

State: District of Columbia Filing Company: Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

TOI/Sub-TOI: HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO

Product Name: DC Grandfathered Conversion

Project Name/Number: /

Filing at a Glance

Company: Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

Product Name: DC Grandfathered Conversion

State: District of Columbia

TOI: HOrg02I Individual Health Organizations - Health Maintenance (HMO)

Sub-TOI: HOrg02I.005D Individual - HMO

Filing Type: Rate

Date Submitted: 12/11/2013

SERFF Tr Num: KPMA-129327994

SERFF Status: Assigned

State Tr Num:

State Status:

Co Tr Num:

Implementation 02/01/2014

Date Requested:

Author(s): Gina Harrison, Lynn Robinson, JeanClaude Kilo, Danielle Meadows, Brent Plemons, Tony Weatherspoon, jeanclaud kilo

Reviewer(s): Darniece Shirley (primary), Alula Selassie, Donghan Xu

Disposition Date:

Disposition Status:

Implementation Date:

State Filing Description:

State: District of Columbia Filing Company: Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
 TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO
 Product Name: DC Grandfathered Conversion
 Project Name/Number: /

General Information

Project Name: Status of Filing in Domicile:
 Project Number: Date Approved in Domicile:
 Requested Filing Mode: Review & Approval Domicile Status Comments:
 Explanation for Combination/Other: Market Type: Individual
 Submission Type: New Submission Individual Market Type: Individual
 Overall Rate Impact: Filing Status Changed: 12/11/2013
 State Status Changed:
 Deemer Date: Created By: Brent Plemons
 Submitted By: Brent Plemons Corresponding Filing Tracking Number:
 PPACA: Not PPACA-Related

PPACA Notes: null
 Include Exchange Intentions: No

Filing Description:
 This is a filing for grandfathered Conversion rates.

Company and Contact

Filing Contact Information

Catherine Reifert, Manager catherine.l.reifert@kp.org
 2101 E. Jefferson 301-816-7346 [Phone]
 Rockville, MD 20852 301-816-7346 [FAX]

Filing Company Information

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. CoCode: 95639 State of Domicile: Maryland
 2101 E Jefferson St. Group Code: Company Type: Health
 Rockville, MD 20852 Group Name: Maintenance Organization
 (301) 816-6867 ext. [Phone] FEIN Number: 52-0954463 State ID Number:

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

SERFF Tracking #:

KPMA-129327994

State Tracking #:

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Product Name: DC Grandfathered Conversion

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Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type: Neutral

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	Neutral	0.000%	0.000%	\$0	38	\$482,527	0.000%	0.000%

Product Type:	HMO	PPO	EPO	POS	HSA	HDHP	FFS	Other
Covered Lives:	43							
Policy Holders:	38							

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Rate Review Detail

COMPANY:

Company Name: Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
 HHS Issuer Id: 94506

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
Grandfathered Conversion			43

Trend Factors:

FORMS:

New Policy Forms: DC-DP-CONV-APPXA(02-13)GF&NGF
 Affected Forms:
 Other Affected Forms:

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
 Member Months: 583
 Benefit Change: None
 Percent Change Requested: Min: 0.0 Max: 0.0 Avg: 0.0

PRIOR RATE:

Total Earned Premium: 482,527.00
 Total Incurred Claims: 509,869.00
 Annual \$: Min: 967.00 Max: 2,812.00 Avg: 827.66

REQUESTED RATE:

Projected Earned Premium: 482,527.00
 Projected Incurred Claims: 533,800.00
 Annual \$: Min: 967.00 Max: 2,812.00 Avg: 827.66

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Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		DC 2014 Conversion Rate Filing Exhibits		New		DC 2014 Conversion Rate Filing Exhibits.pdf,

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
Exhibit 1 - Individual Base Rate Calculation
Effective Date: 2/1/2014
Jurisdiction: District of Columbia
Pool: Grandfathered Conversion
Product: HMO
Base Period: 201210 thru 201309

	Grandfathered Conversion	
	HMO	
Membermonths		583
Current Members		43
<u>Medical Expense Categories</u>	<u>Claims Incurred</u>	<u>PMPM</u>
Diagnostic Services	\$62,549.64	\$107.29
Emergency/Urgent Care	\$9,643.84	\$16.54
ChangeInIBNR	(\$1,168.43)	(\$2.00)
Inpatient Facility	\$86,218.83	\$147.89
Office Visits	\$129,274.77	\$221.74
Other Physician	\$91,130.47	\$156.31
Other Services	\$31,938.12	\$54.78
Outpatient Facility	\$51,055.40	\$87.57
<u>Pharmacy</u>	<u>\$49,226.21</u>	<u>\$84.44</u>
Total	\$509,868.85	\$874.56
Incurred Total Medical Costs		\$874.56
Cost Share and other non-dues revenue credits		\$63.89
Net Incurred Medical Costs		\$810.67
3.5% Trend (April 1, 2013 - August 1, 2014)		1.0469
Expected 2014 Medical Cost		\$848.72
Retention		20.0%
Monthly Required Revenue		\$1,060.90
Current Premium PMPM		\$827.66
Required Rate Increase		28.2%
Requested Rate Increase		0.0%

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
Exhibit 2 - Loss Ratio Information

Month	District of Columbia Grandfathered Conversion					Loss Ratio
	Subscribers	Members	Claims	Premium		
Oct-2010	86	97	52,191	92,540	56.4%	
Nov-2010	84	95	84,711	90,342	93.8%	
Dec-2010	81	92	70,115	87,504	80.1%	
Jan-2011	77	88	88,954	84,450	105.3%	
Feb-2011	77	88	87,036	82,642	105.3%	
Mar-2011	76	87	93,283	81,621	114.3%	
Apr-2011	72	83	113,511	77,983	145.6%	
May-2011	69	78	291,381	72,905	399.7%	
Jun-2011	67	76	102,821	70,924	145.0%	
Jul-2011	65	75	108,250	68,702	157.6%	
Aug-2011	62	71	82,055	66,374	123.6%	
Sep-2011	61	70	87,054	65,180	133.6%	
Oct-2011	59	68	47,442	63,537	74.7%	
Nov-2011	58	67	48,431	60,417	80.2%	
Dec-2011	57	65	78,749	58,786	134.0%	
Jan-2012	57	65	39,178	58,580	66.9%	
Feb-2012	56	64	39,460	57,631	68.5%	
Mar-2012	55	63	87,287	57,085	152.9%	
Apr-2012	52	60	44,916	52,492	85.6%	
May-2012	52	60	81,662	52,555	155.4%	
Jun-2012	52	60	59,873	53,412	112.1%	
Jul-2012	52	60	63,368	53,458	118.5%	
Aug-2012	50	58	118,941	50,491	235.6%	
Sep-2012	47	54	27,249	45,064	60.5%	
Oct-2012	47	54	34,158	45,064	75.8%	
Nov-2012	46	53	73,938	44,255	167.1%	
Dec-2012	46	52	60,902	44,703	136.2%	
Jan-2013	45	52	119,437	43,268	276.0%	
Feb-2013	43	49	27,641	42,099	65.7%	
Mar-2013	42	48	23,767	39,370	60.4%	
Apr-2013	42	48	11,468	39,385	29.1%	
May-2013	43	49	51,525	40,635	126.8%	
Jun-2013	41	46	28,078	37,705	74.5%	
Jul-2013	40	45	40,399	35,561	113.6%	
Aug-2013	39	44	18,111	35,731	50.7%	
Sep-2013	38	43	20,444	34,751	58.8%	
2011	800	916	1,228,968	853,520	144.0%	
2012	612	703	730,934	614,789	118.9%	
Most Recent 12 Months	512	583	509,869	482,527	105.7%	
36 Months Total	2,036	2327	2,507,788	2,087,199	120.2%	

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC

DC CONVERSION

Grandfathered

Standard Plan

Benefits:

Doctor Office Visit
 Preventive Health Care Services Visits
 Pharmacy

 Discounted Dental
 Outpatient Surgery
 Emergency Room
 Hospital Inpatient
 Skilled Nursing Facility
 Ambulance Services
 Durable Medical Equipent (Outpatient)
 Dependent Age Limit

Copayment:

\$30 Primary\$40 Specialty
 \$0*
 \$10 Generic; \$30 Preferred Brand \$45 Non-Pref Brand at Kaiser/
 Maintenance Meds 3 copays 90 day supply, **\$1,500 annual Rx maximum**
 \$30 Preventive visit; discounts thereafter
 \$100
 \$100 (Waived if admitted)
 \$500 per admission
 100 Days; \$500 per admission
 \$50 per encounter
 50% of AC
26

* Apply the new PPACA-compliant preventive care services package. Includes a total of eighty services defined in the law which must be provided at no cost share. These services are drawn from the United States Preventive Service Task Force (services with A or B ratings), Health Resources Services Administration (woman and child) and the Centers for Disease Control (immunizations)."

Grandfathered Plan Rates			
	Individual	Two-Party	Family
Current 2013 Rates	\$967.00	\$1,940.00	\$2,812.00
Proposed 2014 Rates	\$967.00	\$1,940.00	\$2,812.00

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
Small Group Rate Filing 2014
Exhibit 4 - Trend Calculation

Category	Weight	2012 to 2014 Annualized Trend
Hospital	14.8%	4.5%
Physician Internal	22.8%	4.0%
Referral	3.6%	4.5%
Rx	15.4%	4.5%
Other	43.5%	2.5%
Composite	100.0%	3.5%

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Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	
Attachment(s):	DC 2014 GF Conversion Rate Filing Cover Letter.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Certificate of Authority to File
Bypass Reason:	Not required.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	DC Conversion Actuarial Memorandum 2014.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	
Attachment(s):	DC Conversion Actuarial Memorandum 2014.pdf
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	Not required
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	Not required
Attachment(s):	
Item Status:	
Status Date:	

SERFF Tracking #:

KPMA-129327994

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Bypassed - Item:	Consumer Disclosure Form
Bypass Reason:	Not required
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	
Attachment(s):	DC Conversion Actuarial Memorandum 2014.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	Not required on grandfathered business.
Attachment(s):	
Item Status:	
Status Date:	



KAISER PERMANENTE®

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
2101 East Jefferson Street Rockville, Maryland 20852

December 6, 2013

Government of the District of Columbia
Department of Insurance, Securities and Banking
Actuarial Analysis Division
810 First Street, N.E.
Washington, DC 20002

Re: NAIC #: 95639
Conversion Grandfathered Rate Filing

To whom it may concern:

Attached is the Conversion rate filing for Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. (Kaiser) for rates effective February 2014 for grandfathered members.

Below is a brief description of exhibits that found in the filing:

- Exhibit 1 – Build-up of required rate increase.
- Exhibit 2 – Loss ratio information for Conversion members in the District of Columbia.
- Exhibit 3 – Brief plan description with current and proposed rates.
- Exhibit 4 – Trend assumption used for this filing.

There are 43 members enrolled in the grandfathered Conversion product, and it is likely most or all of these members will move to the Exchange in 2014. At this time, Kaiser is not requesting a rate change for these members.

Please do not hesitate to contact me at 301-816-6634 if you have any questions.

Sincerely,

Brent Plemons
Senior Actuarial Analyst

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

District of Columbia Grandfathered Conversion Rate Filing February 2014

Actuarial Memorandum

I, Peter Berry, Senior Actuarial Director, for Kaiser Foundation Health Plan, Inc. (Kaiser) am a member of the American Academy of Actuaries. I meet the qualification standards for certifying Regulatory Filings for Rates and Financial Projections for Health Plans. This Actuarial Certification applies to the attached filing for a change in premium rates for the Direct Payment Conversion program. This actuarial memorandum documents the assumptions and sources of data pertaining to the development of Kaiser premium rates effective February 2014.

The Revenue Requirement is developed by accumulating medical and administrative expenses posted for the period 10/2012-9/2013 including change in incurred but not reported estimates. Utilization and cost data from fee for service claims, prescription drug claims and capitations paid to the Mid Atlantic Permanente Medical Group are trended to the February 2014 rating period.

The future trend numbers are based on actuarial judgment considering a mixture of expected industry trends, future fixed costs, and expected internalization of services. As an integrated health care provider, a large portion of Kaiser's expenses are the fixed costs associated with providing medical care through our centers. Therefore, the projected cost that is included in our total revenue requirement is largely based on budgeting. For traditional carriers, projected claims trends are developed to project expected costs. However, given Kaiser's fixed cost structure, Kaiser's projected claims trends fall out of the development of projected budgeted costs. A trend summary appears in Exhibit 4.

The expected loss ratios are applied to the resulting claim cost PMPMs to establish a projected revenue requirement. Exhibit 1 shows the development of the projected revenue target from the period Medical Cost Data.

Retention includes administrative expenses, capital contribution and margin. The capital contribution is an amount to maintain and expand medical center facilities where members receive the majority of health care in the Kaiser Foundation Health Plan. As a group model HMO, Kaiser owns a significant portion of the health care delivery system. In other models, capital contributions are included in fee for service payments. At Kaiser, our payments to medical groups do not cover capital expenses. These are funded by the capital contribution factor built into our premium rates. Commissions are paid to Brokers of Record.

As this book of business only has 43 members, the experience is not credible and claims experience can fluctuate significantly. This fluctuation can be seen in Exhibit 2. In order to ease the administrative burden this year, Kaiser is not requesting a rate change for this block of business at this time.

Certification

To the best of my knowledge, the rating methodologies of Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. comply with the applicable state laws and regulations pertaining to individual health insurance. Kaiser has instituted several initiatives designed to improve utilization management and lower costs to the Health Plan through selective contracting with providers. On the basis of these actions being successfully implemented by management, the rating methodologies produce premiums that are reasonable in relation to benefits and are based on sound and commonly accepted actuarial principles.

A handwritten signature in dark ink, appearing to read "Peter Berry". The signature is written in a cursive style with a large initial "P" and a long, sweeping tail.

Peter Berry, FSA, MAAA
Senior Actuarial Director
Kaiser Foundation Health Plan, Inc.
12/6/2013

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

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