

Actuarial Memorandum

1. Purpose and Limitations

The purpose of this document, which is submitted in conjunction with the Part I Unified Rate Review Template (URRT), is to comply with the requirements of the Part III Actuarial Memorandum and to support the premium rates developed for Medica Insurance Company's (Medica's) individual Affordable Care Act (ACA) products, with an effective date of January 1st, 2019. These products will be offered both on and off the individual insurance exchange in Iowa. This rate change filing is not intended to be used for other purposes.

This memorandum reflects Medica's current assumptions and working knowledge of the ACA's regulatory framework as of July 17th, 2018 which includes assumed defunding of the cost sharing reduction (CSR) program. If further information is shared that puts this assumption at risk, Medica reserves the right to modify components of the rate filing submission.

Per Health and Human Services (HHS) instruction, issuers must upload two versions of the Part III Actuarial Memorandum. This version of Part III is the un-redacted version intended for CMS review. For reference to the redacted version of Part III, please see the corresponding supporting document.

Medica designates the information submitted by Medica through HIOS as exempt from disclosure under Exemption 4 of the HHS's Freedom of Information Act (FOIA). Additionally, Medica designates the information submitted by Medica through SERFF as trade secret.

2. General Information

Company Identifying Information

- Company Legal Name: Medica Insurance Company
- State: IA
- HIOS Issuer ID: 93078
- Market: Individual
- Effective Date: January 1, 2019

Company Contact Information

- Primary Contact Name: Christopher Juhlke
- Primary Contact Telephone Number: (952) 992-3644
- Primary Contact Email Address: christopher.juhlke@medica.com

Policy Form Numbers

- IA-INSURE-PC-19-01; IA-INSPIRE-PC-19-01; IA-CHI-PC-19-01; IA-ELEVATE-PC-19-01

3. Proposed Rate Increase

The proposed rate change for Medica's individual business rates effective January 1st, 2019 is -9.0% over rates effective January 1, 2018. This rate increase reflects an estimate of the average increase that will be offered to current members based on April 2018 in-force business absent of rate changes due to attained age.

The proposed annual rate changes by product in this filing range from -14.7% to -0.1%.

Reason for Rate Increase(s)

The significant factors driving the proposed rate change primarily include:

- Anticipated medical trend, in both utilization and cost of services.
- Market morbidity that is less adverse than what was assumed in the current rates.
- Unprecedented amount of uncertainty and risk inherent in the marketplace.
- Assumed impact of defunding the CSR payment program.

Additional Information

- The proposed benefit factor changes will result in rate changes that vary across plan designs.
- Medica's rate change history is documented in Exhibit B.
- Select plans include cost sharing modifications due to actuarial value compliance.
- Medica is expanding the Insure product's service area to be statewide and introducing a new care system product named "Elevate by Medica". The corresponding plan mapping is summarized in Section 7.4.

4. Market Experience

4.1 Experience Period Premium and Claims

Paid Through Date

The experience period for this filing is calendar year 2017. The paid through date is April 30th, 2018.

Premiums (net of MLR Rebate) in Experience Period

As shown in Worksheet 1, Section I of the URRT, the calendar year 2017 experience period includes \$99,523,800 of earned premium. Medica does not expect to pay medical loss ratio (MLR) rebates to policyholders for the base period.

Allowed and Incurred Claims Incurred During the Experience Period

As shown in Worksheet 1, Section I of the URRT, the calendar year 2017 experience period includes \$103,638,538 of incurred claims and \$128,780,947 of allowed claims.

All incurred and allowed claims are reported through Medica's claim system. Claims incurred but not paid (IBNP) as of April 30th, 2018 for the calendar year 2017 experience period are estimated to be approximately 1.1% (or \$1,153,608) of total paid claims. The same set of completion factors are used for both paid claims and allowed claims.

The Corporate Actuarial team calculates the IBNP and has provided the following summary:

Medica uses internal data sources to identify adjudicated claims paid in the current year, and the two most recent historical years. This data contains claims reimbursed on a fee-for-service basis. A lag factor is applied to adjudicated claim amounts to arrive at a "best estimate" of incurred claims for each of the aforementioned years.

Standard methodologies have been used to develop the lag factors. For older lags (duration 5+), a pure completion method is used. This method derives a factor by selecting an appropriate averaging method using the most current claim triangles. For more recent durations (durations 1-4), both the completion and projection methods are used, along with a blending of these methods using the Bornhuetter-Ferguson (BF) technique. The projection method calculates a baseline PMPM using the average of historical, fully-credible incurred data. This baseline PMPM is then normalized for working days in the month, seasonality, and other adjustments that may affect incurred costs. PMPMs are trended to current costs using factors that vary by product. The lag factor is derived by selecting one of these three methods. The projection method is given greater weight in earlier development periods, while the lag factor and BF methods are more heavily weighted in later periods.

4.2 Benefit Categories

Utilization and cost information are categorized by benefit using Milliman's *Health Cost Guidelines*[™] (HCGs) categories. Milliman's categories are assigned based on place and type of service using a detailed claims mapping algorithm summarized as follows:

- Inpatient Hospital (facility charges with an overnight stay)
- Outpatient Hospital (facility charges without an overnight stay)
- Professional (with units measured as a mix of visits, cases, procedures, etc.)
- Other Medical (with units measured as a mix of visits, cases, procedures, etc.)
- Capitation (not applicable)
- Prescription Drug (prescriptions not billed by a facility or professional)

4.3 Projection Factors

Population Risk Morbidity

Medica is assuming a change in the population risk morbidity from the experience period to the projection period of 0.949. This adjustment reflects the anticipated change in claim costs outside the underlying demographics of the covered population as well as the impact of a very high claimant in the base period experience leaving the market. This change in morbidity is also assumed when estimating the risk adjustment transfer for the 2019 plan year.

Changes in Benefits

Medica applied an adjustment to the experience period claims to account for projected changes in the average utilization of services due to differences in average cost sharing. Therefore, a value of 0.995 is included in Worksheet 1, Section II of the URRT.

Changes in Demographics

A demographic adjustment of 0.983 was applied to the experience period claims to account for the projected changes in the age and geographic region mix of the underlying experience data.

Other Adjustments

An adjustment of 0.947 is included in Worksheet 1, Section II of the URRT to account for the projected changes in network mix from the experience period to the projection period.

Trend Factors (Cost/Utilization)

The trend used to get from the experience period to the projection period is based on an un-leveraged prospective annual trend of 7.0%. The trend assumptions used in the projection are based on Medica's standard trend projection process. Due to historical individual market experience not being credible to set an accurate trend forecast, all trends are currently based on a review of claim experience from Medica's group medical lines of business. The trend assumptions do not include the impact of changes in demographics, benefit design, or morbidity.

4.4 Credibility Manual Rate Development

Not applicable. The projected experience described in Section 4 is assumed to be fully credible for rate development, so no credibility manual is needed.

4.5 Credibility of Experience

In accordance with *Actuarial Standards of Practice (ASOP) #25 – Credibility Procedures*, Medica's Iowa experience includes 153,281 member months and is assumed to be fully credible for purposes of developing claim projections.

The methodology used determines the credibility factor as the square root of the ratio of the total number of member months over the 12-month experience period divided by 75,000. Within the context of this methodology Medica considers experience with at least 75,000 member months to be fully credible.

4.6 Paid to Allowed Ratio

Table 1 details the paid-to-allowed ratio by plan design and is consistent with the membership projections by plan in Worksheet 2, Section IV of the URRT. The silver metal level plans include an additional load to account for the expected defunding of the CSR program.

Table 1 Paid-to-Allowed Average Factor				
Plan	Projected Member Months	Allowed Claims PMPM ^[1]	Paid Claims PMPM ^[1]	Paid / Allowed
Medica Gold Copay	39,312	\$839.27	\$720.35	85.8%
Medica Silver Copay	278,532	\$890.21	\$816.82	91.8%
Medica Bronze Copay	65,940	\$784.49	\$590.62	75.3%
Medica Gold Share	12	\$809.46	\$689.56	85.2%
Medica Bronze HSA Plus	68,028	\$820.14	\$672.96	82.1%
Medica Bronze HSA	89,208	\$795.46	\$635.04	79.8%
Medica Catastrophic	6,360	\$566.50	\$427.25	75.4%
Total	547,392	\$845.91	\$730.61	86.4%

[1] Before risk adjustment.

4.7 Risk Adjustment and Reinsurance

Experience Period Risk Adjustment and Reinsurance Adjustments PMPM

Medica's risk adjustment transfer for the 2017 plan year as documented in the *Summary Report on Permanent Risk Adjustment Transfers for the 2017 Benefit Year* (CMS Report) (published by the Centers for Medicare and Medicaid services on July 9th, 2018) was a net receivable of \$10.94 PMPM. This amount is included in Worksheet 2, Section III of the URRT.

Medica's net reinsurance recoveries attributable to the experience period are \$0.00 PMPM.

Projected Risk Adjustment PMPM

Medica assumes that it will enroll the market average risk in 2019. Therefore a net risk adjustment transfer of \$0 PMPM is projected. Any resulting risk adjustment transfer payments would be allocated proportionally across all plans in Medica's individual market single risk pool.

The 2019 risk adjustment user fee of \$0.15 PMPM is reflected in Worksheet 1, Section III of the URRT.

4.8 Non-Benefit Expenses and Profit & Risk

Administrative Expense Load

The components of the administrative expense load as shown in Worksheet 1, Section III of the URRT are summarized in Table 2.

Table 2 Summary of Administrative Expenses		
Description	PMPM	% of Premium
General Administration	\$42.66	4.74%
Broker Commissions	\$8.00	0.89%
HCQI	\$1.98	0.22%
Total	\$52.64	5.85%

Medica's administrative expense load includes general administration, commissions paid to brokers and agents, and Health Care Quality Improvements (HCQI). Medica allocates administrative expenses by product, state and legal entity. Base fees paid to third party administrators on a PMPM basis are charged directly to the appropriate product. With the exception of regulatory costs and Medica Health Management (MHM) costs, the remaining administrative expenses are allocated to the market business segments to determine a PMPM. Regulatory costs are charged directly to the appropriate entity. MHM costs are captured in specific cost centers which are charged directly to MHM. The support cost centers (Human Resources, Facilities and a portion of IT and General Administration) are allocated to each of the other cost centers. Medica's Corporate Finance staff meets periodically with a representative of each cost center to review the allocation method.

Contribution to Surplus and Risk Margin

The targeted risk margin after federal income taxes is 4.88% applied proportionally to all plans.

Taxes and Fees

Table 3 summarizes the components of the taxes and fees shown in Worksheet 1, Section III of the URRT.

Table 3 Summary of Taxes and Fees		
Description	PMPM	% of Premium
State Premium Tax	\$18.00	2.00%
ACA Health Insurer Fee	\$0.00	0.00%
Exchange User Fee	\$31.15	3.46%
Federal PCORI Fee	\$0.00	0.00%
Federal Income Tax	\$23.66	2.63%
Total	\$72.82	8.09%

The exchange user fee is calculated as 3.5% of anticipated on-exchange premiums, and then spread across the entire single risk pool as required by regulation. Medica assumes that on-exchange premiums will be 99% of total premiums.

The risk adjustment user fee is not reflected here, as documented in Section 4.7.

5. Projected Loss Ratio

The projected MLR for Medica based on the federally-prescribed methodology is 88.6%. The numerator of the projected MLR contains projected claim costs and HCQI expenses net of receipts from the risk adjustment program. The denominator consists of total premiums net of premium taxes and regulatory fees. Please note that the MLR presented here does not capture all adjustments, including multi-year averaging, credibility, deductible, and defunding of the CSR program.

Exhibit C provides a summary of the components included in the MLR projection.

6. Application of Market Reform Rating Rules

6.1 Single Risk Pool

This filing, including the URRT, complies with the single risk pool requirements documented in 45 CFR Part 156, §156.80(d). The experience period data is based on all Medica individual market policies in Iowa. The projection period reflects all projected covered lives for every non-grandfathered product/plan combination for Medica in the Iowa individual market.

6.2 Index Rate

Experience Period

As shown in Worksheet 1, Section I of the URRT, the index rate for the calendar year 2017 experience period is \$840.10. The experience period index rate reflects the estimated total combined allowed EHB claims experience PMPM in the single risk pool, and is not adjusted for payments and charges under the risk adjustment and reinsurance programs, or for marketplace user fees.

Projection Period

The index rate defined as the EHB portion of projected allowed claims divided by all projected single risk pool lives is \$845.91.

6.3 Market Adjusted Index Rate

The market-adjusted index rate is calculated as the sum of the projection period index rate, the net impact of the risk adjustment program, and the exchange user fees. Table 4 details the projection period index rate, allowable market-wide modifiers as defined in 45 CFR Part 156, §156.80(d)(1), and the resulting market-adjusted index rate.

Table 4 Market-Adjusted Index Rate	
Description	PMPM
Projection Period Index Rate	\$845.91
Net Impact of the Risk Adjustment Program	\$0.17
Exchange User Fee Adjustment	\$36.07
Market-Adjusted Index Rate	\$882.15

The adjustments in Table 4 reflect all of the market-wide modifiers allowed in federal regulation and the average demographic characteristics of the single risk pool. Please note the allowable market-wide modifiers were adjusted to an allowed basis in the development of the market-adjusted index rate which is consistent with the basis of the projected index rate.

6.4 Plan Adjusted Index Rates

Exhibit D summarizes the plan-adjusted index rates determined as the market-adjusted index rate further adjusted for all the allowable plan-level modifiers defined in 45 CFR Part 156, §156.80(d)(2).

The allowable modifiers as described in 45 CFR Part 156, §156.80(d)(2) are the following:

- Actuarial value and cost-sharing design of the plan,
- Plan's provider network and delivery system characteristics, as well as utilization management practices,
- Plan benefits in addition to the EHBs,
- Administrative costs, excluding exchange user fees, and
- With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans.

AV and Cost-Sharing Adjustment

The impact of each plan's AV and cost-sharing adjustment includes a benefit factor adjustment and an adjustment to account for the expected impact of the plan's cost sharing amounts on the member's utilization of services. Medica's internal benefit factor model, which uses a single continuance table for all plans, was used to estimate how members purchase services differently based on the amount of plan-specific cost sharing. By utilizing a single continuance table, the model's adjustments assume the same demographic and risk characteristics for each plan priced and therefore exclude expected differences in the health status of members assumed to select the plan.

Plan's Provider Network and Delivery System Characteristics

Network adjustments are developed based on an analysis of variation in cost by provider network. The adjustments are developed by analyzing the cost variation among providers in the care system networks against the open access network as a whole. The analysis uses allowed claim data from Medica's fully-insured and self-insured commercial lines of business and develops cost relativities between each provider. Provider weightings are determined specific to the providers that members used in each rating area. Additionally, network-specific discounts were applied to the cost relativities, where applicable.

To determine the network adjustment in the AV pricing value, a utilization-weighted relativity is calculated for the open-access network and each care system network by major service category (inpatient, outpatient, physician, pharmacy, and mental health). The relativities by service category were combined using the service category mix of the actual experience. These final overall cost relativities were used as a basis for the final network adjustments.

Adjustment for Benefits in Addition to the EHBs

Medica's plans do not include any benefits other than EHBs (neither supplemental benefits nor state mandates eligible for state reimbursement), so the plan adjusted index rates do not include a plan-level adjustment for benefits in addition to the EHBs.

Impact of the Specific Eligibility Categories for the Catastrophic Plan

A specific eligibility adjustment reflects the difference in expected demographics between the catastrophic plan and the non-catastrophic plans due to the unique eligibility requirements of the catastrophic plans (i.e. that only individuals under the age of 30 or eligible by reason of financial hardship can enroll). This adjustment reflects that costs vary by age, and that the cost of the population expected to enroll in this plan is anticipated to be lower than the non-catastrophic plans.

No change is being proposed to the current adjustment of 0.72.

6.5 Calibration

A single calibration adjustment is applied uniformly to all plans. The market-wide calibration factor is 1.897. Detailed support of the calibration factor is provided in Exhibit E.

Age Curve Calibration

The average age factor used in the calibration process is 1.879 and was determined by applying the standard age curve established by HHS to the projected member distribution by age. The approximate average age, rounded to a whole number, associated to the single risk pool average age factor is 51.

Geographic Factor Calibration

The average geographic factor used in the calibration process is 1.000.

Exhibit G provides a summary of the proposed geographic rating factors applied to the plan-adjusted index rates.

The geographic rating factors are developed based on an analysis of variation in cost by geographic region. Using Medica's individual market data for the 2017 plan year, the membership and allowed claims are distributed into the rating areas based on the location of the member. Inpatient claims are truncated at \$101,000 annually. Each service category is assigned a credibility level based on the utilization in that category and credibility-weighted with the overall state average PMPM for that service category. These credibility-weighted allowed PMPM costs by service category are then added up for each rating area and adjusted for the risk of the population in that area.

Finally, the observed factors are calculated by dividing each rating area's adjusted credibility-weighted allowed PMPM by the overall average for the state in total. To smooth changes from year to year, Medica makes business decisions on the materiality of the proposed rating factor change for each geographic region.

Tobacco Factor Calibration

The average tobacco rating factor is 1.010.

A tobacco load of will be applied to adult tobacco users age 18 and older. No change is being proposed. In developing this factor, Medica relied on a 2009 Milliman research report regarding the impact of smoking on medical claim costs, since data on tobacco users in Medica's current populations continues to be limited in volume. The Milliman study was based on Medical Expenditure Panel Survey (MEPS) data.

No change is being proposed to the current adjustment of 1.09.

Consumer Adjusted Premium Rate Development

Medica derives consumer adjusted premium rates by calibrating the plan adjusted index rate and applying the rating factors specified by 45 CFR Part 147, §147.102. See Exhibit A for the proposed rate manual and sample rate calculation.

7. Plan Product Info

7.1 AV Metal Values

The AV metal levels were developed using only the federal AV calculator. Medica does not believe any of the plans requires an alternative methodology.

7.2 AV Pricing Values

Exhibit H provides a summary of the AV pricing values by plan as displayed in Worksheet 2, Section I of the URRT and a breakdown of the components attributable to each of the allowable modifiers to the index rate as described in 45 CFR Part 156, §156.80(d)(2).

7.3 Membership Projections

Medica projected membership as displayed in Worksheet 2, Section IV of the URRT by considering the size of the projected Iowa individual market in 2019 and an assumed penetration rate of this market.

For silver level plans in the individual market, an estimate was made for the portion of projected enrollment that will be eligible for cost sharing reduction (CSR) subsidies at each subsidy level. Table 5 displays the distribution and projected members for all the silver plans, including the alternative silver plans which CSR eligibles can purchase.

Table 5 Distribution of Membership Across Silver Metal Tier		
Silver Metal Tier	Membership Distribution	Membership
Standard	17.6%	4,078
94% AV Level Silver Plan	24.8%	5,764
87% AV Level Silver Plan	40.0%	9,289
73% AV Level Silver Plan	17.5%	4,069
Limited Cost Sharing	0.0%	3
Zero Cost Sharing	0.0%	8
Total	100.0%	23,211

7.4 Terminated Products

Medica is modifying its plan portfolio for the 2019 plan year. Table 6 summarizes both the terminated plans that were included in the single risk pool during the experience period or made available thereafter and the corresponding mapped plans.

Table 6 Terminated Plan Cross-Walk			
Terminated Plan Name	Terminated HIOS ID	Mapped Plan Name	Mapped HIOS ID
<i>Plans offered during the 2017 plan year and terminated prior to the 2018 plan year.</i>			
Medica Insure Bronze HSA	93078IA0010011	Medica Insure Silver Copay	93078IA0010003
<i>Plans offered during the 2018 plan year and terminated prior to the 2019 plan year.</i>			
Medica Insure Gold Copay Plus	93078IA0010019	Medica Insure Gold Copay	93078IA0060003
Inspire by Medica Gold Copay Plus	93078IA0030019	Inspire by Medica Gold Copay	93078IA0070003
Medica with CHI Health Gold Copay Plus	93078IA0040019	Medica with CHI Health Gold Copay	93078IA0080003

Medica is modifying the current Insure product’s service area by dividing it into multiple service area plans. Projected membership is listed in Worksheet 2, Section II of the URRT.

7.5 Plan Type

Not applicable. The plan types listed in Worksheet 2, Section I of the URRT appropriately describe Medica’s plans.

7.6 Warning Alerts

Not applicable. No warning alerts appear in Worksheet 2, Section IV of the URRT.

8. Miscellaneous Instructions

8.1 Effective Rate Review Information

Medica believes all information specific to Iowa Insurance Division’s (IID)’s filing requirements are reflected elsewhere in this filing.

8.2 Reliance

In developing this rate filing, I have relied on several internal departments for information. This information includes Corporate Actuarial providing rating factors, projections of claim trend and Corporate Finance providing non-benefit expenses. I have performed a limited review of this information, and have deemed it to be reasonable.

8.3 Actuarial Certification

I, Christopher Juhlke, am a Senior Actuary for Medica. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I hereby certify that the projected index rate is, to the best of my knowledge and understanding:

- In compliance with all applicable state and federal statutes and regulations (45 CFR 156.80 and 147.102),
- Developed in compliance with the applicable Actuarial Standards of Practice,
- Reasonable in relation to the benefits provided and the population anticipated to be covered, and
- Neither excessive nor deficient.

I further certify that:

- 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 of the URRT were calculated in accordance with Actuarial Standards of Practice,
- The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area, and
- The AV calculator was used to determine the AV metal values shown in Worksheet 2 of the Part I URRT for all plans.

The Part I URRT does not demonstrate the process used to develop proposed premium rates. It is representative of 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 (FFE) and for certification that the index rate is developed in accordance with federal regulation and used consistently and only adjusted by the allowable modifiers.



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July 17th, 2018

Exhibit A Rate Manual

Sample Rate Calculation			
<u>Rate Formula:</u>			
= Plan Index Rate x Age Factor x Geographic Factor x Tobacco Factor / Calibration Factor			
<u>Sample Member Information:</u>			
	<u>Description</u>	<u>Factor</u>	<u>Source</u>
	Medica Insure Gold Copay	\$1,011.68	Table 1
	27-year-old	1.048	Table 2
	Rating Area 3	0.928	Table 3
	Smoker	1.090	Table 4
	Calibration Factor	1.897	Table 5
<u>Sample Rate Calculation:</u>			
= \$1,011.68 x 1.048 x 0.928 x 1.09 / 1.897 = \$565.31			

Exhibit A (continued) Rate Manual

Table 1 - Plan-Adjusted Index Rates and Actuarial Values				
Plan Name	HIOS Plan ID	Metal Level	Actuarial Value	Plan-Adjusted Index Rate
Medica Insure Gold Copay	93078IA0060001	Gold	0.765	\$1,011.68
Medica Insure Silver Copay	93078IA0060003	Silver	0.677	\$1,123.37
Medica Insure Bronze Copay	93078IA0060005	Bronze	0.602	\$820.78
Medica Insure Bronze HSA Plus	93078IA0060023	Bronze	0.648	\$914.25
Medica Insure Bronze HSA	93078IA0060011	Bronze	0.614	\$875.30
Medica Insure Catastrophic	93078IA0060013	Catastrophic	0.606	\$592.64
Inspire by Medica Gold Copay	93078IA0070001	Gold	0.778	\$809.34
Inspire by Medica Silver Copay	93078IA0070003	Silver	0.685	\$898.69
Inspire by Medica Bronze Copay	93078IA0070005	Bronze	0.607	\$656.68
Inspire by Medica Bronze HSA Plus	93078IA0070023	Bronze	0.648	\$731.44
Inspire by Medica Bronze HSA	93078IA0070011	Bronze	0.614	\$700.28
Inspire by Medica Catastrophic	93078IA0070013	Catastrophic	0.606	\$474.07
Medica with CHI Health Gold Copay	93078IA0080001	Gold	0.778	\$849.81
Medica with CHI Health Silver Copay	93078IA0080003	Silver	0.685	\$943.63
Medica with CHI Health Bronze Copay	93078IA0080005	Bronze	0.607	\$689.46
Medica with CHI Health Bronze HSA Plus	93078IA0080023	Bronze	0.648	\$767.97
Medica with CHI Health Bronze HSA	93078IA0080011	Bronze	0.614	\$735.29
Medica with CHI Health Catastrophic	93078IA0080013	Catastrophic	0.606	\$497.85
Elevate by Medica Gold Share	93078IA0050025	Gold	0.773	\$849.61
Elevate by Medica Bronze Copay	93078IA0050005	Bronze	0.607	\$697.65
Elevate by Medica Bronze HSA Plus	93078IA0050023	Bronze	0.648	\$777.17
Elevate by Medica Bronze HSA	93078IA0050011	Bronze	0.614	\$744.09
Elevate by Medica Catastrophic	93078IA0050013	Catastrophic	0.606	\$503.71

Exhibit A (continued) Rate Manual

Table 2 - Age	
Age	Factor
0-14	0.765
15	0.833
16	0.859
17	0.885
18	0.913
19	0.941
20	0.970
21	1.000
22	1.000
23	1.000
24	1.000
25	1.004
26	1.024
27	1.048
28	1.087
29	1.119
30	1.135
31	1.159
32	1.183
33	1.198
34	1.214
35	1.222
36	1.230
37	1.238
38	1.246
39	1.262
40	1.278
41	1.302
42	1.325
43	1.357
44	1.397
45	1.444
46	1.500
47	1.563
48	1.635
49	1.706
50	1.786
51	1.865
52	1.952
53	2.040
54	2.135
55	2.230
56	2.333
57	2.437
58	2.548
59	2.603
60	2.714
61	2.810
62	2.873
63	2.952
64+	3.000

Table 3 - Geographic	
Rating Area	Area Factor
1	1.082
2	0.943
3	0.928
4	1.115
5	1.064
6	0.969
7	1.040

Table 4 - Tobacco
Tobacco Factor
1.090

Table 5 - Calibration
Calibration Factor
1.897

Exhibit B Rate History

Effective Date	Rate Change
January 1, 2016	New Product
January 1, 2017	19.0%
January 1, 2018	56.7%
January 1, 2019	-9.0%

Exhibit C Medical Loss Ratio (MLR)

Projected MLR for 2019		
Incurred Claims	\$730.61	A
Risk Adjustment	\$0.00	B
HCQI	\$1.98	C
MLR Numerator	\$732.59	D = A + B + C
Revenue	\$900.16	E
Exchange Fees	\$31.15	F
ACA Health Insurer Fees	\$0.00	G
Federal PCORI Fees	\$0.00	H
Risk Adjustment Fees	\$0.15	I
State Premium Tax	\$18.00	J
Federal Income Tax	\$23.66	K
MLR Denominator	\$827.19	L = E - F - G - H - I - J - K
Projected MLR	88.6%	M = D / L

Exhibit D

Plan-Adjusted Index Rates

Plan Name	HIOS Plan ID	Metal Level	Market-Adjusted Index Rate	Proposed AV Pricing Value	Plan-Adjusted Index Rate
Medica Insure Gold Copay	93078IA0060001	Gold	\$882.15	1.147	\$1,011.68
Medica Insure Silver Copay	93078IA0060003	Silver	\$882.15	1.273	\$1,123.37
Medica Insure Bronze Copay	93078IA0060005	Bronze	\$882.15	0.930	\$820.78
Medica Insure Bronze HSA Plus	93078IA0060023	Bronze	\$882.15	1.036	\$914.25
Medica Insure Bronze HSA	93078IA0060011	Bronze	\$882.15	0.992	\$875.30
Medica Insure Catastrophic	93078IA0060013	Catastrophic	\$882.15	0.672	\$592.64
Inspire by Medica Gold Copay	93078IA0070001	Gold	\$882.15	0.917	\$809.34
Inspire by Medica Silver Copay	93078IA0070003	Silver	\$882.15	1.019	\$898.69
Inspire by Medica Bronze Copay	93078IA0070005	Bronze	\$882.15	0.744	\$656.68
Inspire by Medica Bronze HSA Plus	93078IA0070023	Bronze	\$882.15	0.829	\$731.44
Inspire by Medica Bronze HSA	93078IA0070011	Bronze	\$882.15	0.794	\$700.28
Inspire by Medica Catastrophic	93078IA0070013	Catastrophic	\$882.15	0.537	\$474.07
Medica with CHI Health Gold Copay	93078IA0080001	Gold	\$882.15	0.963	\$849.81
Medica with CHI Health Silver Copay	93078IA0080003	Silver	\$882.15	1.070	\$943.63
Medica with CHI Health Bronze Copay	93078IA0080005	Bronze	\$882.15	0.782	\$689.46
Medica with CHI Health Bronze HSA Plus	93078IA0080023	Bronze	\$882.15	0.871	\$767.97
Medica with CHI Health Bronze HSA	93078IA0080011	Bronze	\$882.15	0.834	\$735.29
Medica with CHI Health Catastrophic	93078IA0080013	Catastrophic	\$882.15	0.564	\$497.85
Elevate by Medica Gold Share	93078IA0050025	Gold	\$882.15	0.963	\$849.61
Elevate by Medica Bronze Copay	93078IA0050005	Bronze	\$882.15	0.791	\$697.65
Elevate by Medica Bronze HSA Plus	93078IA0050023	Bronze	\$882.15	0.881	\$777.17
Elevate by Medica Bronze HSA	93078IA0050011	Bronze	\$882.15	0.843	\$744.09
Elevate by Medica Catastrophic	93078IA0050013	Catastrophic	\$882.15	0.571	\$503.71

[1] Plan-Adjusted Index Rate = Market-Adjusted Index Rate x Proposed AV Pricing Value

Exhibit E

Calibration Development

Age Calibration		
Age	Member Distribution	Age Factor
0-14	3.7%	0.765
15	0.3%	0.833
16	0.3%	0.859
17	0.4%	0.885
18	0.4%	0.913
19	0.9%	0.941
20	1.0%	0.970
21	1.0%	1.000
22	1.0%	1.000
23	0.9%	1.000
24	0.8%	1.000
25	1.1%	1.004
26	2.2%	1.024
27	2.2%	1.048
28	1.9%	1.087
29	1.9%	1.119
30	1.5%	1.135
31	1.4%	1.159
32	1.5%	1.183
33	1.4%	1.198
34	1.6%	1.214
35	1.5%	1.222
36	1.5%	1.230
37	1.5%	1.238
38	1.4%	1.246
39	1.5%	1.262
40	1.4%	1.278
41	1.4%	1.302
42	1.4%	1.325
43	1.4%	1.357
44	1.4%	1.397
45	1.4%	1.444
46	1.4%	1.500
47	1.8%	1.563
48	1.7%	1.635
49	1.6%	1.706
50	1.8%	1.786
51	1.9%	1.865
52	2.0%	1.952
53	2.2%	2.040
54	2.4%	2.135
55	2.7%	2.230
56	3.0%	2.333
57	3.0%	2.437
58	3.4%	2.548
59	3.5%	2.603
60	3.7%	2.714
61	4.0%	2.810
62	5.2%	2.873
63	6.1%	2.952
64 and over	5.3%	3.000
Average	100.0%	1.879

Geographic Calibration		
Rating Area	Member Distribution	Area Factor
Rating Area 1	9.3%	1.082
Rating Area 2	20.2%	0.943
Rating Area 3	11.4%	0.928
Rating Area 4	8.9%	1.115
Rating Area 5	10.0%	1.064
Rating Area 6	29.1%	0.969
Rating Area 7	11.1%	1.040
Total	100.0%	1.000

Exhibit F Provider Network Adjustments

Network	Current Adjustment	Proposed Adjustment
Medica Insure	1.026	1.118
Inspire by Medica	0.900	0.895
Medica with CHI Health	0.900	0.939
Elevate by Medica	n/a	0.950

Exhibit G Geographic Rating Factors

Rating Area	Current Adjustment	Proposed Adjustment
Rating Area 1	0.985	1.082
Rating Area 2	0.960	0.943
Rating Area 3	0.956	0.928
Rating Area 4	1.025	1.115
Rating Area 5	1.002	1.064
Rating Area 6	1.028	0.969
Rating Area 7	0.997	1.040

Exhibit H AV Pricing Values

Plan Name	AV and Cost Sharing Adjustment	CSR Load	Benefit Induced Utilization	Provider Network	EHB Adjustment	Catastrophic Specific Eligibility	Administrative Costs	AV Pricing Value
	A	B	C	D	E	F	G	
Medica Insure Gold Copay	0.861	1.000	1.008	1.118	1.000	1.000	1.181	1.147
Medica Insure Silver Copay	0.792	1.162	1.047	1.118	1.000	1.000	1.181	1.273
Medica Insure Bronze Copay	0.755	1.000	0.933	1.118	1.000	1.000	1.181	0.930
Medica Insure Bronze HSA Plus	0.823	1.000	0.953	1.118	1.000	1.000	1.181	1.036
Medica Insure Bronze HSA	0.801	1.000	0.938	1.118	1.000	1.000	1.181	0.992
Medica Insure Catastrophic	0.756	1.000	0.934	1.118	1.000	0.720	1.181	0.672
Inspire by Medica Gold Copay	0.861	1.000	1.008	0.895	1.000	1.000	1.181	0.917
Inspire by Medica Silver Copay	0.792	1.162	1.047	0.895	1.000	1.000	1.181	1.019
Inspire by Medica Bronze Copay	0.755	1.000	0.933	0.895	1.000	1.000	1.181	0.744
Inspire by Medica Bronze HSA Plus	0.823	1.000	0.953	0.895	1.000	1.000	1.181	0.829
Inspire by Medica Bronze HSA	0.801	1.000	0.938	0.895	1.000	1.000	1.181	0.794
Inspire by Medica Catastrophic	0.756	1.000	0.934	0.895	1.000	0.720	1.181	0.537
Medica with CHI Health Gold Copay	0.861	1.000	1.008	0.939	1.000	1.000	1.181	0.963
Medica with CHI Health Silver Copay	0.792	1.162	1.047	0.939	1.000	1.000	1.181	1.070
Medica with CHI Health Bronze Copay	0.755	1.000	0.933	0.939	1.000	1.000	1.181	0.782
Medica with CHI Health Bronze HSA Plus	0.823	1.000	0.953	0.939	1.000	1.000	1.181	0.871
Medica with CHI Health Bronze HSA	0.801	1.000	0.938	0.939	1.000	1.000	1.181	0.834
Medica with CHI Health Catastrophic	0.757	1.000	0.934	0.939	1.000	0.720	1.181	0.564
Elevate by Medica Gold Share	0.854	1.000	1.004	0.950	1.000	1.000	1.181	0.963
Elevate by Medica Bronze Copay	0.755	1.000	0.933	0.950	1.000	1.000	1.181	0.791
Elevate by Medica Bronze HSA Plus	0.823	1.000	0.953	0.950	1.000	1.000	1.181	0.881
Elevate by Medica Bronze HSA	0.801	1.000	0.938	0.950	1.000	1.000	1.181	0.843
Elevate by Medica Catastrophic	0.756	1.000	0.934	0.950	1.000	0.720	1.181	0.571

[1] AV Pricing Value = A x B x C x D x E x F x G