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Part III Actuarial Memorandum

UnitedHealthcare Insurance Company

Issuer HIOS ID 69461

Alabama Individual Health Insurance
2022 Premium Rate Filing

July 19, 2021

Developed by:
Wakely Consulting Group

[redacted]

Table of Contents

1. General Information

a. Carrier Information

Company Legal Name:	UnitedHealthcare Insurance Company
HIOS Issuer ID:	69461
NAIC Number:	79413
Market:	Individual
Effective Date:	January 1, 2022

b. Carrier Contact Information

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

c. Scope and Purpose of Filing

The following memorandum documents the development of individual rates for UnitedHealthcare Insurance Company (UHC).

This version of the actuarial memorandum is considered PUBLIC and hence does not contain information determined to be TRADE SECRET. A separate actuarial memorandum was submitted and deemed TRADE SECRET, which included all proprietary information related to UHC and Wakely Consulting Group (Wakely). TRADE SECRET information includes the following, but not limited to: assumptions developed based on Wakely proprietary data, UHC assumptions, assumptions and methodologies that could provide insight into UHC's pricing strategy, and contract reimbursement information.

UHC is offering new products in the Alabama individual market with EPO products effective January 1, 2022.

Please refer to "Section 21. Reliance and Certification" for identification of laws and actuarial standards of practice with which the filing is intended to comply with.

d. Market

This filing covers products in the Individual ACA market.

e. Policy Forms

Below outlines the filed product, HIOS IDs, and rating areas within the Alabama Individual market.

Table 1: Proposed 2022 Plans

Product	Plan ID	Plan Name	Exchange	Rating Areas
UHC EPO IEX	69461AL0110007	[redacted]	On / Off	[redacted]
UHC EPO IEX	69461AL0110006		On / Off	
UHC EPO IEX	69461AL0110005		On / Off	
UHC EPO IEX	69461AL0110004		On / Off	
UHC EPO IEX	69461AL0110003		On / Off	
UHC EPO IEX	69461AL0110002		On / Off	
UHC EPO IEX	69461AL0110001		On / Off	

f. Brief Description of Benefits

The UHC products include Gold, Silver, and Bronze plans. In total, UHC is filing seven (7) plans, plus CSR variants for the silver plans offered on-Exchange. [redacted] All plans will be offered on and off Exchange, however only on-Exchange plans will be marketed. Plan designs include 2022 state mandated benefits; only EHBs will be offered on all plans except for [redacted] which will offer adult dental and vision benefits. [redacted] Pediatric dental will be included in all plans. All plans are EPO network plans, with emergency services and associated inpatient stays as well as trauma services to be covered when incurred out of network.

g. Marketing Method

UHC products will be sold through the internet, by brokers, in direct response to incoming inquiries, and through the Alabama Exchange. Products are guaranteed issue and guaranteed renewable.

h. Identification of Block as Open or Closed

All plans for which rates are included in the filing will be open to new sales.

i. Terminated Products/Plans

UHC is new to the Alabama individual market, therefore they do not have any terminated products or plans to report.

2. Proposed Rate(s)

UHC currently has no products in effect in Alabama. Initial products will be effective January 1, 2022. Therefore, there are no rate increases to report.

3. Base Period Premium and Claims

Because UHC has no products in effect in the state of Alabama, there is no UHC experience to report. The 2022 rates are based entirely on a manual rate as discussed further within this memorandum.

4. Adjustments to Allowed Claims during the Base Period

As previously noted, the 2022 rates are based entirely on a manual rate, thus this section is not applicable.

5. Projection Factors

As previously noted, the 2022 rates are based entirely on a manual rate, thus this section is not applicable. In the credibility manual rate development section of this memorandum, we discuss the development of claim costs used within the base period and factors applied to project the base period to the projection period as a basis for the development of the index rate and base rate.

6. Credibility Manual Rate Development

The development of the proposed 2022 individual index rate and base rate for UHC is outlined below. Please see Appendix A for details regarding the factors used within the development of the index rate.

a. Methodology Used to Develop the Credibility Manual Rate

Allowed PMPM medical costs were developed using Wakely's individual ACA market data from 2018. This data contains detailed claims and membership information from 2018 for members covered by Individual ACA non-grandfathered PPO plans nationwide. The data was trended using market average trend rate from the URRT to 2022, with adjustments made to account for the dampened utilization during COVID. Provider contracting adjustments were made to reflect the payment rates and expected degree of utilization management and Rx rebates expected. The data was also adjusted to reflect Alabama state average morbidity using the CMS risk adjustment report and comparing the risk scores normalized for actuarial value between the Wakely data and the risk adjustment report. Additionally, we also accounted for the expected lower morbidity for new enrollees.

b. Source and Appropriateness of Experience Data Used

Given the lack of experience data for UHC, a manual rate was used.

2018 Wakely's ACA Database ("WACA") was used to develop the manual rate. WACA contains detailed claims, eligibility and premium data from EDGE servers for almost seven million individual and small group market lives in 2018 (latest available year of data). WACA is perhaps the most robust database containing detailed ACA data available in the industry. The individual experience data informed the utilization pattern (types of services, underlying morbidity level, etc.) that was used to build up the manual rate.

Additionally, average risk adjusted claims cost and trends from 2021 Unified Rate Review Template (URRT) Public Use Files were also used to trend the data.

The CMS risk adjustment report for 2019 was also used to study market average morbidity in Alabama.

c. Adjustments Made to the Data

The base period allowed PMPMs were then adjusted for items including differences in membership mix, provider contracts, trend, and morbidity. Below is a summary of the methodology and source information for the adjustments.

Impact of COVID-19

[redacted]

Pediatric Dental Costs

Please refer to the manual rate development section.

Trend Factors

UHC's trend estimates used in 2022 rate development were based on a review of average trends observed by UHC. The impact of dampened utilization due to COVID pandemic was considered in selecting utilization trend assumptions. A range of reasonable trend assumptions was identified by service category, and based on this range, an annual aggregate trend was selected.

Demographics

The WACA data were re-weighted to match the state average age and gender distribution as reported in the Open Enrollment Public Use Files for Alabama Individual ACA market for the areas that UHC is

entering.

Morbidity

We adjusted the WACA data to reflect the Alabama market average morbidity outside of demographics (i.e., purely health status). The WACA data was risk scored using the 2018 risk adjustment model. We compared the PLRS normalized for actuarial value for WACA relative to 2019 Alabama individual ACA market, after adjusting for model changes between 2018 and 2019. The morbidity adjustment was reflected as an adjustment to utilization.

Metal Mix

The WACA data were re-weighted to match the metal distribution (Bronze, Silver and Gold) as reported in the Open Enrollment Public Use Files for Alabama Individual ACA market for the areas that UHC is entering.

Provider Contracting

Wakely analyzed UHC's provider contracted rates in each rating area. The contracts were provided to Wakely by UHC as a percent of Medicare payment rates in 2022. Wakely's ACA data has also been re-priced on a percent of Medicare basis. These reference based pricing levels for the WACA data and UHC 2022 contracts were used to adjust the WACA unit costs to expected UHC 2022 unit costs. Pharmacy costs were adjusted to match the trended 2019 pharmacy experience reported in the 2021 URRTs by individual Alabama plans.

Membership Projections

Total projected number of enrollees and member months by service area was provided by UHC.

We included an adjustment to the filed plans to reflect the impact of cost share reduction subsidies (CSRs) no longer being funded by the federal government. The regulation still requires CSR variant plans to be offered to low income members, under the same Federal AV requirements (keeping similar plan design and cost sharing structures as the current regulations), but the subsidy amounts will instead be a liability to the insurers and not the government. To reflect the additional cost of the CSRs on the silver plans to UHC, we have increased the Pricing AVs. This translates to an approximate increase of [redacted] (multiplicative) to Pricing AVs (average impact across all plans). The CSR loads applied to the specific silver plans only are presented in Appendix D.

The added CSR costs were calculated as follows:

- The estimated mix of silver members expected to enroll in each silver plan in 2022 was based on the 2021 open enrollment report.
- The pricing AV for each variant and plan was weighted by UHC's estimated membership to calculate an overall average silver Pricing AV.
- This overall silver AV was compared to the Pricing AV for the standard silver plan variant Pricing

AV.

d. Inclusion of Capitation Payments

The data underlying the manual did not include any capitation payments. A capitation amount was added for the non-EHB adult dental and vision benefits for the plan that offers these benefits [redacted]

7. Credibility

[redacted]

8. Covered Services

a. EHBs

There were no impactful changes in EHBs in Alabama from 2021 to 2022.

b. State Mandated Benefits which are Not EHBs

There were no state mandated non-EHB benefits in Alabama.

c. Eliminated Benefits

Wakely made no adjustments for the removal of benefits from the base periods.

d. Additional Supplemental Benefits

Wakely made no adjustments for the benefit changes from the base period to the projected period other than what is described above.

e. Changes in the Level of Covered Services

The only changes to the level of covered services from the base period to the projected period is described in the EHB section above.

f. EHB Substitutions

[redacted]

g. Changes in Formulary

Since this is a new product filing, this is not applicable.

9. Credibility Adjusted Projected Claim Cost PMPM

[redacted] The base period claim projection is detailed within Appendix A.

10. Projected Index Rate

The projection period claims portion of the index rate is shown in Appendix A. This was calculated based on projected allowed claims for essential health benefits for the single risk pool population during the projection period. Allowed claims in the projection period equal the projection period index rate because there are no non-EHBs in the base experience used to develop the manual rate.

11. Market Adjusted Index Rate

We then included the impact of risk adjustment (described below), converted to an allowed basis, and the 'equivalent Exchange user fee' (as described below), to calculate the 2022 market adjusted index rate. The market adjusted index rate is shown in Appendix A.

a. Risk Transfer Payments/Charges

Risk adjustment transfer estimates were informed by current market composition, UHC product offering, and lack of prior year experience to capture all relevant HCCs in the first year of UHC operation. [redacted]

UHC analysis and discussions with risk coding staff indicates that it will take UHC some time to adequately reflect the risk of its new enrollment in the risk scores. This coding impact is expected to be [redacted] UHC expects that, in the overall market, [redacted] of market level enrollees will be new enrollees, while UHC expects [redacted] of its enrollees to be new enrollees. Wakely analysis indicates that in the first year, the new enrollee risk scores are [redacted] than continuing enrollees. However, UHC expects that [redacted] of members would come from other UHC market segments, giving the risk coding staff similar historical data to an existing enrollee. The net impact on rates is [redacted] of premiums. [redacted] No adjustments were made for HCRP or RADV.

The risk adjustment fee of [redacted] PMPM was incorporated into 2022 rates and included within the taxes and fees.

b. Exchange User Fees

The Exchange fee included in our pricing is [redacted] of premium for all policies sold within the Exchange. This fee was spread across all plans in the risk pool and applied to [redacted] of UHC enrollment since all enrollment is projected to occur within the Exchange. On an allowed PMPM basis, the Exchange user

fee is [redacted] PMPM and was included in the development of market adjusted index rate.

12. Plan Adjusted Index Rates

Plan adjusted index rates were developed by applying allowable plan level adjustments to the market adjusted index rate. The following describes how each component of the adjustments was developed.

a. AV and Cost Sharing Adjustment

Paid-to-allowed ratios were developed for each plan based on the Wakely Pricing Model, described in section 14. The paid-to-allowed ratios were calculated at the variant level for the silver on-Exchange metal level plans, to account for cost-share reduction liabilities. The average paid to allowed ratios are also used to convert the paid risk transfer amount to an allowed basis.

b. Adjustments for Benefits in Addition to EHBs

UHC will be offering non-EHBs in the [redacted] plan. The benefits include adult dental and vision services, which increased the benefit load for the index rate by [redacted] The impact of these non-EHBs on plan specific rates is shown in the URRT.

c. Impact of Specific Eligibility Categories for Catastrophic Plan

UHC will not be offering Catastrophic plans in Individual market in 2022. Per the instructions, no catastrophic adjustments were made to non-catastrophic plans.

d. Adjustment for Distribution and Administrative Costs

Non-benefit costs were applied on a percent of premium basis. See below in section 15 for further details.

e. Calibration

Per the instructions, plan adjusted index rates were calibrated to age 21. To bring the experience to age 21 rate, we divided the plan adjusted index rate by the weighted average age factor. The age factor was calculated as the weighted average of Alabama ACA age factors, and the estimated 2022 individual market enrollment by age, within UHC's service area. The age associated with this factor is between [redacted] and [redacted] years. The average age was obtained by reverse look-up of age factor to age based on the federal age curve. Once calibrated, the standard federal age factors can be applied on a multiplicative basis to get to the rates for other ages.

The plan adjusted index rate must be on a non-tobacco user basis. Wakely relied on the percentage of tobacco users by age provided by UHC, which is based on the Issuer Level enrollment public use file by counties. It is estimated that approximately [redacted] reported using tobacco. To bring the experience to an age 21 rate, we divided the plan adjusted index rate by the weighted average

tobacco usage factor (shown in the URRT worksheet 2).

Geographic calibration factor was calculated as a weighted average of the expected distribution of UHC enrollment by service area and area rating factors. The resulting area calibration factor is shown in the URRT worksheet 2.

Please see Appendix B for factors applied to the base rate in order to develop final 2022 premium rates by plan, age, rating area, and tobacco status.

13. AV Metal Values

The Federal AVC was used to generate the AV metal tiers (URRT, Worksheet 2). We relied on the actuarial standards of practice (ASOP) 50: *Determining Minimum Value and Actuarial Value under the Affordable Care Act* in using the federal actuarial value calculator. We incorporated the expanded de minims range to the allowed plans.

The Federal AVs for the plans are shown in Appendix D.

14. Paid-to-Allowed Ratio

The Pricing AVs are different from the Federal AVCs primarily because the estimated allowed PMPMs used in developing pricing AVs are different than those underlying the Federal AV calculator. This is due to a leveraging effect for fixed cost sharing elements like copays, deductibles and MOOPs. The other variance is differences in the methodology of the pricing models and underlying data of the modeling.

Plan designs were modeled within the Wakely Pricing Model, based on detailed claim data from WACA, which is a nationally-representative sample of approximately [redacted] to develop paid-to-allowed pricing estimates (as opposed to the actuarial values from the federal AV calculator). WACA is comprised of individual data for ACA-compliant plans. The model uses actuarially sound pricing methods to value the impact of deductibles, copays, coinsurance and maximum out-of-pocket cost sharing parameters. We calibrated the utilization and unit cost assumptions in the model to the plan's prospective allowed costs, adjusted for induced demand by metal tier. The purpose of this is to calculate variation of actuarial values for pricing based on plan-specific cost-sharing.

Induced Demand

Wakely developed induced demand factors using nationwide individual market ACA data. The induced demand factors do not reflect differences in morbidity by metal.

CSR Load

We have included an adjustment to the filed plans to reflect the impact of cost share reduction subsidies (CSRs) no longer being funded by the federal government. The regulation still requires CSR variant plans to be offered to low income members, under the same Federal AV requirements (keeping similar plan design and cost sharing structures as the current regulations), but the subsidy amounts will instead be a liability to the insurers and not the government. To reflect the additional cost of the CSRs on the

silver plans to UHC, we have increased the Pricing AVs.

Please see the CSR vs non-CSR Pricing AVs in Appendix D.

15. Non-Benefit Expenses Including Risk and Profit Margin

a. Projected Non-Benefit Expenses

Administrative expense load

UHC has provided Wakely with the expected levels of the administrative costs expected to be incurred for the individual ACA block of business. The assumption for general administrative expenses was [redacted]

Sales and marketing

No sales expenses are anticipated in the 2022 rate development, as plans are offered through the Exchange.

Commissions and Broker Fees

Broker commissions [redacted] were assumed in the 2022 rate development. The commission expense load does not vary between metal levels.

Taxes and Fees

Taxes and regulatory fees included in the development of 2022 rates include the following:

- Risk Adjustment User Fee = [redacted] PMPM.
- PCORI Fee = [redacted] PMPM.
- State Premium tax and non-reform assessment = [redacted] of premium
- Health Insurer Fee = [redacted]
- The Exchange fee included in our pricing is [redacted] for all policies sold within the Exchange. We assumed that [redacted] individual policies would be sold within the Exchange.

Health Care Quality Improvement and Fraud Detection Expenses

[redacted] was included in the index rate development and is an estimate of quality improvement costs.

Profit / Contribution to Surplus & Risk Margin

[redacted] of proposed 2022 premiums were allocated to profit and risk margin. The same load is applied to all plans as a percent of premium.

b. Comparison of Current and Proposed Non-Benefit Expenses

As UHC is new to the Alabama market, they do not have historical expenses

c. Varying Non-Benefit Expenses by Plan

The administrative expense load does not vary between metal levels, as discussed above.

16. Adjusted Community Rating Factors

a. Age Factors

We use Alabama state specific age curve. Please see Appendix B for the age rating factors.

b. Geographic Factors

Geographic area factors were developed based on expected reimbursement rates UHC is aiming to achieve by rating area. We believe population health risk differences by geography are not reflected in geographic factors. Please see Appendix B for the area rating factors.

c. Tobacco Factors

The tobacco rating factor varies by age. Please see Appendix B for the tobacco rating factors.
Age, tobacco and geographic factor calibration factors are applied uniformly to all plans.

17. Development of Rate Tables

Per the instructions, plan adjusted index rates were calibrated to age 21. To bring the experience to age 21 rate, we divided the plan adjusted index rate by the weighted average age factor. The average age factor used for calibration was calculated as the weighted average of Alabama age factors, and the estimated 2021 individual UHC enrollment by age, within UHC's service area. Once calibrated, the Alabama age factors can be applied on a multiplicative basis to get to the rates for other ages.

The plan adjusted index rate must be on a non-tobacco user basis. The percentage of tobacco users was informed by UHC. That ratio was then applied to the proportion of Alabama residents who are assumed to be tobacco users. The factor is intended to convert the rates to a non-tobacco basis. To bring the experience to an age 21 rate, we divided the plan adjusted index rate by the weighted average tobacco usage factor.

The plan adjusted index rate must be representative of area rating factor. Geographic calibration factor

was calculated as a weighted average of the expected distribution of UHC enrollment by service area and area rating factors. To bring the experience to an age 21 rate, we divided the plan adjusted index rate by the weighted average area factor.

Appendix C contains the rate manual formula and an example of premium calculation.

18. Company Financial Position

The Company maintains total adjusted capital at or above the required Risk Based Capital Authorized Control Level.

19. Loss Ratios

a. Loss Ratio Requirements

The benefit cost ratio (BCR) is a ratio of the expected benefits (claims net of risk adjustment) divided by the expected premiums. Wakely estimates the BCR to be [redacted] This calculation does not exclude any regulatory fees or taxes from premiums, which is why it is lower than the MLR calculations.

b. Projected Federal MLR

Based on the federal MLR methodology, the loss ratio is estimated to be [redacted] and therefore, UHC does not anticipate paying out consumer rebates for the 2022 calendar year. Regulatory fees and taxes were excluded from premium in the calculation of this value.

Appendix E presents the Federal MLR demonstration.

20. Loss Ratio Projections

These filed products are guaranteed issue and effective from January 1, 2022 through December 31, 2022. Due to the short-term nature of the UHC products, we do not think reporting a lifetime loss ratio is applicable.

21. Reliance and Certification

UnitedHealthcare Insurance Company (UHC) has provided Wakely Consulting Group, LLC (Wakely) with information used to develop the 2022 Alabama individual commercial product premium rates. This information includes, but is not limited to, the following:

- Estimated 2022 enrollment figures by rating area;
- Geographic region to be covered in 2022;
- Benefit designs for each plan;
- Product design information including a statement that 2022 coverage will include only

EHBs, with the exception of dental, vision covering plans, and will include coverage of pediatric dental;

- Federal actuarial value calculator (AVC) inputs to calculate effective cost sharing amounts;
- General administrative expenses, profit margin (pre-tax), and other retention components;
- Quality initiatives (QI) allowed to be treated as QI under regulatory rules;
- Assumptions around reimbursement for contracts including relativity to other market issuers;
- Care management savings assumption;
- COVID-19 claim cost load assumption;
- Utilization trends assumption;
- Percent of tobacco users by age and associate rating factor

We have not audited or verified this data and other information but reviewed the data for reasonability and consistency, and did not find any material issues in the data. To the extent that the underlying data or information is inaccurate or incomplete, the rates may be inaccurate and/or inadequate.

a. Identification of the Certifying Actuary

We, [redacted] are Fellows of the Society of Actuaries (FSA) and members of the American Academy of Actuaries (MAAA). We both meet the Qualification Standards of Actuarial Opinion as adopted by the American Academy of Actuaries for preparing premium rate filings for insurers.

This actuarial certification applies to the UnitedHealthcare Insurance Company individual products to be offered on the Alabama federal health exchange.

b. Certification of the Index Rate

We certify that the projected index rate is:

1. In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1)),
2. Developed in compliance with the applicable Actuarial Standards of Practice
3. Reasonable in relation to the cost of the benefits provided
4. Neither excessive, inadequate nor unfairly discriminatory
5. Developed using only the permitted rating classifications

c. Certification of Plan Adjusted Index Rates

The index rates are developed in accordance with federal regulations and the index rate along with allowable modifiers are used in the development of plan specific premium rates.

d. Certification of Calibration of Plan Adjusted Index Rates

The Plan Adjusted Index Rate for all plans within the single-risk pool were calibrated to correspond to an age rating factor of 1.00, a geographic rating factor of 1.00, and a tobacco use rating factor of 1.00, in a manner consistent with that specified by the Secretary through the URR instructions.

e. Certification of Metal AV

The Federal AV Calculator was used to determine the Metal AV Value shown in Worksheet 2 of the Part I Unified Rate Review template.

f. EHB Substitutions

[redacted]

g. Geographic Factors

The geographic factors reflect only differences in the costs of delivery (including both unit costs and provider practice patterns). They do not include the differences in morbidity.

h. Threshold Rate Increase

This is not applicable for UHC.

i. Uniform Modification

This is not applicable for UHC as this is the first year they are offering products in the Alabama individual market.

j. Compliance with Applicable State and Federal Laws and Regulations

In our opinion, this filing is in compliance with all applicable Federal and State Laws and Regulations, including the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act of 2010.

k. Compliance with Actuarial Standards of Practice

The premium rates filed are prepared in conformity with the Actuarial Standards of Practice (ASOPs) promulgated by the Actuarial Standards Board that are listed below:

ASOP No. 5, Incurred Health and Disability Claims

ASOP No. 8, Regulatory Filings for Health Plan Entities

ASOP No. 12, Risk Classification

ASOP No. 23, Data Quality

ASOP No. 25, Credibility Procedures

ASOP No. 41, Actuarial Communication

ASOP No. 42, Determining Health and Disability Liabilities Other Than Liabilities for Incurred Claims

ASOP No. 50, Determining Minimum Value and Actuarial Value under the Affordable Care Act

ASOP No. 56, Modeling

Sincerely,

[redacted] [redacted]

Appendices

Appendix A – Development of 2022 Index Rate

Appendix B – Rating Factors Development

Appendix C – Rate Manual and Rate Formula

Appendix D – Federal and Pricing Actuarial Values

Appendix E – Federal MLR Demonstration

Appendix A - Development of 2022 Index Rate

UHC 2022 Index Rate Development		
2018 WACA Allowed (Individual, Nationwide, PPO), adjusted for 2022 UHC unit costs		[redacted]
WACA to AL State Morbidity Adjustment	x	
2018 to 2022 Utilization Adjustment	x	
2022 Average Allowed PMPM, Index Rate	=	
2022 Projected Risk Adjustment Transfer	x	
Exchange Fee	x	
Non-EHB Benefits	x	
Average Paid/Allowed Ratio	x	
Silver loading Adjustment	x	
2022 Average Plan Adjusted Index Rate, Paid Average PMPM	=	
Benefit Cost Ratio	÷	
Average Plan Factor	÷	
Individual Expected 2021 Average Area Factor	÷	
Individual Expected 2021 Average Age Factor	÷	
Individual Expected 2021 Average Tobacco Factor	÷	
2022 Individual Starting Base Rate (1.000 plan, age, area, & tobacco)	=	

Appendix B – Rating Factors and Calibration

Area	Rating Factor	Projected Enrollment
[redacted]		

Calibration Factor	[redacted]

Age	Age Factor	Tobacco Load	Projected Membership	% Tobacco Users	%Tobacco Non-Users
0	[redacted]				
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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21					
22					
23					
24					
25					
26					
27					

Age	Age Factor	Tobacco Load	Projected Membership	% Tobacco Users	%Tobacco Non-Users
28	[redacted]				
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
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63					
64					
65+					

Appendix C - Rate Manual and Rate Formula

Consumer adjusted index rate, or member premium, is calculated as follows:

Consumer adjusted index rate = Calibrated plan adjusted index rate x Area Rating Factor x Age Rating Factor x Tobacco Rating Factor

Family rates can be determined by adding up the rates for all individuals in the family up to the first three oldest children under the age of 21.

Calibrated Plan Adjusted Index Rates for each plan are shown below. The Calibrated PAIR does not match URRT due to rounding.

Plan ID	Metal	Plan Name	Calibrated PAIR
69461AL0110007	[redacted]		
69461AL0110006			
69461AL0110005			
69461AL0110004			
69461AL0110003			
69461AL0110002			
69461AL0110001			

Member Rate Calculation Example:

Example	Family of 6
Plan Area	[redacted]

Member ID	Relationship	Age	Base Rate	Area Factor	Age Factor	Tobacco Load	Premium
			(a)	(b)	(c)	(d)	(e)=(a)x(b)x(c)x(d)
Member 1	Subscriber	40	[redacted]				
Member 2	Spouse	40					
Member 3	Child 1	10					
Member 4	Child 2	9					
Member 5	Child 3	8					
Member 6	Child 4	1					
Total Monthly Premium							

Appendix D – Federal and Pricing Actuarial Values

Metal	Plan	Federal AV Values	Pricing AV (Non-CSR) Values	Pricing AV (CSR) Values	Projected Membership
[redacted]	69461AL0110007 69461AL0110006 69461AL0110005 69461AL0110004 69461AL0110003 69461AL0110002 69461AL0110001	[redacted]			

The weighted average pricing AV for all Silver plans including CSRs is [redacted]

The weighted average pricing AV for all Silver plans excluding CSRs is [redacted]

The CSR load is [redacted]

Appendix E – Federal MLR Demonstration

MLR Calculation Component	
Calculated Incurred Claims PMPM	[redacted]
- Risk Transfer Receipt (Payment)	
+ Quality Improvement Expenses	
+ Other Adjustments	
Total Adjusted Medical Expense	
Calculated Overall Premium Rate PMPM	
- Premium Tax and Non-reform Assessment	
- PCORI Fees	
- ACA Risk Adjustment Fees	
- ACA Insurer Fees	
- Exchange User Fees	
- Other Adjustments	
Total Adjusted Premium	
Federal MLR	

Some numbers have been adjusted for rounding