.037
52	1.952	2,080	2,082	1,959	0.375	0.037
53	2.040	2,187	2,162	2,055	0.375	0.037
54	2.135	2,247	2,240	2,193	0.375	0.037
55	2.230	2,308	2,284	2,227	0.375	0.037
56	2.333	2,202	2,215	2,277	0.375	0.037
57	2.437	2,213	2,159	2,140	0.375	0.037
58	2.548	2,109	2,150	2,192	0.375	0.037
59	2.603	2,156	2,077	2,099	0.375	0.037
60	2.714	2,026	2,040	2,140	0.375	0.037
61	2.810	2,088	2,058	2,032	0.375	0.037
62	2.873	1,837	1,874	2,045	0.375	0.037
63	2.952	1,785	1,704	1,767	0.375	0.037
64+	3.000	3,049	2,605	3,146	0.375	0.037
Avg Age		1.500	1.491	1.503		
Tobacco Factor				1.006		

				Pricing AV (co Benefit Richnes Benefits in addii 2021 Network			2020 Network		Catastroph Non-Funding of CSR Adjustment				
33871PA0100020	HMO	Keystone H E	Platinum	0.9194	Standard A Off	0.962	1.115	1.010	1.045	1.042	1.000	1.000	1,627
33871PA0100021	HMO	Keystone H E	Platinum	0.898689	Standard A Off	0.941	1.097	1.010	1.045	1.042	1.000	1.000	5,787
33871PA0100022	HMO	Keystone H E	Gold	0.8164	Standard A Off	0.816	1.009	1.010	1.045	1.042	1.000	1.000	20,393
33871PA0100023	HMO	Keystone H E	Gold	0.818	Approach : Off	0.825	1.014	1.010	1.045	1.042	1.000	1.000	972
33871PA0100024	HMO	Keystone H E	Silver	0.719239	Approach : Off	0.716	0.960	1.010	1.045	1.042	1.000	1.000	1,624
33871PA0100025	HMO	Keystone H E	Silver	0.719239	Standard A Off	0.713	0.959	1.010	1.045	1.042	1.000	1.000	1,596
33871PA0100026	HMO	Keystone H E	Bronze	0.6482	Approach : Off	0.557	0.920	1.010	1.045	1.042	1.000	1.000	2,201
33871PA0110011	POS	Keystone D E	Platinum	0.9194	Standard A Off	0.986	1.136	1.010	1.045	1.042	1.000	1.000	2,530
33871PA0110012	POS	Keystone D E	Platinum	0.898689	Standard A Off	0.966	1.118	1.010	1.045	1.042	1.000	1.000	5,678
33871PA0110013	POS	Keystone D E	Gold	0.8164	Standard A Off	0.839	1.024	1.010	1.045	1.042	1.000	1.000	8,251
33871PA0110014	POS	Keystone D E	Gold	0.818	Approach : Off	0.847	1.028	1.010	1.045	1.042	1.000	1.000	1,587
33871PA0110019	POS	Keystone D E	Silver	0.719239	Standard A Off	0.736	0.969	1.010	1.045	1.042	1.000	1.000	1,816
33871PA0110020	POS	Keystone D E	Bronze	0.6482	Approach : Off	0.578	0.923	1.010	1.045	1.042	1.000	1.000	435
33871PA0100044	HMO	Keystone H E	Gold	0.7831	Approach : Off	0.835	1.021	1.010	0.950	0.947	1.000	1.000	15,043
33871PA0100045	HMO	Keystone H E	Silver	0.7162	Approach : Off	0.672	0.944	1.010	0.950	0.947	1.000	1.000	36,742
33871PA0100047	HMO	Keystone H E	Gold	0.8196	Approach : Off	0.841	1.025	1.010	1.045	1.042	1.000	1.000	543
33871PA0100048	HMO	Keystone H E	Silver	0.7111	Approach : Off	0.707	0.957	1.010	1.045	1.042	1.000	1.000	1,203
33871PA0100049	HMO	Keystone H E	Silver	0.7141	Standard A Off	0.677	0.946	1.010	1.045	1.042	1.000	1.000	845
33871PA0100050	HMO	Keystone H E	Platinum	0.871145	Standard A Off	0.913	1.075	1.010	1.045	1.042	1.000	1.000	676
33871PA0100051	HMO	Keystone H E	Gold	0.7935	Standard A Off	0.800	1.000	1.010	1.045	1.042	1.000	1.000	46
33871PA0100052	HMO	Keystone H E	Silver	0.7096	Approach : Off	0.650	0.938	1.010	0.950	0.947	1.000	1.000	658
						0.780	1.000	1.010	1.000	0.997	1.000	1.000	110,253

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

	<b>KHPE Small Group</b>	
<b>Projected Claims PMPM (After Reinsurance)</b>	\$	451.15
<b>Premium PMPM</b>	\$	551.66
<b>Quality Improvement Expense PMPM</b>	\$	4.41
<b>Exchange User Fee PMPM</b>	\$	-
<b>HIF PMPM</b>	\$	-
<b>Federal Income Tax PMPM</b>	\$	2.32
<b>Premium Tax PMPM</b>	\$	-
<b>Federal MLR</b>		82.9%

HIOS ID	Q1 Rate Change	Q2 Rate Change	Q3 Rate Change	Q4 Rate Change	February 2020 Renewal Membership				Average Rate Change
					1/1/2021	4/1/2021	7/1/2021	10/1/2021	
33871PA0100020	0.33%	4.76%	6.00%	7.24%	780	219	335	293	3.34%
33871PA0100021	0.51%	4.95%	6.18%	7.43%	1,873	1,170	1,387	1,357	4.39%
33871PA0100022	0.33%	4.76%	5.99%	7.24%	7,865	4,077	3,271	5,180	3.88%
33871PA0100023	0.24%	4.67%	5.90%	7.14%	270	215	210	277	4.41%
33871PA0100024	-0.12%	4.29%	5.52%	6.76%	456	340	356	472	4.04%
33871PA0100025	-1.11%	3.25%	4.47%	5.70%	553	398	197	448	2.58%
33871PA0100026	-3.97%	0.28%	1.46%	2.66%	915	498	356	432	-0.83%
33871PA0110011	0.32%	4.76%	5.99%	7.24%	1,111	483	517	419	3.47%
33871PA0110012	0.51%	4.95%	6.19%	7.43%	2,088	1,256	946	1,388	4.13%
33871PA0110013	0.32%	4.76%	5.99%	7.24%	2,705	1,768	1,652	2,126	4.19%
33871PA0110014	0.23%	4.66%	5.90%	7.14%	422	535	324	306	4.21%
33871PA0110019	-1.11%	3.26%	4.47%	5.70%	629	596	290	301	2.34%
33871PA0110020	-4.03%	0.21%	1.39%	2.58%	137	82	76	140	-0.15%
33871PA0100044	0.51%	4.95%	6.18%	7.43%	5,086	3,088	2,576	4,293	4.37%
33871PA0100045	-0.84%	3.54%	4.76%	5.99%	12,759	7,019	5,877	11,087	2.95%
33871PA0100047	-0.40%	4.00%	5.23%	6.46%	154	84	115	190	3.88%
33871PA0100048	0.16%	4.58%	5.81%	7.06%	425	276	223	279	3.82%
33871PA0100049	0.16%	4.59%	5.82%	7.06%	320	141	130	254	3.85%
33871PA0100050	0.60%	5.04%	6.28%	7.53%	361	177	36	102	3.11%
33871PA0100051	0.33%	4.76%	5.99%	7.24%	46	0	0	0	0.33%
33871PA0100052	-0.84%	3.54%	4.76%	6.00%	658	0	0	0	-0.84%
Total	-0.20%	4.23%	5.50%	6.67%	39,613	22,422	18,874	29,344	3.50%

Location In Table 10 of AM Exhibit

Column B	Column W	Column K	Column P	Column L		Revised Formula	
HIOS ID	Membership	Pricing AV	CSR Load	Raw Induced Demand Factor	Normalized Induced Demand Factor	Normalized Induced Demand Factor	Difference
33871PA0100020	1,627	0.962	1.000	1.203	1.115	1.115	0.000
33871PA0100021	5,787	0.941	1.000	1.185	1.097	1.097	0.000
33871PA0100022	20,393	0.816	1.000	1.090	1.009	1.009	0.000
33871PA0100023	972	0.825	1.000	1.095	1.014	1.014	0.000
33871PA0100024	1,624	0.716	1.000	1.037	0.960	0.960	0.000
33871PA0100025	1,596	0.713	1.000	1.035	0.959	0.959	0.000
33871PA0100026	2,201	0.557	1.000	0.993	0.920	0.920	0.000
33871PA0110011	2,530	0.986	1.000	1.227	1.136	1.136	0.000
33871PA0110012	5,678	0.966	1.000	1.207	1.118	1.118	0.000
33871PA0110013	8,251	0.839	1.000	1.105	1.024	1.024	0.000
33871PA0110014	1,587	0.847	1.000	1.110	1.028	1.028	0.000
33871PA0110019	1,816	0.736	1.000	1.046	0.969	0.969	0.000
33871PA0110020	435	0.578	1.000	0.996	0.923	0.923	0.000
33871PA0100044	15,043	0.835	1.000	1.102	1.021	1.021	0.000
33871PA0100045	36,742	0.672	1.000	1.020	0.944	0.944	0.000
33871PA0100047	543	0.841	1.000	1.106	1.025	1.025	0.000
33871PA0100048	1,203	0.707	1.000	1.033	0.957	0.957	0.000
33871PA0100049	845	0.677	1.000	1.021	0.946	0.946	0.000
33871PA0100050	676	0.913	1.000	1.161	1.075	1.075	0.000
33871PA0100051	46	0.800	1.000	1.080	1.000	1.000	0.000
33871PA0100052	658	0.650	1.000	1.012	0.938	0.938	0.000
Total	110,253	0.780	1.000	1.080	1.000	1.000	0.000

				2020	2021
				Pricing AV	Pricing AV
33871PA0100020	HMO	Keystone HMO Platinum Preferred \$10/\$20/\$150	E	0.963	0.962
33871PA0100021	HMO	Keystone HMO Platinum Preferred \$20/\$40/\$200	E	0.959	0.941
33871PA0100022	HMO	Keystone HMO Gold Preferred \$35/\$70/\$650	E	0.843	0.816
33871PA0100023	HMO	Keystone HMO Gold Classic \$1,500/\$25/\$50/90%	E	0.819	0.825
33871PA0100024	HMO	Keystone HMO Silver Classic \$4,250/\$25/\$50/70%	E	0.742	0.716
33871PA0100025	HMO	Keystone HMO Silver Classic \$3,250/\$30/\$60/50%	E	0.746	0.713
33871PA0100026	HMO	Keystone HMO Bronze Essential \$6,850/\$50/\$100/\$70	E	0.681	0.557
33871PA0110011	POS	Keystone DPOS Platinum Preferred \$10/\$20/\$150	E	0.962	0.986
33871PA0110012	POS	Keystone DPOS Platinum Preferred \$20/\$40/\$200	E	0.958	0.966
33871PA0110013	POS	Keystone DPOS Gold Preferred \$35/\$70/\$650	E	0.842	0.839
33871PA0110014	POS	Keystone DPOS Gold Classic \$1,500/\$25/\$50/90%	E	0.819	0.847
33871PA0110019	POS	Keystone DPOS Silver Classic \$3,250/\$30/\$60/50%	E	0.746	0.736
33871PA0110020	POS	Keystone DPOS Bronze Essential \$6,850/\$50/\$100/\$70	E	0.680	0.578
33871PA0100044	HMO	Keystone HMO Gold Proactive	E	0.873	0.835
33871PA0100045	HMO	Keystone HMO Silver Proactive	E	0.765	0.672
33871PA0100047	HMO	Keystone HMO Gold Classic \$2,500/\$40/\$80/100%	E	0.854	0.841
33871PA0100048	HMO	Keystone HMO Silver Classic \$4,500/\$40/\$80/100%	E	0.721	0.707
33871PA0100049	HMO	Keystone HMO Silver Secure \$5,000/\$40/\$80/\$600	E	0.718	0.677
33871PA0100050	HMO	Keystone HMO Platinum Preferred \$30/\$60/\$400	E	0.947	0.913
33871PA0100051	HMO	Keystone HMO Gold Secure \$1,000/\$40/\$80/\$650	E	0.822	0.800
33871PA0100052	HMO	Keystone HMO Silver Proactive Value	E	0.717	0.650



Cover Letter for Responses to July 8 Objection Letter – KHPE Small Group INAC-132358831  
Response Date July 20, 2020

- 1. The response to Question 1 of the first round of questions indicates that the URRT has been updated to reflect the proposed rate changes for this filing. However, the rate changes are still inconsistent between the cover letter/rate change request summary, the Part III Actuarial Memorandum, the Pennsylvania Actuarial Memorandum, and the URRT. Please explain these discrepancies.**

We have updated these components to be consistent. The average increase shows the value from Cell AC15 of Table 10 in the AM Exhibit. The range of rate changes comes from Column AC of Table 10 where plans are listed as “Existing”. We note that the URRT may calculate the average increase differently than Table 10.

- 2. The ‘Q3’ tab of the file “KHPE Small Group Response to June 16 Obj.xlsx” provides a numerical development of the projected 2021 risk adjustment transfer PMPM. Please provide this same exhibit for the calculation of the expected 2019 risk adjustment transfer PMPM. Additionally, please support any significant differences in the components of the risk adjustment calculation between 2019 and 2021 on an issuer and/or statewide basis.**

We have updated 2019 risk adjustment with the amounts published in the “Summary Report on Permanent Risk Adjustment Transfers for the 2019 Benefit Year” released July 17, 2020.

- 3. We have the following additional questions regarding trend:  
a. The response to Question 4a of the first round of questions indicates that the proposed one-year trend from 2020 to 2021 is 8.9%, while the annual trend applied to the experience period data to develop the projected period claims is 6.2%. Please identify the 2019 to 2020 trend used in conjunction with the 8.9% trend from 2020 to 2021 to develop the 6.2% overall annual trend from 2019 to 2021.**

Cell G52 of Table 3 of the AM Exhibit shows that the trend from 2019 to 2021 was 6.2%. The 8.9% we used in the URRT Part II and the Rate Change Request Summary is intended to be more moderate over both the QCC and KHPE populations. The 8.9% is between the trend from this filing and our QCC filing. Our customers can consider plans sold by either entity within our family of companies which is why an overall value is stated.

- b. If the assumed 2020 to 2021 trend is 8.9% but the annual trend from 2019 to 2021 is 6.2%, the assumed 2019 to 2020 trend must be less than 6.2% (e.g., 3.5%). Therefore, please provide support for assuming an 8.9% trend from 2020 to 2021 when the estimated 2019 to 2020 trend is significantly less than 8.9%.**

As noted above, the trend from 2019 to 2021 was 6.2%. Removing the 8.9% from that result leaves a one year trend of 3.6%.

- c. Please confirm that the trends provided in the ‘Q4b’ tab of the file “KHPE Small Group Response to June 16 Obj.xlsx” shows actual observed historical trends from 2017 to 2020 YTD.**

We received these trends from our Trend actuary, they represent the unit cost trends for the time periods in question.

**Additionally, please provide the following information:**

- i. Please include pharmacy trends in this exhibit.**

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We have added the additional information.

**ii. Please clarify the source of the data which was used in developing the historical trend information provided in the ‘Q4b’ tab.**

We received these trends from our Trend actuary, they represent the unit cost trends for the time periods in question.

**iii. Please provide the following detail which underlies the calculated historical trends provided in the ‘Q4b’ tab: total member months, allowed claims, and any normalization adjustments that were applied to the claims experience for each year from 2017 through 2020 YTD for each benefit category.**

**d. The actual observed historical trends included in the ‘Q4b’ tab of the file “KHPE Small Group Response to June 16 Obj.xlsx” are significantly lower than those included in the URRT. Please explain and support the use of trends for pricing that are significantly higher than those experienced historically.**

As noted in the response above, we have provided the Unit cost trends as that is what we have available. The pricing trend is made up of unit cost, utilization and pharmacy.

**4. The ‘Q5&6’ tab of the file “KHPE Small Group Response to June 16 Obj.xlsx” includes #DIV/0! Errors due to the lack of Feb 2019 and Feb 2020 membership data. Please correct this exhibit.**

We have corrected the links from the source file used to create this exhibit; it is now found in Tab Q4 in the attachment to this response letter.

**5. Please explain how the Projected Use factors included in the ‘Q5&6’ tab of the file “KHPE Small Group Response to June 16 Obj.xlsx” are developed.**

We continued the assumptions for Tobacco use that were used in prior rate filings.

**6. Please provide an exhibit which compares the average 2021 pricing AV’s by metal level (including the CSR adjustment for silver plans; excluding any induced utilization adjustments) to the actual observed 2019 paid-to-allowed ratios by metal level. To the extent the pricing AV’s are significantly different than the actual observed experience for a particular metal level, please explain and justify why the proposed pricing AV’s are appropriate.**

The data is shown on tab Q6 of the attached spreadsheet.

The Pricing AVs will differ from the observed paid-to-allowed ratios due to actual induced demand as well as health status. These factors will show up in the actual claims but will not appear in the pricing AVs since we are not allowed to price for them.

For example, if healthier members choose bronze plans, hospital utilization on Bronze will be lower than average, so the impact of this may lead to a higher paid to allowed than the pricing AV. The pricing AV considers the utilization of an average member when determining rates.

**7. The response to Question 9b indicates that a 6.5% trend from 2021 to 2020 was used to develop the 1.6% quarterly trend factor. Please explain how this trend was chosen and support it,**

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**particularly given that it is inconsistent with the specified average annual trend rate(s) underlying the URRT (i.e., 6.2% from 2019 to 2021 and 8.9% from 2020 to 2021).**

Our response stated it was an estimate for trend going from 2021 to 2022, not from 2020 to 2021. This is intended to be a representative estimate for trend from 2021 to 2022.

- 8. The Risk Adjustment User Fee included in the PA Rate template was updated based on the response to Question 14 of the first round of questions. However, the URRT does not appear to have been updated for the revised taxes and fees. Please update the URRT, and any other documentation as necessary. Please provide a list of all documentation that changes as a result of this adjustment.**

We had not incorporated the change to the Risk Adjustment User Fee into the URRT yet because of its minor impact; we expected to have to make more material changes later on in the review process, such as the COVID impact, and have included it with this response.

- 9. Please update the 2019 experience period risk adjustment amount in Table 2 to reflect the department calculated revised risk adjustment transfer amount sent to your company on June 30th 2020, or the final CMS transfer amount published on or before July 16th, if it differs from the Department's calculation.**

We have updated 2019 risk adjustment with the amounts published in the "Summary Report on Permanent Risk Adjustment Transfers for the 2019 Benefit Year" released July 17, 2020.

- 10. If the projected risk adjustment transfer amount in Table 5 will be modified due to either the June 30th revisions or the final CMS transfer amount published on or before July 16th if it differs from the Department's calculation, please provide narrative and detailed supporting data to justify the proposed changes.**

- 11. Response #18 indicates that formulas have been entered in Column L of Table 10; presumably these formulas would consist of a calculation involving the data in Column K adjusted by a constant derived in in Tab Q18. Hard coded numbers are entered in Column L; please revise.**

We created the file with formulas as you requested; however, when we finalized the exhibit for uploading we inadvertently range valued these cells. We have revised the cells to show the formulas. We need to range value parts of the spreadsheet because they link to other sheets and you would not be able to review them if we kept the links intact.

- 12. On July 13th the Department will communicate its guidance based upon updated survey information from the issuers on their best estimate of the Covid-19 impact on 2021 rates. Responses to the round two questions are due on July 16th; please be sure that all documents submitted via SERFF on or after that date reflect the impact of Covid-19 and are consistent with Department's July 13th guidance.**

- 13. 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 Rates Template are identical.**

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

**14. Please submit an amendment to update the Company Rate Information under the Rate/Rule Schedule tab if any information has changed since the initial filing.**

The Company Rate Information will be updated via a Post-Submission Update after this response letter and other components have been submitted in SERFF.

**15. The data requested in Item 17 of the Department’s June 16 letter was requested of all carriers. Please provide the requested information.**

As noted in our previous response, this information is not readily available and not something that we believe that we can share since it does not impact the setting of rates for 2021. We look forward to reviewing the responses from the other carriers if they choose to provide them. We would note that we were the only carrier in Rating area 8 prior to 2019 so none of our direct competitors would be able to produce this exhibit either we believe.

**16. The data requested in Item 27 of the Department’s June 16 letter was requested of all carriers. Please provide the requested information.**

As noted in our previous response, this information is not readily available and not something that we believe that we can share since it does not impact the setting of rates for 2021. We look forward to reviewing the responses from the other carriers if they choose to provide them. We would note that we were the only carrier in Rating area 8 prior to 2019 so none of our direct competitors would be able to produce this exhibit either we believe.

**17. Please ensure that the 7/16/20 versions of the following items are posted in SERFF with your July 16th response to this data call:**

- Cover letter identifying all changes made and the reason for the change. Also show the revised rate change.
- PA Actuarial Memorandum
- PA Actuarial Memorandum Exhibits
- Departments Plan Design Summary and Rate Template Exhibits (please ensure that the rate template by county is populated with only numeric values – no “NA”)
- URRT
- Federal rates template
- Part III actuarial memorandum
- Updated Rate Change Request Summary (Attachment 1)
- Public filing pdf with limited redactions as previously directed in the Guidance (includes all correspondence and supporting exhibits subsequent to the initial submission, in addition to all of the above items).

Age	Age Factor	Feb-19 Members	2019 Members	Feb-20 Members	Tobacco Factor	Projected Use
0-14	0.765	14,876	14,943	14,399	0	0
15	0.833	1,179	1,204	1,177	0	0
16	0.859	1,259	1,231	1,176	0	0
17	0.885	1,242	1,243	1,243	0	0
18	0.913	1,332	1,297	1,220	0	0
19	0.941	1,312	1,300	1,290	0	0
20	0.970	1,393	1,367	1,324	0	0
21	1.000	1,394	1,411	1,431	0.125	0.018
22	1.000	1,465	1,424	1,439	0.125	0.018
23	1.000	1,513	1,539	1,455	0.125	0.018
24	1.000	1,562	1,541	1,524	0.125	0.018
25	1.004	1,639	1,675	1,700	0.125	0.018
26	1.024	2,002	2,090	1,997	0.125	0.018
27	1.048	2,226	2,287	2,304	0.125	0.018
28	1.087	2,309	2,264	2,377	0.125	0.018
29	1.119	2,243	2,277	2,422	0.125	0.018
30	1.135	2,163	2,212	2,288	0.175	0.018
31	1.159	2,303	2,224	2,296	0.175	0.018
32	1.183	2,169	2,183	2,298	0.175	0.018
33	1.198	2,102	2,092	2,195	0.175	0.018
34	1.214	1,978	2,001	2,134	0.175	0.018
35	1.222	2,033	2,008	2,053	0.175	0.018
36	1.230	1,991	2,017	2,011	0.175	0.018
37	1.238	2,006	2,006	2,019	0.175	0.018
38	1.246	1,969	1,958	2,059	0.175	0.018
39	1.262	1,889	1,943	2,054	0.175	0.018
40	1.278	1,811	1,807	1,955	0.225	0.037
41	1.302	1,764	1,760	1,835	0.225	0.037
42	1.325	1,762	1,704	1,803	0.225	0.037
43	1.357	1,656	1,678	1,730	0.225	0.037
44	1.397	1,698	1,679	1,688	0.225	0.037
45	1.444	1,703	1,694	1,735	0.225	0.037
46	1.500	1,633	1,662	1,706	0.225	0.037
47	1.563	1,825	1,775	1,688	0.225	0.037
48	1.635	2,105	2,042	1,825	0.225	0.037
49	1.706	1,949	1,973	2,118	0.225	0.037
50	1.786	2,050	2,006	1,951	0.375	0.037
51	1.865	1,939	1,974	2,059	0.375	0.037
52	1.952	2,080	2,082	1,959	0.375	0.037
53	2.040	2,187	2,162	2,055	0.375	0.037
54	2.135	2,247	2,240	2,193	0.375	0.037
55	2.230	2,308	2,284	2,227	0.375	0.037
56	2.333	2,202	2,215	2,277	0.375	0.037
57	2.437	2,213	2,159	2,140	0.375	0.037
58	2.548	2,109	2,150	2,192	0.375	0.037
59	2.603	2,156	2,077	2,099	0.375	0.037
60	2.714	2,026	2,040	2,140	0.375	0.037
61	2.810	2,088	2,058	2,032	0.375	0.037
62	2.873	1,837	1,874	2,045	0.375	0.037
63	2.952	1,785	1,704	1,767	0.375	0.037
64+	3.000	3,049	2,605	3,146	0.375	0.037
Avg Age		1.500	1.491	1.503		
Tobacco Factor				1.006		

Entity	Segment	2017	2018	2019	2020
Comml KHPE - SG 2-50	Inpatient	3.2%	2.4%	3.1%	4.5%
	Outpatient	2.0%	1.9%	2.8%	3.5%
	Professional	0.7%	1.1%	1.2%	1.7%
	Capitation	1.2%	0.8%	1.8%	1.9%
	Total Medical	1.8%	1.6%	2.2%	3.0%
	Drug Ingredient Cost	3.5%	4.9%	3.3%	5.8%

HIOS ID	2021 Pricing AV	2021 CSR Factor	Combined	2019 Paid to Allowed
33871PA0100020	0.962	1.000	0.962	0.930
33871PA0100021	0.941	1.000	0.941	0.925
33871PA0100022	0.816	1.000	0.816	0.887
33871PA0100023	0.825	1.000	0.825	0.851
33871PA0100024	0.716	1.000	0.716	0.786
33871PA0100025	0.713	1.000	0.713	0.818
33871PA0100026	0.557	1.000	0.557	0.771
33871PA0110011	0.986	1.000	0.986	0.924
33871PA0110012	0.966	1.000	0.966	0.907
33871PA0110013	0.839	1.000	0.839	0.870
33871PA0110014	0.847	1.000	0.847	0.844
33871PA0110019	0.736	1.000	0.736	0.769
33871PA0110020	0.578	1.000	0.578	0.751
33871PA0100044	0.835	1.000	0.835	0.867
33871PA0100045	0.672	1.000	0.672	0.831
33871PA0100047	0.841	1.000	0.841	0.879
33871PA0100048	0.707	1.000	0.707	0.839
33871PA0100049	0.677	1.000	0.677	0.803
33871PA0100050	0.913	1.000	0.913	0.872
33871PA0100051	0.800	1.000	0.800	N/A
33871PA0100052	0.650	1.000	0.650	N/A

## Completeness and Redaction Justification Checklist

Issuer Name: Keystone Health Plan East  
 Market: Small Group HMO  
 SERFF ID: INAC-132358832

TOC #	Description	Completed (Mark with "X")	Redaction Justification		
			Redacted (Y/N)	Page # in Public PDF	Justification submitted (Y/NA)
<b>Federal Documents Required to Be Filed with PID</b>					
A.2.	RFJ Part I - Unified Rate Review Template	X			
	RFJ Part II – Consumer Friendly Justification	X			
	RFJ Part III – Actuarial Memorandum	X	Y	37-44	Y
	Federal Rates Template	X			
<b>Summary Documents/Confirmation of HIOS &amp; SERFF Submissions</b>					
A.2.B.	HIOS Submission	X			
A.2.C.	SERFF Submission	X			
A.2.D.	SERFF Rate/Rule Schedule Tab	X			
B.	Cover Letter & PA Bulletin Information	X			
C.	Rate Change Request Summary	X			
<b>PA Actuarial Memorandum and Rate Exhibits</b>					
D.1.A.	Company Information	X	Y	7	Y
D.1.B.	Rate History & Proposed Variation in Rate Changes	X	N	8	N/A
D.1.C.	Average Rate Change	X	N	8	N/A
D.1.D.	Membership Count	X	N	8	N/A
	<i>PA Act. Exhibits Table 1</i>	X	N	15	N/A
D.1.E.	Benefit Changes	X	N	8	N/A
D.1.F.	Experience Period Claims & Premium	X	N	9	N/A
	<i>PA Act. Exhibits Table 2</i>	X	N	15	N/A
D.1.G.	Credibility of Data	X	N	10	N/A
	<i>PA Act. Exhibits Tables 2b, 3b, 4b (if applicable)</i>	X	N	N/A	N/A
D.1.H.	Trend Identification	X	N	10	N/A
	<i>PA Act. Exhibits Table 3</i>	X	N	15	N/A
D.1.I.	Historical Experience	X	N	10	N/A
	<i>PA Act. Exhibits Table 4</i>	X	N	15	N/A
D.2.A.	Development of PAIR, MAIR and Total Allowed Claims	X	N	11	N/A
	<i>PA Act. Exhibits Table 5</i>	X	N	16	N/A
D.2.B.	Retention Items	X	N	11-12	N/A
	<i>PA Act. Exhibits Table 6</i>	X	N	16	N/A
D.2.C.	Normalized Market-Adjusted Projected Allowed Total Claims	X	N	12	N/A
	<i>PA Act. Exhibits Table 7</i>	X	N	16	N/A
D.2.D.	Components of Rate Change	X	N	12	N/A
	<i>PA Act. Exhibits Table 8</i>	X	N	16	N/A
	<i>PA Act. Exhibits Table 9</i>	X	N	16	N/A
D.3.	Plan Rate Development	X	N	12-13	N/A
	<i>PA Act. Exhibits Table 10</i>	X	N	17	N/A
D.4.	Plan Premium Development for 21-Year-Old Non-Tobacco User	X	N	13	N/A
	<i>PA Act. Exhibits Table 11</i>	X	N	18	N/A
D.5.A.	Age and Tobacco Factors	X	N	13	N/A
	<i>PA Act. Exhibits Table 12</i>	X	N	19	N/A
D.5.B.	Geographic Factors	X	N	13	N/A
	<i>PA Act. Exhibits Table 13</i>	X	N	19	N/A
D.5.C.	Network Factors	X	N	13	N/A
	<i>PA Act. Exhibits Table 14</i>	X	N	19	N/A
D.5.D.	Service Area Composition	X	N	13	N/A
D.5.E.	Composite Rating	X	N	13	N/A
D.6.	Actuarial Certifications	X	Y	13-14	Y
<b>Additional Exhibits</b>					
E.	Department Plan Design Summary & Rate Tables	X	N	20-31	N/A
	Service Area Map	X	N	68	N/A
Redaction Justification (must be submitted if any information is redacted)		X			Y