

**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:** 2015 DC Individual Exchange Rate Filing

**Project Name/Number:** /

### Filing at a Glance

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

Product Name: 2015 DC Individual Exchange Rate Filing

State: District of Columbia

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

Sub-TOI: HOrg02I.005D Individual - HMO

Filing Type: Rate

Date Submitted: 06/13/2014

SERFF Tr Num: KPMA-129592583

SERFF Status: Assigned

State Tr Num:

State Status:

Co Tr Num:

Implementation: 01/01/2015

Date Requested:

Author(s): Lynn Robinson, Danielle Meadows, Brent Plemons, Tony Weatherspoon, Melanie Hiller, Nikki Bridgeforth

Reviewer(s): Darniece Shirley (primary), Alula Selassie, John Morgan, Beichen Li

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:** 2015 DC Individual Exchange Rate Filing  
**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: 4.1%	Filing Status Changed: 06/16/2014
	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 filing is for 2015 Individual plan rates for the Exchange.

## 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 Maintenance Organization
Rockville, MD 20852	Group Name:	State ID Number:
(301) 816-6867 ext. [Phone]	FEIN Number: 52-0954463	

## Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

SERFF Tracking #:

KPMA-129592583

State Tracking #:

Company Tracking #:

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: 2015 DC Individual Exchange Rate Filing

Project Name/Number: /

### Rate Information

Rate data applies to filing.

Filing Method: Electronic

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision: 01/01/2014

Filing Method of Last Filing: Electronic

### 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.	Increase	4.100%	2.200%	\$170,013	1,729	\$7,671,224	5.200%	-18.200%

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**TOI/Sub-TOI:** HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO  
**Product Name:** 2015 DC Individual Exchange Rate Filing  
**Project Name/Number:** /

## 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
DC Individual Exchange	94506DC035		2078

Trend Factors:

### FORMS:

New Policy Forms: DC-SG-HMO-FACE(01-14)HIX, DC-SG-POS-FACE(01-14)HIX, EOC-COVER (1-05), DC-SG-WRAP(01-14)HIX, KFHP-EOC COVER (01/10)DC, DCLG-ALL-TOC(1-05), DC-SG-SEC1(01-15)HIX, DC-SG-SEC2(01-15)HIX, DC-SG-SEC3(01-15)HIX, DC-SG-SEC4(01-14)HIX, DC-SG-SEC5(01-14)HIX, DC-SG-SEC6(01-15)HIX, DC-SG-SEC7(01-14)HIX, DC-SG-APPX-DEF(01-15)HIX, DC-SG-PLATINUM-0-20-DENTAL-HMO-COST(01-15)HIX, DC-SG-GOLD-0-20-DENTAL-HMO-COST(01-15)HIX, DC-SG-PLATINUM-500-20-DENTAL-DHMO-COST(01-15)HIX, DC-SG-GOLD-500-20-DENTAL-DHMO-COST(01-15)HIX, DC-SG-GOLD-1000-30-DENTALDHMO-COST(01-15)HIX, DC-SG-SILVER-1250-35-DENTALDHMO-COST(01-15)HIX, DC-SG-SILVER-2000-35-DENTALDHMO-COST(01-15)HIX, DC-SG-BRONZE-4500-50-DENTALDHMO-COST(01-15)HIX, DC-SG-GOLD-1250-10-HSADENTAL-HDHP-COST(01-15)HIX, DC-SG-GOLD-1250-0%-HSADENTAL-HDHP-COST(01-15)HIX, DC-SG-SILVER-1500-30-HSADENTAL-HDHP-COST(01-15)HIX, DC-SG-SILVER-1500-30-10%-HSADENTAL-HDHP-COST(01-15)HIX, DC-SG-BRONZE-3500-20%-HSADENTAL-HDHP-COST(01-15), DC-SG-BRONZE-4500-20-HSADENTAL-HDHP-COST(01-15)HIX, DC-SG-BRONZE-2750-40-HSADENTAL-HDHP-COST(01-15)HIX, DC-SG-BRONZE-4500-50-POSDENTAL-COST(01-15)HIX, DC-SG-GOLD-1000-30-POSDENTAL-COST(01-15)HIX, DC-SG-SILVER-2000-35-POSDENTAL-COST(01-15)HIX, DC-SG-PLATINUM-0-20-DENTALHMO-RX(01-15)HIX, DC-SG-GOLD-0-20-DENTAL-HMORX(01-15)HIX, DC-SG-PLATINUM-500-20-DENTAL-DHMO-RX(01-15)HIX, DC-SG-GOLD-500-20-DENTALDHMO-RX(01-15)HIX, DC-SG-GOLD-1000-30-DENTALDHMO-RX(01-15)HIX, DC-SG-SILVER-1250-35-DENTALDHMO-RX(01-15)HIX, DC-SG-SILVER-2000-35-DENTALDHMO-RX(01-15)HIX, DC-SG-BRONZE-4500-50-DENTALDHMO-RX(01-15)HIX, DC-SG-GOLD-1250-10-HSADENTAL-HDHP-RX(01-15)HIX, DC-SG-GOLD-1250-0%-HSADENTAL-HDHP-RX(01-15)HIX, DC-SG-SILVER-1500-30-10%-HSADENTAL-HDHP-RX(01-15)HIX, DC-SG-SILVER-1500-30-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-SG-BRONZE-2750-40-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-SG-BRONZE-3500-20%-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-SG-BRONZE-4500-20-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-SG-BRONZE-4500-50-POS-DENTAL-RX(01-15)HIX, DC-SG-GOLD-1000-30-POS-DENTAL-RX(01-15)HIX, DC-SG-SILVER-2000-35-POS-DENTAL-RX(01-15), DC-SG-DENTAL-ADULT(01-14)HIX, DC-SG-PED-DENTAL(01-15)HIX, DC-POS-AMEND(01-14)HIX

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: 2015 DC Individual Exchange Rate Filing

Project Name/Number: /

Affected Forms:  
Other Affected Forms:

**REQUESTED RATE CHANGE INFORMATION:**

Change Period: Annual

Member Months: 24,933

Benefit Change: Increase

Percent Change Requested: Min: -18.2 Max: 5.2 Avg: 2.2

**PRIOR RATE:**

Total Earned Premium: 7,671,224.00

Total Incurred Claims: 6,175,335.00

Annual \$: Min: 128.79 Max: 744.28 Avg: 307.67

**REQUESTED RATE:**

Projected Earned Premium: 7,841,237.00

Projected Incurred Claims: 6,317,685.00

Annual \$: Min: 106.15 Max: 781.61 Avg: 314.49

**SERFF Tracking #:**

KPMA-129592583

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**Company Tracking #:**

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District of Columbia

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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:**

2015 DC Individual Exchange Rate Filing

**Project Name/Number:**

/

## Rate/Rule Schedule

**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:** 2015 DC Individual Exchange Rate Filing  
**Project Name/Number:** /

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		2015 D Individual Rate Sheet - Appendix I	KFHP-NG (02/09) DC-TOC, KFHP-NG-KPIF-DC, DC-DP-KPIF-APPXA(02/12), DC-CH-SEC1(01-15)HIX, DC-DP-SEC1(01-15)HIX, DC-DP-SEC2(01-15)HIX, DC-DP-SEC3(01-15)HIX, DC-DP-SEC4(01-14)HIX, DC-DP-SEC5(01-14)HIX, DC-DP-SEC6(01-14)HIX, DC-DP-SEC7(01-14)HIX, DC-DP-SEC8(01-15)HIX, DC-DP-GOLD-0-20-DENTAL-HMO(01-15)HIX, DC-DP-PLATINUM-0-10-DENTAL-HMO(01-15)HIX, DC-DP-SILVER-0-5-CSR-DENTALHMO(01-15)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO(01-15)HIX, DC-DP-BRONZE-0-0-DENTALHMO(01-15)HIX, DC-DP-CATASTROPHIC-6600-DENTAL-DHMO-COST(01-15)HIX, DC-DP-BRONZE-4500-50-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-2500-30-DENTALDHMO-COST(01-15)HIX, DC-DP-SILVER-1500-30-DENTALDHMO-COST(01-15)HIX, DC-DP-GOLD-1000-20-DENTALDHMO-COST(01-15)HIX, DC-DP-SILVER-1750-25%-HSADENTAL-HDHP-COST(01-15)HIX, DC-DP-SILVER-100-5%-CSRHDHP-DENTAL-COST(01-15)HIX, DC-DP-SILVER-500-10%-CSRHDHP-DENTAL-	Revised	Previous State Filing Number: KPMA-129054778 Percent Rate Change Request: 4.1	2015 DC Individual Rate Sheet - Appendix I.pdf,

**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:** 2015 DC Individual Exchange Rate Filing  
**Project Name/Number:** /

		COST(01-14)HIX, DC-DP-SILVER-1300-20%-CSRHDHP-DENTAL-COST(01-15)HIX, DC-DP-BRONZE-4500-50-HSADENTAL-HDHP-COST(01-15)HIX, DC-DP-BRONZE-5000-30%-HSADENTAL-HDHP-COST(01-15)HIX, DC-DP-SILVER-0-5-CSR-DENTALHMO-RX(01-15)HIX, DC-DP-GOLD-0-20-DENTAL-HMORX(01-15)HIX, DC-DP-PLATINUM-0-10-DENTAL-HMO-RX(01-15)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO-RX(01-15)HIX, DC-DP-BRONZE-0-0-DENTAL-HMO-RX(01-15)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-RX(01-15)HIX, DC-DP-BRONZE-4500-50-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-RX(01-15)HIX, DC-DP-CATASTROPHIC-6600-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-2500-30-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1750-25%-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-SILVER-1300-20%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-BRONZE-4500-50-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-DP-BRONZE-5000-30%-HSA-DENTAL-HDHP-RX(01-		
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KPMA-129592583

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District of Columbia

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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:

2015 DC Individual Exchange Rate Filing

Project Name/Number:

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			15)HIX, DC-DP-DENTAL-ADULT(01-14)HIX, DC-DP-PED-DENTAL(01-15)HIX			
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**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:** 2015 DC Individual Exchange Rate Filing  
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## Supporting Document Schedules

<b>Satisfied - Item:</b>	Actuarial Justification
<b>Comments:</b>	
<b>Attachment(s):</b>	DC 2015 KPIF Actuarial Memorandum with exhibits.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	DC 2015 KPIF Actuarial Memorandum with exhibits.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum and Certifications
<b>Comments:</b>	
<b>Attachment(s):</b>	DC 2015 KPIF Actuarial Memorandum with exhibits.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Certificate of Authority to File
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Consumer Disclosure Form
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Cover Letter All Filings
<b>Comments:</b>	
<b>Attachment(s):</b>	DC 2015 Individual Rate Filing Cover Letter.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

SERFF Tracking #:

KPMA-129592583

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**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:** 2015 DC Individual Exchange Rate Filing  
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<b>Satisfied - Item:</b>	DISB Actuarial Memorandum Dataset
<b>Comments:</b>	
<b>Attachment(s):</b>	2015 Individual DISB Actuarial Memo Dataset.xlsx Kaiser Individual DISB Plain Language Summary.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Unified Rate Review Template
<b>Comments:</b>	
<b>Attachment(s):</b>	plan_management_data_templates_unified_2015_DC_KPIF_value_no_formula.xlsm plan_management_data_templates_unified_2015_DC_KPIF_value_no_formula.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

SERFF Tracking #:

KPMA-129592583

State Tracking #:

Company Tracking #:

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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:

2015 DC Individual Exchange Rate Filing

Project Name/Number:

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***Attachment 2015 Individual DISB Actuarial Memo Dataset.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment plan\_management\_data\_templates\_unified\_2015\_DC\_KPIF\_value\_no\_formula.xlsm is not a PDF document and cannot be reproduced here.***

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

**District of Columbia**

**2015 Direct Payment (Personal Advantage) Rate Filing**

**HIOS Issuer ID: 94506**

**HIOS Product ID 94506DC039**

**Form Numbers:** DC-DP-PLATINUM-0-10-DENTAL-HMO(01-15)HIX, DC-DP-GOLD-0-20-DENTAL-HMO(01-15)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO(01-15)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO(01-15)HIX, DC-DP-BRONZE-0-0-DENTAL-HMO(01-15)HIX, DC-DP-CATASTROPHIC-6600-DENTAL-DHMO-COST(01-15)HIX, DC-DP-BRONZE-4500-50-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-2500-30-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-COST(01-15)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-1750-25%-HSA-DENTAL-HDHP-COST(01-15)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-COST(01-15)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-COST(01-15)HIX, DC-DP-SILVER-1300-20%-CSR-HDHP-DENTAL-COST(01-15)HIX, DC-DP-BRONZE-4500-50-HSA-DENTAL-HDHP-COST(01-15)HIX, DC-DP-BRONZE-5000-30%-HSA-DENTAL-HDHP-COST(01-15)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO-RX(01-15)HIX, DC-DP-GOLD-0-20-DENTAL-HMO-RX(01-15)HIX, DC-DP-PLATINUM-0-10-DENTAL-HMO-RX(01-15)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO-RX(01-15)HIX, DC-DP-BRONZE-0-0-DENTAL-HMO-RX(01-15)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-RX(01-15)HIX, DC-DP-BRONZE-4500-50-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-RX(01-15)HIX, DC-DP-CATASTROPHIC-6600-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-2500-30-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1750-25%-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-SILVER-1300-20%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-BRONZE-4500-50-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-DP-BRONZE-5000-30%-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-DP-PED-DENTAL(01-15)HIX

## Actuarial Memorandum

I, Thomas Ahmann, 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 an approval of premium rates for Personal Advantage, the Direct Payment program sold on the individual exchange. This actuarial memorandum documents the assumptions and sources of data pertaining to the development of Kaiser premium rates effective January 2015. It is intended to comply with the requirements outlined in the DC Health Benefit Exchange Authority's *2015 Carrier Reference Manual* (March 2014, Version 1). It is not intended for any other purpose.

Kaiser Foundation Health Plan is an HMO company and offers traditional HMO copayment plans covering medical and pharmacy claims expenses. Kaiser also offers Deductible and High Deductible plans, some of which are HSA qualified. For the purposes of regulation, these are all HMO products.

Kaiser Permanente will market products to the Individual and Small Group markets through Direct Sales channels and Broker arrangements, as well as on the District of Columbia Marketplace (aka the Exchange). The products are guaranteed issue and guaranteed renewable.

This rate filing applies to forms that are open to new sales and renewals. This filing does not cover grandfathered plans that existed prior to March 23, 2010.

I am responsible for this filing. My telephone number is 510-271-6015 (Pacific time) and my email address is Thomas.M.Ahmann@kp.org.

### Proposed Rate Increases

The percent increase in the Market Adjusted Index Rate from 2014 to 2015 is 4.1%. The drivers of that change are shown in the table below, which contains all the components of the Market Adjusted Index Rate calculation. The numbers shown are the ratio of the 2015 to the 2014 factor, so a 1.000 indicates no impact on the rate change.

Source of Change	2015/2014
Based Period Experience	1.059
Base Period Util Copay	1.002
Pricing Trend	0.999
Morbidity Adjustment	0.965
Risk Adjustment Recoveries	1.003
Pent Up Demand	1.000
Reinsurance Recoveries	1.004
Reinsurance Premium	0.995
Average Age Impact	0.996
Additional EHB	1.005
Exchange Fee	1.000
Fixed Cost Adjustment	1.014
<b>Total Market Adjusted Index Rate Change</b>	<b>104.1%</b>

Plan level rate changes are shown in row 25 of Worksheet II in the URRT. The biggest contributing factor to plan increases that vary from the Market Adjusted Index Rate change is a change in the methodology for determining the utilization copay effect in the projection period.



For 2015, Kaiser has changed its methodology to determine the utilization copay effect for its plans to better reflect the impact of member cost share. This year, along with copayments, we have considered the deductible levels as well. The result of this change impacts the plans with higher deductibles (i.e. Silver and Bronze) more than the plans with lower deductibles or just copayments (i.e. Platinum and Gold) so those plans show lower increases.

### **Experience Period Claims**

#### *Base period data:*

The Revenue Requirement for 2015 for the new ACA plans is developed by accumulating District of Columbia-specific medical and administrative expenses for essential health benefits (EHB) for non-grandfathered business in the Child-Only, Conversion, Due Subsidy, Individually Medically Underwritten and Small Group lines of business incurred and paid in the period January 2013 through December 2013 including the incurred but not reported estimates for external expense. Allowed cost data from internal costs, fee for service claims, and prescription drug claims are trended to 2015. Allowed claims for internal services come directly from allocated costs while allowed claims for external expenses are calculated as estimated incurred plus member cost sharing.

A large claim was subtracted from the base period experience.

#### *Capitations:*

Kaiser Permanente has contracted with a dental provider to provide dental care to Kaiser members. Kaiser pays the provider a fixed capitation of \$1.15 PMPM to cover adult preventative. The \$1.15 PMPM is part of the base period allowed amount, shown in Exhibit 2. It is then removed as a non-Essential Health Benefit in Exhibit 3. Finally, this benefit is added back as part of the non-EHB adjustment in Exhibit 10.

#### *Incurred Estimates on External Expense:*

A common reserve tool developed and maintained by Kaiser Actuarial Services is used to set Kaiser's IBNR reserves. Kaiser's common reserve tool uses historical claim lag averages to project anticipated future payments. IBNR levels are set for line of business and service line breakouts. Note that the IBNR applies only to Kaiser's external allowed costs. Most of Kaiser's expenses are internal costs, which are allocated and immaterial reporting lag.

The completion factors used to complete the base period external claims are taken from the Kaiser's overall commercial line of business by type of service. The claims are incurred and paid in 2013 so a 12/12 completion factor is used.

#### *Premium:*

Premium was captured for calendar year 2013 for all members in the base period single (combined Small Group and Individual) pool. There were no MLR rebates for these members in this period. For Dues Subsidy members, the whole premium was captured and not just the portion paid by the member.

### **Part I Unified Rate Review Template**

#### *Base Period Experience:*

The base period experience in Worksheet 1 Section I and in Worksheet 2 Section III is the combined experience of the Small Group and Individual markets. The Index Rate of the Experience Period in cell G17 is taken from Exhibit 1 line 3. It is the per member per month allowed claims less non-essential health benefits from the base period. Therefore, it represents the average age of the members in the risk pool. The Index Rate for the Projection period, discussed below, is taken from Exhibit 1 Line 21.

#### *Benefit Categories:*

The benefit categories in Section II of Worksheet I are mapped based on type of service and place of treatment codes. For example:



<b>Benefit Category</b>	<b>Services</b>
Inpatient Hospital	Inpatient Facility, Inpatient Visits (Rounding), Inpatient Surgery - Non Maternity, Maternity
Outpatient Hospital	Outpatient Facility, Emergency/Urgent Care, Hospital Outpatient Other Professional, Outpatient Surgery
Professional	Diagnostic Services, Office Visits, Cardiovascular, Chemotherapy/Pharmacy, Dialysis, PT/OT/ST
Other Medical	Other Services
Capitation	Adult Preventive Dental
Prescription Drug	Pharmacy

*Morbidity and Other Adjustments:*

The morbidity adjustments in Section II Worksheet I are developed from rows (14) in the attached Exhibit 1 and reflect the morbidity in the single risk pool (Small Group and Individual combined) of our expected 2015 membership as well as. The development of these factors along with the documentation of these assumptions is included in Exhibit 7.1-7.3.

The “Other” adjustment in Section II Worksheet I is an adjustment to reflect that family contracts are limited to three dependents in 2015.

Included in the “Other” adjustment is the base period utilization copay effect from Exhibit 4. The adjustment is necessary to convert the base period experience from an average plan allowed amount to the allowed amount for the reference plan. “Other” also includes additional EHB benefits in the projection period.

All the factors discussed above in the Morbidity and Other Adjustments are based on Small Group and Individual experience combined.

*Paid to Allowed Ratio:*

The Paid to Allowed Average Factor in Projection Period in Section III of Worksheet I is an average plan factor for the plans listed in Worksheet II. It represents the change from the average benefit plan allowed amount to the average paid amount across the 2015 plans based on weightings in Worksheet 2 of the URRT.

The factor in cell v33 in Worksheet I of the URRT is calculated by weighting the plan design factors in Exhibit 10 by the projected members and allowed costs by plans in rows 81 and 100, respectively, of Worksheet II of the URRT.

*Estimated Average Annual Premium per Policy:*

The estimated average annual premium per policy based on the URRT and SERFF data included in the filing is \$4,417.08.

**Risk Adjustment**

Exhibit 7.1-7.3 documents the development of the Risk Adjustment index rate factor. The index rate is adjusted to reflect the expected change in morbidity of the members covered by these plans relative to the members in the base period data. It is also adjusted to reflect the risk adjustment receipts anticipated in the rating period based on the expect risk profile relative to the market of the Individual line only based on DISB guidance.

Assumptions are documented regarding the current relative morbidity of Kaiser’s population along with the expected morbidity of the future market relative to Kaiser. Growth assumptions for the market as a whole and Kaiser specifically are used to calculate Kaiser’s 2015 expected relative morbidity to the market. This value is used to determine the expected risk adjustment impact to the index rate.

## **Reinsurance**

An adjustment is made to the index rate to reflect reinsurance recoveries, which in 2015 is 50% of all claims dollars between \$45,000 and \$250,000 per claim. Because the new exchange environment will be guaranteed issue, the adjustment factor was developed using base period claims for Large Group since Large Group is not medically underwritten and would be a better representation of the expected claims distribution in a guaranteed issue environment. The development of the adjustment factors is shown in Exhibit 8.

As required by instructions, the contribution to the Federal transitional reinsurance program is netted against the reinsurance recovery described above in the development of the index rate and is not included in the administrative expense. The development of this adjustment is also shown in Exhibit 8.

## **Administrative Expense**

Retention includes broker commissions, administrative expenses and capital contribution. Commissions are paid to Brokers of Record. 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 health care delivery models, capital contributions are included in fee for service payments, whereas for Kaiser these are funded through premium rates.

## **Profit and Risk Margin**

As mentioned above, the capital contribution of 1%, shown in Exhibit 9, is an amount to maintain and expand medical center facilities where members receive the majority of health care in the Kaiser Foundation Health Plan.

## **Taxes and Fees**

Administrative expenses have been adjusted to reflect the federal PCORI tax and the federal health insurance provider tax that will apply in 2015. The amount is shown as percent in Exhibit 9. Also, a market wide factor is added to the Index Rate development in Exhibit 1 Line 19.

## **Projected Loss Ratio**

Based on a target admin percentage of 19.4%, which includes a 1% capital contribution margin, we anticipate an MLR based on federally prescribed methodology to be at least 82.6%. The ultimate MLR would be expected to be slightly higher due to the allowed adjustments to both claims and premium in the federally prescribed methodology. The anticipated minimum loss ratio is 75%.

## **Market Adjusted Index Rate**

The development of the index rate is summarized in Exhibit 1 and is based on combined experience of non-grandfathered Individual and Small Group experience as described above. The following factors along with Risk Adjustment and Reinsurance described above have been considered in the development and are documented below.

### *Utilization copayment effect adjustment:*

Allowed claims are grossed up for anticipated changes in the average utilization of services due to average cost sharing requirements in the base period. Member cost sharing results in lower utilization and, thus, lower allowed costs, than would otherwise occur in a zero cost share environment. An estimate based on industry standard factors has been made at the plan level to adjust our base period data to what would have been expected in a zero cost share environment in order to normalize for the utilization copayment effect. These adjustments are documented in Exhibit 4.

### *Demographic Adjustment:*

The Demographic Adjustment shown in Exhibit 5 represents the expected change in the average member age from the base period to the projection period. We have assumed that the average age in the projection period is unchanged from the base period. However, due to slight difference in the average age between the Individual and



Small group, there is a small change in the combined average age because of different growth in the Individual and Small Group members.

*Embedded Pediatric Dental Adjustment:*

Kaiser is embedding pediatric dental benefits into its 2015 plans. Kaiser will pay a dental provider a fixed per child per month capitation. Exhibit 14 shows the assumptions and development of the index rate adjustment factor to reflect the capitation on a per member per month basis by adjusting the index rate.

*Trend:*

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. For 2013 to 2015, our projected total annualized medical expense trend for Individual is 3.5% and is shown in Exhibit 6 of our filing.

**Alternative AV Calculations**

The AV calculator does not have an option for outpatient facility copay. To calculate the impact on the actuarial value of the plan for this benefit we used the alternate method described in 156.135 (b)(2). Last year, Kaiser requested from a major actuarial consulting firm the national average allowed amount for outpatient facility costs in 2014. We have used this same data since HHS has not updated the data from last year's AV calculator. To determine AVs for plans outpatient facility copays, we propose an OP Copay Converter to be used with the AV calculator. To create this converter, we then compared the copay amount to the estimated average national OP facility allowed amount to calculate the implied coinsurance % for OP procedures. This coinsurance should only be applied to the OP facility cost and not the OP professional cost, which should be covered at 100%. I certify the calculation to be actuarially sound.

Plan designs have been changed to waive primary office visit copays for children younger than five. As the AV calculator does not have an adjustment to account for this benefit, we lowered the copay amount 16% by multiplying the actual copay by a factor of 0.84. For example, a \$20 primary office visit copay is entered as \$16.80. The 16% adjustment is based on Kaiser data (as a proxy for a standard population). Primary care utilization was divided between children under five and all other members. The data showed 16% of primary care visits were attributed to children under five.

I certify the calculation to be actuarially sound.

**AV Pricing Values**

The rates for specific plans are calculated by multiplying plan factors times the index rate. The plan factors use industry standard data in a model from a national actuarial consulting firm, calibrated to Kaiser Experience to calculate the impact of the various cost share and plan elements for EHBs, including utilization copayment effect. The reference plan used as the basis for the AV pricing values is a \$0 cost share plan valued using the same industry standard factors described above.

Exhibit 10 indicates the portion of the AV Pricing Value that is attributable to each of the allowable modifiers to the Index Rate. The plan factor shown in Exhibit 10 reflects both member cost shares and the resulting dampening of expected utilization due to those cost shares.

The rates for the catastrophic plan were calculated by multiplying the plan factor, non-EHB adjustment, age factors, smoker factors for smoker rates and the administrative expense factor by a modified index rate. Because the small and individual pools are combined in 2015, we could not use the methodology to estimate the catastrophic index rate we had developed for other jurisdictions where the pools were separate. Therefore, we have used the modeled

impact from these other jurisdictions as a guide. We have adjusted the index rate lower by 10% to represent the expected average cost per member.

### **Age Factors**

The age factor table used to develop age specific rates is the standard table provided by DISB.

Exhibit 12 shows the development of the age calibration factor. This factor is new to the methodology in 2015. The development starts with the average age in the projection period from Exhibit 5. That age is rounded to the nearest age and the age factor is pulled from the DISB age curve. As described in the Actuarial Memorandum instructions, the ratio of the age factor for the nearest rounded age to the age factor for the average age in the projection period is the age calibration factor used in the rate development.

### **Non-EHB**

An adjustment has been made to the base period allowed amount to remove the Non-EHB benefits from the Index Rate. This multiplier was calculated by summing the allowed amount for Non-EHB benefits in the base period and adding the adult preventive dental capitation and then dividing by total allowed.

### **Additional URRT Items**

#### *Membership Projections:*

The total membership projection included across new plans in Section II of Worksheet 2 is consistent with Kaiser's expected market share of that growth. Detailed assumptions are presented and documented in Exhibit 7.1-7.3.

An assumption is made in Worksheet 2 as to the distribution of members by product based on Kaiser's expected distribution of membership by metal level.

#### *Terminated Plans:*

The list of terminated plans that are included in the column "Terminated Plans" in Worksheet I of the URRT are listed in Exhibit 2.

#### *Warning Alert:*

There are no warning alerts in the URRT.

### **Summary Rate Calculation**

Exhibit 1 shows the development of the Market Adjusted Index Rate from the base period Medical Cost Data. The Plan Adjusted Index Rates are calculated using the Market Adjusted Index Rate and the allowable plan adjustment factors in Exhibit 10. The final 2015 Consumer Adjusted Premium Rates are developed by applying the age slope, age calibration to the Plan Adjusted Index Rates to generate age specific rates.

### **Exhibit Table of Contents:**

The following exhibits are included in this filing:

- Exhibit 1 – Market Adjusted Index Rate Calculation
- Exhibit 2 – Allowed Claims Development
- Exhibit 3 – Non-EHB Adjustments
- Exhibit 4 – Utilization Copayment Effect Adjustment
- Exhibit 5 – Demographic Adjustment
- Exhibits 6 – Trend Calculation
- Exhibits 7.1 - Risk Adjustment and Morbidity Development – Combined Small and Individual
- Exhibits 7.2 - Risk Adjustment and Morbidity Development – Individual Line of Business
- Exhibits 7.3 - Risk Adjustment and Morbidity Development – Small Group Line of Business

- Exhibit 8 – Reinsurance Adjustment Factor
- Exhibit 9 – Administrative Expense Adjustment
- Exhibit 10 – Plan Adjusted Index Rates Development
- Exhibit 11 - AV Calculator Values by Plan
- Exhibit 12 – Age Calibration
- Exhibit 13 – Age Factors
- Exhibit 14 – Embedded Pediatric Dental Adjustment Factor
- Appendix I - Rate Sheet

**Certification**

This filing is in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8. To the best of my knowledge, the rating methodologies of Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. and the development of the Index Rate comply with the applicable District and Federal Statutes and Regulations (45 CFR 156.80(d)(1)). 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 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 rating methodologies produce premiums that are reasonable in relation to benefits being provided and the populations being covered and are based on sound and commonly accepted actuarial principles and are neither excessive nor deficient.



Thomas Ahmann, FSA, MAAA  
Actuarial Director  
Kaiser Foundation Health Plan, Inc.  
6/13/2014



**Index Rate Development**  
**Summary Index Rate Calculation**  
**Exhibit 1**

			<u>Source</u>
(1)	Base Period Allowed	\$333.14	Exhibit 2
(2)	Non-EHB Claims Adjustment	0.9873	Exhibit 3
(3)	Experience Period Index Rate	\$328.92	(1) * (2)
(4)	Product/Network Adjustment	1.0000	Exhibit 2
(5)	Adjusted Base Period Allowed	\$328.92	(3) * (4)
(6)	Base Period Utilization Adjustment	1.088	Exhibit 4
(7)	Projection Period Utilization Adjustment	0.908	
(8)	Demographic Adjustment	0.996	Exhibit 5
(9)	Product/Network Moribidity Adjustment	1.000	Exhibit 2
(10)	Additional EHB (including Ped Dental)	1.01149	Exhibit 14
(10)	Annualized Trend	3.5%	Exhibit 6
(11)	Months of Trend	24	
(12)	Trend Factor	1.071	$\{1 + (10)\} ^ \{ (11) / 12 \}$
(14)	Change in Morbidity	1.050	Exhibit 7
(15)	Contract Limit of 3 Children Factor	1.005	
(16)	Combined Projection Period Index Rate Prior to Separate Modifiers	369.70	(5) * (6) * (7) * (8) * (9) * (10) * (12) * (13) * (14)
(17)	Risk Adjustment	0.922	Exhibit 7
(18)	Reinsurance Recovery	0.930	Exhibit 8
(19)	Reinsurance Premium	1.013	Exhibit 8
(20)	Exchange fee	1.0000	
(21)	Market Adjusted Index Rate	\$321.21	(16) * (17) * (18) * (19) * (20)

**Allowed Claims Development**  
**Exhibit 2**

Current Pool	Current Plans	Member Months	Total
Individual	All	12,279	\$304.86
Small Group	All	34,212	\$343.29
Grand Total		46,491	\$333.14

**Non-EHB Adjustments**  
**Exhibit 3**

Current Pool	Current Plans	Member Months	Non-EHB PMPM
Individual	All	12,279	\$4.06
Small Group	All	34,212	\$4.28
Grand Total		46,491	\$4.22

Multiplier to Remove Non-EHB [ 1 - (Non-EHB PMPM / Allowed PMPM)]	0.9873
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**Utilization Copayment Effect Adjustment**

**Exhibit 4**

Current Pool	Current Plan	Member Months	Allowed Amount	Copay Impact
Individual	All	12,279	\$304.86	0.897
Small Group	All	34,212	\$343.29	0.927
Grand Total		46,491	\$333.14	0.919

Adjustment Factor is the Inverse of the Total	1.088
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**Demographic Adjustment  
Exhibit 5**

		Member Months	Average Age Factor <sup>1</sup>	Weighed Average Age <sup>2</sup>
Experience Period	Individual	12279	1.0571	42.1
	Small Group	34212	1.0897	42.9
	Combined	46491	1.0811	42.7
Projection Period	Individual	24933	1.0571	42.1
	Small Group	37260	1.0897	42.9
	Combined	62193	1.0766	42.6
Demographic Factor			0.9959	

<sup>1</sup> Average age factor based on CMS Age curve

<sup>2</sup> Weighted Average Age = Interpolation on age curve of average age factor

**Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.**  
**Exhibit 6**  
**Trend Calculation**

Category	Weight	2013 to 2015 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%

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.1**

**Development of Risk Adjustment Factor Applied to Index Rate**

	<u>Small</u>	<u>Individual</u>	<u>Total</u>
Average Members	3,105	2,078	5,183
Adjustment for change in risk in Kaiser membership	99.6%	113.0%	105.0%
Adjustment for risk adjustment recoveries	95.6%	92.2%	

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.2**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered Guaranteed Issue	108	1.468
(2) Non-Grandfathered Medically Underwritten	11,667	0.977
(3) Dues Subsidy	504	1.115
(4) Total	12,279	0.987

**Impact of projected membership to Kaiser risk profile in 2015 relative to current market**

	<u>Member Months</u>	<u>Morbidity</u>
(5) Current Members [from (4) above]	12,279	0.987
(6) Gender to Unisex Selection Adjustment	11,667	1.100
(7) Total Morbidity Change	12,279	1.081
(8) New Entrants previously uninsured	6,327	1.300
(9) Transfers from other carriers or other KP Segments	6,327	1.000
(10) Subtotal	24,933	1.116

**Impact to Current Market from all new entrants in 2015**

	<u>Member Months</u>	<u>Risk Relativity</u>
(11) Current Market	211,205	1.000
(12) Uninsured New Entrants	25,246	1.300
(13) Transfers from Group	25,246	1.000
(14) 2015 Market	261,697	1.029
(15) <b>Kaiser risk relativity to 2015 market</b> [ (10) / (14) ]		1.085
(16) Pent Up Demand Factor for New Entrants		1.000
(17) Adjustment for change in risk in Kaiser membership [ (10) / (4) ]		113.0%
(18) Adjustment for risk adjustment recoveries [ 1 / (15) ]		92.2%
(19) Adjustment for Pent Up Demand [ { (8) mems * (16) + (5) mems + (9) mems } / (10) mems ]		100.0%

**Risk Adjustment Factor  
Exhibit 7.3**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered <sup>1</sup>	34,212	1.050

**Impact of projected membership to Kaiser risk profile in 2015 relative to current market**

	<u>Members Months</u>	<u>Morbidity</u>
(2) Current Members [from (4) above]	34,212	1.050
(3) New to Kaiser	3,048	1.000
(4) Subtotal	37,260	1.046

	<u>Member Months</u>	
(5) <b>2015 Market</b>	568,490	1.000
(6) <b>Kaiser risk relativity to 2015 market [ (4) / (5) ]</b>		1.046

**Development of Risk Adjustment Factor Applied to Index Rate**

(7) Adjustment for change in risk in Kaiser membership [ (4) / (1) ]		99.6%
(8) Adjustment for risk adjustment recoveries [ 1 / (6) ]		95.6%
(9) Total Adjustment [ (7) * (8) ]		<b>95.2%</b>

1 Current Kaiser portfolio is expected to be 1.05 to market.

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Kaiser Foundation Health Plan of Mid-Atlantic-States - DC  
Market: Individual

Exhibit 8  
Reinsurance Adjustment Factor

Commercial Large Group Data  
Experience Period: September 2012 - August 2013

(1) Claim Amt	(2) Count	(3) Avg	(4) Frequency	(5) Cumulative Frequency	(6) Exp Recoveries
0	23,760	0	0.11656	1.00000	-
1	169,402	1,618	0.83102	0.88344	-
10,000	5,784	15,027	0.02837	0.05243	-
20,000	2,015	26,497	0.00988	0.02405	-
30,000	944	37,029	0.00463	0.01417	-
40,000	479	48,714	0.00235	0.00954	1,857
50,000	372	59,277	0.00182	0.00719	7,139
60,000	252	70,114	0.00124	0.00536	12,557
70,000	160	81,276	0.00078	0.00413	18,138
80,000	122	91,874	0.00060	0.00334	23,437
90,000	94	103,014	0.00046	0.00274	29,007
100,000	80	113,729	0.00039	0.00228	34,364
110,000	58	124,884	0.00028	0.00189	39,942
120,000	46	135,497	0.00023	0.00160	45,249
130,000	29	145,382	0.00014	0.00138	50,191
140,000	37	157,762	0.00018	0.00124	56,381
150,000	25	167,452	0.00012	0.00105	61,226
160,000	19	179,391	0.00009	0.00093	67,196
170,000	21	189,426	0.00010	0.00084	72,213
180,000	13	201,251	0.00006	0.00074	78,125
190,000	12	210,818	0.00006	0.00067	82,909
200,000	13	222,798	0.00006	0.00061	88,899
210,000	11	230,991	0.00005	0.00055	92,996
220,000	5	242,058	0.00002	0.00050	98,529
230,000	8	252,958	0.00004	0.00047	102,500
240,000	8	265,522	0.00004	0.00043	102,500
250,000	80	445,564	0.00039	0.00039	102,500

a	Total Claims Count	203,849	Sum of column (2)
b	Average Claim	3,149.64	Sumproduct of columns (3) and (4)
c	Average Recovery	219.44	Sumproduct of columns (4) and (6)
d = c/b	Recovery as % of Incurred Claims	7.0%	
e	Recovery applied to index <sup>1</sup>	93.0%	

Sep 2012-Aug 2013 Large Group HMO experience, trended to 2015 using a 3.5% annual trend assumption

<sup>1</sup> Calculated by weighting the recovery multiplier against the medical portion of the index

As a percent of Allowed 1.0130 1.9% 283.2  
Based on \$5.25 PMPM 2015 contribution amount as a percent of average expected allowed amount

**Administrative Expense Adjustment - Individual**  
Exhibit 9

<b>Retention Category</b>	<b>Percent of Retention</b>
Claims Processing	0.76%
Customer Service	1.60%
Taxes	2.88%
Capital Contribution	1.00%
Member Satisfaction Survey	0.17%
Member Communication Materials	0.41%
Open Enrollment	0.41%
Utilization Review	0.52%
Care Management	0.78%
Ad Hoc Reports	0.25%
Other - Community Service	0.30%
Corporate and Other Overhead	4.35%
Commissions	6.00%
<b>Total</b>	<b>19.43%</b>



**Plan Adjusted Index Rates  
Exhibit 10**

Plans	Metallic Level	Name	Allowable Modifiers				Plan Adjusted
			Plan Design	Utilization Copay Effect	Non-EHB	Admin	Index Rate
1	Platinum	KP DC Platinum 0/10/Dental/Ped Dental	0.9418	0.9201	1.0135	1.2412	385.82
2	Gold	KP DC Gold 0/20/Dental/Ped Dental	0.8878	0.9080	1.0135	1.2412	358.91
3	Gold	KP DC Gold 1000/20/Dental/Ped Dental	0.7952	0.9096	1.0135	1.2412	322.03
4	Silver	KP DC Silver 1500/30/Dental/Ped Dental	0.7425	0.8811	1.0135	1.2412	291.27
5	Silver	KP DC Silver 2500/30/Dental/Ped Dental	0.7196	0.8736	1.0135	1.2412	279.90
6	Silver	KP DC Silver 1750/25%/HSA/Dental/Ped Dental	0.7005	0.8553	1.0135	1.2412	266.73
7	Bronze	KP DC Bronze 4500/50/Dental/Ped Dental	0.6215	0.7942	1.0135	1.2412	219.76
8	Bronze	KP DC Bronze 4500/50/HSA/Dental/Ped Dental	0.6100	0.7816	1.0135	1.2412	212.26
9	Bronze	KP DC Bronze 5000/30%/HSA/Dental/Ped Dental	0.5974	0.7755	1.0135	1.2412	206.28
10	Catastrophic	KP DC Catastrophic 6600/0/Dental/Ped Dental	0.5681	0.7676	1.0135	1.2412	174.74

**AV Calculator Values by Plan**  
**Exhibit 11**

<b>Plans</b>	<b>Metallic Level</b>	<b>Name</b>	<b>AV</b>
1	Platinum	Plan 1	0.898
2	Gold	Plan 2	0.812
3	Gold	Plan 3	0.782
4	Silver	Plan 4	0.704
5	Silver	Plan 5	0.688
6	Silver	Plan 6	0.689
7	Bronze	Plan 7	0.603
8	Bronze	Plan 8	0.592
9	Bronze	Plan 9	0.589
10	Catastrophic	Plan 10	0.572

**Age Calibration Factor**  
**Exhibit 12**

	<u><b>Weighted Average Age</b></u>	<u><b>Age Factor</b></u>
Average Age in the Projection Period	42.6	1.077
Nearest Rounded Age	43.0	1.094
Calibration Factor		1.016

**Age Factors**  
**Exhibit 13**

<b>Age</b>	<b>Age Slope</b>	<b>Age Factor Indexed to Age 21</b>
20	0.654	0.90
21	0.727	1.00
22	0.727	1.00
23	0.727	1.00
24	0.727	1.00
25	0.727	1.00
26	0.727	1.00
27	0.727	1.00
28	0.744	1.02
29	0.76	1.05
30	0.779	1.07
31	0.799	1.10
32	0.817	1.12
33	0.836	1.15
34	0.856	1.18
35	0.876	1.20
36	0.896	1.23
37	0.916	1.26
38	0.927	1.28
39	0.938	1.29
40	0.975	1.34
41	1.013	1.39
42	1.053	1.45
43	1.094	1.50
44	1.137	1.56
45	1.181	1.62
46	1.227	1.69
47	1.275	1.75
48	1.325	1.82
49	1.377	1.89
50	1.431	1.97
51	1.487	2.05
52	1.545	2.13
53	1.605	2.21
54	1.668	2.29
55	1.733	2.38
56	1.801	2.48
57	1.871	2.57
58	1.944	2.67
59	2.02	2.78
60	2.099	2.89
61	2.181	3.00
62	2.181	3.00
63	2.181	3.00
64+	2.181	3.00

**Pediatric Dental Factor Development**  
**Exhibit 14**

Current Pool	Current Plan	Member Months	Ped Dental Factor
Individual	All	12,279	1.007
Small Group	All	34,212	1.013
Grand Total		46,491	1.011

	40 Yr Old Silver Without Load	40 Yr Old Silver With Load	Ped Dental PMPM
Individual	250.61	253.48	1.79
Small Group	281.29	284.49	3.59
Grand Total	273.18	276.30	3.11



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

**District of Columbia**

**2015 Direct Payment (Personal Advantage) Rate Filing**

**HIOS Issuer ID: 94506**

**HIOS Product ID 94506DC039**

**Form Numbers:** DC-DP-PLATINUM-0-10-DENTAL-HMO(01-15)HIX, DC-DP-GOLD-0-20-DENTAL-HMO(01-15)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO(01-15)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO(01-15)HIX, DC-DP-BRONZE-0-0-DENTAL-HMO(01-15)HIX, DC-DP-CATASTROPHIC-6600-DENTAL-DHMO-COST(01-15)HIX, DC-DP-BRONZE-4500-50-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-2500-30-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-COST(01-15)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-1750-25%-HSA-DENTAL-HDHP-COST(01-15)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-COST(01-15)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-COST(01-15)HIX, DC-DP-SILVER-1300-20%-CSR-HDHP-DENTAL-COST(01-15)HIX, DC-DP-BRONZE-4500-50-HSA-DENTAL-HDHP-COST(01-15)HIX, DC-DP-BRONZE-5000-30%-HSA-DENTAL-HDHP-COST(01-15)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO-RX(01-15)HIX, DC-DP-GOLD-0-20-DENTAL-HMO-RX(01-15)HIX, DC-DP-PLATINUM-0-10-DENTAL-HMO-RX(01-15)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO-RX(01-15)HIX, DC-DP-BRONZE-0-0-DENTAL-HMO-RX(01-15)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-RX(01-15)HIX, DC-DP-BRONZE-4500-50-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-RX(01-15)HIX, DC-DP-CATASTROPHIC-6600-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-2500-30-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1750-25%-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-SILVER-1300-20%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-BRONZE-4500-50-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-DP-BRONZE-5000-30%-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-DP-PED-DENTAL(01-15)HIX

## Actuarial Memorandum

I, Thomas Ahmann, 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 an approval of premium rates for Personal Advantage, the Direct Payment program sold on the individual exchange. This actuarial memorandum documents the assumptions and sources of data pertaining to the development of Kaiser premium rates effective January 2015. It is intended to comply with the requirements outlined in the DC Health Benefit Exchange Authority's *2015 Carrier Reference Manual* (March 2014, Version 1). It is not intended for any other purpose.

Kaiser Foundation Health Plan is an HMO company and offers traditional HMO copayment plans covering medical and pharmacy claims expenses. Kaiser also offers Deductible and High Deductible plans, some of which are HSA qualified. For the purposes of regulation, these are all HMO products.

Kaiser Permanente will market products to the Individual and Small Group markets through Direct Sales channels and Broker arrangements, as well as on the District of Columbia Marketplace (aka the Exchange). The products are guaranteed issue and guaranteed renewable.

This rate filing applies to forms that are open to new sales and renewals. This filing does not cover grandfathered plans that existed prior to March 23, 2010.

I am responsible for this filing. My telephone number is 510-271-6015 (Pacific time) and my email address is Thomas.M.Ahmann@kp.org.

### Proposed Rate Increases

The percent increase in the Market Adjusted Index Rate from 2014 to 2015 is 4.1%. The drivers of that change are shown in the table below, which contains all the components of the Market Adjusted Index Rate calculation. The numbers shown are the ratio of the 2015 to the 2014 factor, so a 1.000 indicates no impact on the rate change.

Source of Change	2015/2014
Based Period Experience	1.059
Base Period Util Copay	1.002
Pricing Trend	0.999
Morbidity Adjustment	0.965
Risk Adjustment Recoveries	1.003
Pent Up Demand	1.000
Reinsurance Recoveries	1.004
Reinsurance Premium	0.995
Average Age Impact	0.996
Additional EHB	1.005
Exchange Fee	1.000
Fixed Cost Adjustment	1.014
<b>Total Market Adjusted Index Rate Change</b>	<b>104.1%</b>

Plan level rate changes are shown in row 25 of Worksheet II in the URRT. The biggest contributing factor to plan increases that vary from the Market Adjusted Index Rate change is a change in the methodology for determining the utilization copay effect in the projection period.



For 2015, Kaiser has changed its methodology to determine the utilization copay effect for its plans to better reflect the impact of member cost share. This year, along with copayments, we have considered the deductible levels as well. The result of this change impacts the plans with higher deductibles (i.e. Silver and Bronze) more than the plans with lower deductibles or just copayments (i.e. Platinum and Gold) so those plans show lower increases.

### **Experience Period Claims**

#### *Base period data:*

The Revenue Requirement for 2015 for the new ACA plans is developed by accumulating District of Columbia-specific medical and administrative expenses for essential health benefits (EHB) for non-grandfathered business in the Child-Only, Conversion, Due Subsidy, Individually Medically Underwritten and Small Group lines of business incurred and paid in the period January 2013 through December 2013 including the incurred but not reported estimates for external expense. Allowed cost data from internal costs, fee for service claims, and prescription drug claims are trended to 2015. Allowed claims for internal services come directly from allocated costs while allowed claims for external expenses are calculated as estimated incurred plus member cost sharing.

A large claim was subtracted from the base period experience.

#### *Capitations:*

Kaiser Permanente has contracted with a dental provider to provide dental care to Kaiser members. Kaiser pays the provider a fixed capitation of \$1.15 PMPM to cover adult preventative. The \$1.15 PMPM is part of the base period allowed amount, shown in Exhibit 2. It is then removed as a non-Essential Health Benefit in Exhibit 3. Finally, this benefit is added back as part of the non-EHB adjustment in Exhibit 10.

#### *Incurred Estimates on External Expense:*

A common reserve tool developed and maintained by Kaiser Actuarial Services is used to set Kaiser's IBNR reserves. Kaiser's common reserve tool uses historical claim lag averages to project anticipated future payments. IBNR levels are set for line of business and service line breakouts. Note that the IBNR applies only to Kaiser's external allowed costs. Most of Kaiser's expenses are internal costs, which are allocated and immaterial reporting lag.

The completion factors used to complete the base period external claims are taken from the Kaiser's overall commercial line of business by type of service. The claims are incurred and paid in 2013 so a 12/12 completion factor is used.

#### *Premium:*

Premium was captured for calendar year 2013 for all members in the base period single (combined Small Group and Individual) pool. There were no MLR rebates for these members in this period. For Dues Subsidy members, the whole premium was captured and not just the portion paid by the member.

### **Part I Unified Rate Review Template**

#### *Base Period Experience:*

The base period experience in Worksheet 1 Section I and in Worksheet 2 Section III is the combined experience of the Small Group and Individual markets. The Index Rate of the Experience Period in cell G17 is taken from Exhibit 1 line 3. It is the per member per month allowed claims less non-essential health benefits from the base period. Therefore, it represents the average age of the members in the risk pool. The Index Rate for the Projection period, discussed below, is taken from Exhibit 1 Line 21.

#### *Benefit Categories:*

The benefit categories in Section II of Worksheet I are mapped based on type of service and place of treatment codes. For example:

<b>Benefit Category</b>	<b>Services</b>
Inpatient Hospital	Inpatient Facility, Inpatient Visits (Rounding), Inpatient Surgery - Non Maternity, Maternity
Outpatient Hospital	Outpatient Facility, Emergency/Urgent Care, Hospital Outpatient Other Professional, Outpatient Surgery
Professional	Diagnostic Services, Office Visits, Cardiovascular, Chemotherapy/Pharmacy, Dialysis, PT/OT/ST
Other Medical	Other Services
Capitation	Adult Preventive Dental
Prescription Drug	Pharmacy

*Morbidity and Other Adjustments:*

The morbidity adjustments in Section II Worksheet I are developed from rows (14) in the attached Exhibit 1 and reflect the morbidity in the single risk pool (Small Group and Individual combined) of our expected 2015 membership as well as. The development of these factors along with the documentation of these assumptions is included in Exhibit 7.1-7.3.

The “Other” adjustment in Section II Worksheet I is an adjustment to reflect that family contracts are limited to three dependents in 2015.

Included in the “Other” adjustment is the base period utilization copay effect from Exhibit 4. The adjustment is necessary to convert the base period experience from an average plan allowed amount to the allowed amount for the reference plan. “Other” also includes additional EHB benefits in the projection period.

All the factors discussed above in the Morbidity and Other Adjustments are based on Small Group and Individual experience combined.

*Paid to Allowed Ratio:*

The Paid to Allowed Average Factor in Projection Period in Section III of Worksheet I is an average plan factor for the plans listed in Worksheet II. It represents the change from the average benefit plan allowed amount to the average paid amount across the 2015 plans based on weightings in Worksheet 2 of the URRT.

The factor in cell v33 in Worksheet I of the URRT is calculated by weighting the plan design factors in Exhibit 10 by the projected members and allowed costs by plans in rows 81 and 100, respectively, of Worksheet II of the URRT.

*Estimated Average Annual Premium per Policy:*

The estimated average annual premium per policy based on the URRT and SERFF data included in the filing is \$4,417.08.

**Risk Adjustment**

Exhibit 7.1-7.3 documents the development of the Risk Adjustment index rate factor. The index rate is adjusted to reflect the expected change in morbidity of the members covered by these plans relative to the members in the base period data. It is also adjusted to reflect the risk adjustment receipts anticipated in the rating period based on the expect risk profile relative to the market of the Individual line only based on DISB guidance.

Assumptions are documented regarding the current relative morbidity of Kaiser’s population along with the expected morbidity of the future market relative to Kaiser. Growth assumptions for the market as a whole and Kaiser specifically are used to calculate Kaiser’s 2015 expected relative morbidity to the market. This value is used to determine the expected risk adjustment impact to the index rate.



## **Reinsurance**

An adjustment is made to the index rate to reflect reinsurance recoveries, which in 2015 is 50% of all claims dollars between \$45,000 and \$250,000 per claim. Because the new exchange environment will be guaranteed issue, the adjustment factor was developed using base period claims for Large Group since Large Group is not medically underwritten and would be a better representation of the expected claims distribution in a guaranteed issue environment. The development of the adjustment factors is shown in Exhibit 8.

As required by instructions, the contribution to the Federal transitional reinsurance program is netted against the reinsurance recovery described above in the development of the index rate and is not included in the administrative expense. The development of this adjustment is also shown in Exhibit 8.

## **Administrative Expense**

Retention includes broker commissions, administrative expenses and capital contribution. Commissions are paid to Brokers of Record. 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 health care delivery models, capital contributions are included in fee for service payments, whereas for Kaiser these are funded through premium rates.

## **Profit and Risk Margin**

As mentioned above, the capital contribution of 1%, shown in Exhibit 9, is an amount to maintain and expand medical center facilities where members receive the majority of health care in the Kaiser Foundation Health Plan.

## **Taxes and Fees**

Administrative expenses have been adjusted to reflect the federal PCORI tax and the federal health insurance provider tax that will apply in 2015. The amount is shown as percent in Exhibit 9. Also, a market wide factor is added to the Index Rate development in Exhibit 1 Line 19.

## **Projected Loss Ratio**

Based on a target admin percentage of 19.4%, which includes a 1% capital contribution margin, we anticipate an MLR based on federally prescribed methodology to be at least 82.6%. The ultimate MLR would be expected to be slightly higher due to the allowed adjustments to both claims and premium in the federally prescribed methodology. The anticipated minimum loss ratio is 75%.

## **Market Adjusted Index Rate**

The development of the index rate is summarized in Exhibit 1 and is based on combined experience of non-grandfathered Individual and Small Group experience as described above. The following factors along with Risk Adjustment and Reinsurance described above have been considered in the development and are documented below.

### *Utilization copayment effect adjustment:*

Allowed claims are grossed up for anticipated changes in the average utilization of services due to average cost sharing requirements in the base period. Member cost sharing results in lower utilization and, thus, lower allowed costs, than would otherwise occur in a zero cost share environment. An estimate based on industry standard factors has been made at the plan level to adjust our base period data to what would have been expected in a zero cost share environment in order to normalize for the utilization copayment effect. These adjustments are documented in Exhibit 4.

### *Demographic Adjustment:*

The Demographic Adjustment shown in Exhibit 5 represents the expected change in the average member age from the base period to the projection period. We have assumed that the average age in the projection period is unchanged from the base period. However, due to slight difference in the average age between the Individual and

Small group, there is a small change in the combined average age because of different growth in the Individual and Small Group members.

*Embedded Pediatric Dental Adjustment:*

Kaiser is embedding pediatric dental benefits into its 2015 plans. Kaiser will pay a dental provider a fixed per child per month capitation. Exhibit 14 shows the assumptions and development of the index rate adjustment factor to reflect the capitation on a per member per month basis by adjusting the index rate.

*Trend:*

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. For 2013 to 2015, our projected total annualized medical expense trend for Individual is 3.5% and is shown in Exhibit 6 of our filing.

**Alternative AV Calculations**

The AV calculator does not have an option for outpatient facility copay. To calculate the impact on the actuarial value of the plan for this benefit we used the alternate method described in 156.135 (b)(2). Last year, Kaiser requested from a major actuarial consulting firm the national average allowed amount for outpatient facility costs in 2014. We have used this same data since HHS has not updated the data from last year's AV calculator. To determine AVs for plans outpatient facility copays, we propose an OP Copay Converter to be used with the AV calculator. To create this converter, we then compared the copay amount to the estimated average national OP facility allowed amount to calculate the implied coinsurance % for OP procedures. This coinsurance should only be applied to the OP facility cost and not the OP professional cost, which should be covered at 100%. I certify the calculation to be actuarially sound.

Plan designs have been changed to waive primary office visit copays for children younger than five. As the AV calculator does not have an adjustment to account for this benefit, we lowered the copay amount 16% by multiplying the actual copay by a factor of 0.84. For example, a \$20 primary office visit copay is entered as \$16.80. The 16% adjustment is based on Kaiser data (as a proxy for a standard population). Primary care utilization was divided between children under five and all other members. The data showed 16% of primary care visits were attributed to children under five.

I certify the calculation to be actuarially sound.

**AV Pricing Values**

The rates for specific plans are calculated by multiplying plan factors times the index rate. The plan factors use industry standard data in a model from a national actuarial consulting firm, calibrated to Kaiser Experience to calculate the impact of the various cost share and plan elements for EHBs, including utilization copayment effect. The reference plan used as the basis for the AV pricing values is a \$0 cost share plan valued using the same industry standard factors described above.

Exhibit 10 indicates the portion of the AV Pricing Value that is attributable to each of the allowable modifiers to the Index Rate. The plan factor shown in Exhibit 10 reflects both member cost shares and the resulting dampening of expected utilization due to those cost shares.

The rates for the catastrophic plan were calculated by multiplying the plan factor, non-EHB adjustment, age factors, smoker factors for smoker rates and the administrative expense factor by a modified index rate. Because the small and individual pools are combined in 2015, we could not use the methodology to estimate the catastrophic index rate we had developed for other jurisdictions where the pools were separate. Therefore, we have used the modeled



impact from these other jurisdictions as a guide. We have adjusted the index rate lower by 10% to represent the expected average cost per member.

### **Age Factors**

The age factor table used to develop age specific rates is the standard table provided by DISB.

Exhibit 12 shows the development of the age calibration factor. This factor is new to the methodology in 2015. The development starts with the average age in the projection period from Exhibit 5. That age is rounded to the nearest age and the age factor is pulled from the DISB age curve. As described in the Actuarial Memorandum instructions, the ratio of the age factor for the nearest rounded age to the age factor for the average age in the projection period is the age calibration factor used in the rate development.

### **Non-EHB**

An adjustment has been made to the base period allowed amount to remove the Non-EHB benefits from the Index Rate. This multiplier was calculated by summing the allowed amount for Non-EHB benefits in the base period and adding the adult preventive dental capitation and then dividing by total allowed.

### **Additional URRT Items**

#### *Membership Projections:*

The total membership projection included across new plans in Section II of Worksheet 2 is consistent with Kaiser's expected market share of that growth. Detailed assumptions are presented and documented in Exhibit 7.1-7.3.

An assumption is made in Worksheet 2 as to the distribution of members by product based on Kaiser's expected distribution of membership by metal level.

#### *Terminated Plans:*

The list of terminated plans that are included in the column "Terminated Plans" in Worksheet I of the URRT are listed in Exhibit 2.

#### *Warning Alert:*

There are no warning alerts in the URRT.

### **Summary Rate Calculation**

Exhibit 1 shows the development of the Market Adjusted Index Rate from the base period Medical Cost Data. The Plan Adjusted Index Rates are calculated using the Market Adjusted Index Rate and the allowable plan adjustment factors in Exhibit 10. The final 2015 Consumer Adjusted Premium Rates are developed by applying the age slope, age calibration to the Plan Adjusted Index Rates to generate age specific rates.

### **Exhibit Table of Contents:**

The following exhibits are included in this filing:

- Exhibit 1 – Market Adjusted Index Rate Calculation
- Exhibit 2 – Allowed Claims Development
- Exhibit 3 – Non-EHB Adjustments
- Exhibit 4 – Utilization Copayment Effect Adjustment
- Exhibit 5 – Demographic Adjustment
- Exhibits 6 – Trend Calculation
- Exhibits 7.1 - Risk Adjustment and Morbidity Development – Combined Small and Individual
- Exhibits 7.2 - Risk Adjustment and Morbidity Development – Individual Line of Business
- Exhibits 7.3 - Risk Adjustment and Morbidity Development – Small Group Line of Business

- Exhibit 8 – Reinsurance Adjustment Factor
- Exhibit 9 – Administrative Expense Adjustment
- Exhibit 10 – Plan Adjusted Index Rates Development
- Exhibit 11 - AV Calculator Values by Plan
- Exhibit 12 – Age Calibration
- Exhibit 13 – Age Factors
- Exhibit 14 – Embedded Pediatric Dental Adjustment Factor
- Appendix I - Rate Sheet

**Certification**

This filing is in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8. To the best of my knowledge, the rating methodologies of Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. and the development of the Index Rate comply with the applicable District and Federal Statutes and Regulations (45 CFR 156.80(d)(1)). 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 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 rating methodologies produce premiums that are reasonable in relation to benefits being provided and the populations being covered and are based on sound and commonly accepted actuarial principles and are neither excessive nor deficient.



Thomas Ahmann, FSA, MAAA  
Actuarial Director  
Kaiser Foundation Health Plan, Inc.  
6/13/2014

**Index Rate Development  
Summary Index Rate Calculation  
Exhibit 1**

			<u>Source</u>
(1)	Base Period Allowed	\$333.14	Exhibit 2
(2)	Non-EHB Claims Adjustment	0.9873	Exhibit 3
(3)	Experience Period Index Rate	\$328.92	(1) * (2)
(4)	Product/Network Adjustment	1.0000	Exhibit 2
(5)	Adjusted Base Period Allowed	\$328.92	(3) * (4)
(6)	Base Period Utilization Adjustment	1.088	Exhibit 4
(7)	Projection Period Utilization Adjustment	0.908	
(8)	Demographic Adjustment	0.996	Exhibit 5
(9)	Product/Network Moribidity Adjustment	1.000	Exhibit 2
(10)	Additional EHB (including Ped Dental)	1.01149	Exhibit 14
(10)	Annualized Trend	3.5%	Exhibit 6
(11)	Months of Trend	24	
(12)	Trend Factor	1.071	$\{1 + (10)\} ^ \{ (11) / 12\}$
(14)	Change in Morbidity	1.050	Exhibit 7
(15)	Contract Limit of 3 Children Factor	1.005	
(16)	Combined Projection Period Index Rate Prior to Separate Modifiers	369.70	(5) * (6) * (7) * (8) * (9) * (10) * (12) * (13) * (14)
(17)	Risk Adjustment	0.922	Exhibit 7
(18)	Reinsurance Recovery	0.930	Exhibit 8
(19)	Reinsurance Premium	1.013	Exhibit 8
(20)	Exchange fee	1.0000	
(21)	Market Adjusted Index Rate	\$321.21	(16) * (17) * (18) * (19) * (20)

**Allowed Claims Development**  
**Exhibit 2**

Current Pool	Current Plans	Member Months	Total
Individual	All	12,279	\$304.86
Small Group	All	34,212	\$343.29
Grand Total		46,491	\$333.14



**Non-EHB Adjustments**  
**Exhibit 3**

Current Pool	Current Plans	Member Months	Non-EHB PMPM
Individual	All	12,279	\$4.06
Small Group	All	34,212	\$4.28
Grand Total		46,491	\$4.22

Multiplier to Remove Non-EHB [ 1 - (Non-EHB PMPM / Allowed PMPM)]	0.9873
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**Utilization Copayment Effect Adjustment**

**Exhibit 4**

Current Pool	Current Plan	Member Months	Allowed Amount	Copay Impact
Individual	All	12,279	\$304.86	0.897
Small Group	All	34,212	\$343.29	0.927
Grand Total		46,491	\$333.14	0.919

Adjustment Factor is the Inverse of the Total	1.088
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**Demographic Adjustment  
Exhibit 5**

		Member Months	Average Age Factor <sup>1</sup>	Weighed Average Age <sup>2</sup>
Experience Period	Individual	12279	1.0571	42.1
	Small Group	34212	1.0897	42.9
	Combined	46491	1.0811	42.7
Projection Period	Individual	24933	1.0571	42.1
	Small Group	37260	1.0897	42.9
	Combined	62193	1.0766	42.6
Demographic Factor			0.9959	

<sup>1</sup> Average age factor based on CMS Age curve

<sup>2</sup> Weighted Average Age = Interpolation on age curve of average age factor

**Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.**  
**Exhibit 6**  
**Trend Calculation**

Category	Weight	2013 to 2015 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%

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.1**

**Development of Risk Adjustment Factor Applied to Index Rate**

	<u>Small</u>	<u>Individual</u>	<u>Total</u>
Average Members	3,105	2,078	5,183
Adjustment for change in risk in Kaiser membership	99.6%	113.0%	105.0%
Adjustment for risk adjustment recoveries	95.6%	92.2%	

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.2**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered Guaranteed Issue	108	1.468
(2) Non-Grandfathered Medically Underwritten	11,667	0.977
(3) Dues Subsidy	504	1.115
(4) Total	12,279	0.987

**Impact of projected membership to Kaiser risk profile in 2015 relative to current market**

	<u>Member Months</u>	<u>Morbidity</u>
(5) Current Members [from (4) above]	12,279	0.987
(6) Gender to Unisex Selection Adjustment	11,667	1.100
(7) Total Morbidity Change	12,279	1.081
(8) New Entrants previously uninsured	6,327	1.300
(9) Transfers from other carriers or other KP Segments	6,327	1.000
(10) Subtotal	24,933	1.116

**Impact to Current Market from all new entrants in 2015**

	<u>Member Months</u>	<u>Risk Relativity</u>
(11) Current Market	211,205	1.000
(12) Uninsured New Entrants	25,246	1.300
(13) Transfers from Group	25,246	1.000
(14) 2015 Market	261,697	1.029
(15) <b>Kaiser risk relativity to 2015 market</b> [ (10) / (14) ]		1.085
(16) Pent Up Demand Factor for New Entrants		1.000
(17) Adjustment for change in risk in Kaiser membership [ (10) / (4) ]		113.0%
(18) Adjustment for risk adjustment recoveries [ 1 / (15) ]		92.2%
(19) Adjustment for Pent Up Demand [ { (8) mems * (16) + (5) mems + (9) mems } / (10) mems ]		100.0%

**Risk Adjustment Factor  
Exhibit 7.3**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered <sup>1</sup>	34,212	1.050

**Impact of projected membership to Kaiser risk profile in 2015 relative to current market**

	<u>Members Months</u>	<u>Morbidity</u>
(2) Current Members [from (4) above]	34,212	1.050
(3) New to Kaiser	3,048	1.000
(4) Subtotal	37,260	1.046

	<u>Member Months</u>	
(5) <b>2015 Market</b>	568,490	1.000
(6) <b>Kaiser risk relativity to 2015 market [ (4) / (5) ]</b>		1.046

**Development of Risk Adjustment Factor Applied to Index Rate**

(7) Adjustment for change in risk in Kaiser membership [ (4) / (1) ]		99.6%
(8) Adjustment for risk adjustment recoveries [ 1 / (6) ]		95.6%
(9) Total Adjustment [ (7) * (8) ]		<b>95.2%</b>

1 Current Kaiser portfolio is expected to be 1.05 to market.

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Kaiser Foundation Health Plan of Mid-Atlantic-States - DC  
Market: Individual

Exhibit 8  
Reinsurance Adjustment Factor

Commercial Large Group Data  
Experience Period: September 2012 - August 2013

(1) Claim Amt	(2) Count	(3) Avg	(4) Frequency	(5) Cumulative Frequency	(6) Exp Recoveries
0	23,760	0	0.11656	1.00000	-
1	169,402	1,618	0.83102	0.88344	-
10,000	5,784	15,027	0.02837	0.05243	-
20,000	2,015	26,497	0.00988	0.02405	-
30,000	944	37,029	0.00463	0.01417	-
40,000	479	48,714	0.00235	0.00954	1,857
50,000	372	59,277	0.00182	0.00719	7,139
60,000	252	70,114	0.00124	0.00536	12,557
70,000	160	81,276	0.00078	0.00413	18,138
80,000	122	91,874	0.00060	0.00334	23,437
90,000	94	103,014	0.00046	0.00274	29,007
100,000	80	113,729	0.00039	0.00228	34,364
110,000	58	124,884	0.00028	0.00189	39,942
120,000	46	135,497	0.00023	0.00160	45,249
130,000	29	145,382	0.00014	0.00138	50,191
140,000	37	157,762	0.00018	0.00124	56,381
150,000	25	167,452	0.00012	0.00105	61,226
160,000	19	179,391	0.00009	0.00093	67,196
170,000	21	189,426	0.00010	0.00084	72,213
180,000	13	201,251	0.00006	0.00074	78,125
190,000	12	210,818	0.00006	0.00067	82,909
200,000	13	222,798	0.00006	0.00061	88,899
210,000	11	230,991	0.00005	0.00055	92,996
220,000	5	242,058	0.00002	0.00050	98,529
230,000	8	252,958	0.00004	0.00047	102,500
240,000	8	265,522	0.00004	0.00043	102,500
250,000	80	445,564	0.00039	0.00039	102,500

a	Total Claims Count	203,849	Sum of column (2)
b	Average Claim	3,149.64	Sumproduct of columns (3) and (4)
c	Average Recovery	219.44	Sumproduct of columns (4) and (6)
d = c/b	Recovery as % of Incurred Claims	7.0%	
e	Recovery applied to index <sup>1</sup>	93.0%	

Sep 2012-Aug 2013 Large Group HMO experience, trended to 2015 using a 3.5% annual trend assumption

<sup>1</sup> Calculated by weighting the recovery multiplier against the medical portion of the index

As a percent of Allowed 1.0130 1.9% 283.2  
Based on \$5.25 PMPM 2015 contribution amount as a percent of average expected allowed amount



**Administrative Expense Adjustment - Individual**  
Exhibit 9

<b>Retention Category</b>	<b>Percent of Retention</b>
Claims Processing	0.76%
Customer Service	1.60%
Taxes	2.88%
Capital Contribution	1.00%
Member Satisfaction Survey	0.17%
Member Communication Materials	0.41%
Open Enrollment	0.41%
Utilization Review	0.52%
Care Management	0.78%
Ad Hoc Reports	0.25%
Other - Community Service	0.30%
Corporate and Other Overhead	4.35%
Commissions	6.00%
<b>Total</b>	<b>19.43%</b>

**Plan Adjusted Index Rates  
Exhibit 10**

Plans	Metallic Level	Name	Allowable Modifiers				Plan Adjusted
			Plan Design	Utilization Copay Effect	Non-EHB	Admin	Index Rate
1	Platinum	KP DC Platinum 0/10/Dental/Ped Dental	0.9418	0.9201	1.0135	1.2412	385.82
2	Gold	KP DC Gold 0/20/Dental/Ped Dental	0.8878	0.9080	1.0135	1.2412	358.91
3	Gold	KP DC Gold 1000/20/Dental/Ped Dental	0.7952	0.9096	1.0135	1.2412	322.03
4	Silver	KP DC Silver 1500/30/Dental/Ped Dental	0.7425	0.8811	1.0135	1.2412	291.27
5	Silver	KP DC Silver 2500/30/Dental/Ped Dental	0.7196	0.8736	1.0135	1.2412	279.90
6	Silver	KP DC Silver 1750/25%/HSA/Dental/Ped Dental	0.7005	0.8553	1.0135	1.2412	266.73
7	Bronze	KP DC Bronze 4500/50/Dental/Ped Dental	0.6215	0.7942	1.0135	1.2412	219.76
8	Bronze	KP DC Bronze 4500/50/HSA/Dental/Ped Dental	0.6100	0.7816	1.0135	1.2412	212.26
9	Bronze	KP DC Bronze 5000/30%/HSA/Dental/Ped Dental	0.5974	0.7755	1.0135	1.2412	206.28
10	Catastrophic	KP DC Catastrophic 6600/0/Dental/Ped Dental	0.5681	0.7676	1.0135	1.2412	174.74

**AV Calculator Values by Plan**  
**Exhibit 11**

<b>Plans</b>	<b>Metallic Level</b>	<b>Name</b>	<b>AV</b>
1	Platinum	Plan 1	0.898
2	Gold	Plan 2	0.812
3	Gold	Plan 3	0.782
4	Silver	Plan 4	0.704
5	Silver	Plan 5	0.688
6	Silver	Plan 6	0.689
7	Bronze	Plan 7	0.603
8	Bronze	Plan 8	0.592
9	Bronze	Plan 9	0.589
10	Catastrophic	Plan 10	0.572

**Age Calibration Factor**  
**Exhibit 12**

	<u><b>Weighted Average Age</b></u>	<u><b>Age Factor</b></u>
Average Age in the Projection Period	42.6	1.077
Nearest Rounded Age	43.0	1.094
Calibration Factor		1.016

**Age Factors**  
**Exhibit 13**

<b>Age</b>	<b>Age Slope</b>	<b>Age Factor Indexed to Age 21</b>
20	0.654	0.90
21	0.727	1.00
22	0.727	1.00
23	0.727	1.00
24	0.727	1.00
25	0.727	1.00
26	0.727	1.00
27	0.727	1.00
28	0.744	1.02
29	0.76	1.05
30	0.779	1.07
31	0.799	1.10
32	0.817	1.12
33	0.836	1.15
34	0.856	1.18
35	0.876	1.20
36	0.896	1.23
37	0.916	1.26
38	0.927	1.28
39	0.938	1.29
40	0.975	1.34
41	1.013	1.39
42	1.053	1.45
43	1.094	1.50
44	1.137	1.56
45	1.181	1.62
46	1.227	1.69
47	1.275	1.75
48	1.325	1.82
49	1.377	1.89
50	1.431	1.97
51	1.487	2.05
52	1.545	2.13
53	1.605	2.21
54	1.668	2.29
55	1.733	2.38
56	1.801	2.48
57	1.871	2.57
58	1.944	2.67
59	2.02	2.78
60	2.099	2.89
61	2.181	3.00
62	2.181	3.00
63	2.181	3.00
64+	2.181	3.00

**Pediatric Dental Factor Development**  
**Exhibit 14**

Current Pool	Current Plan	Member Months	Ped Dental Factor
Individual	All	12,279	1.007
Small Group	All	34,212	1.013
Grand Total		46,491	1.011

	40 Yr Old Silver Without Load	40 Yr Old Silver With Load	Ped Dental PMPM
Individual	250.61	253.48	1.79
Small Group	281.29	284.49	3.59
Grand Total	273.18	276.30	3.11



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

**District of Columbia**

**2015 Direct Payment (Personal Advantage) Rate Filing**

**HIOS Issuer ID: 94506**

**HIOS Product ID 94506DC039**

**Form Numbers:** DC-DP-PLATINUM-0-10-DENTAL-HMO(01-15)HIX, DC-DP-GOLD-0-20-DENTAL-HMO(01-15)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO(01-15)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO(01-15)HIX, DC-DP-BRONZE-0-0-DENTAL-HMO(01-15)HIX, DC-DP-CATASTROPHIC-6600-DENTAL-DHMO-COST(01-15)HIX, DC-DP-BRONZE-4500-50-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-2500-30-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-COST(01-15)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-COST(01-15)HIX, DC-DP-SILVER-1750-25%-HSA-DENTAL-HDHP-COST(01-15)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-COST(01-15)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-COST(01-15)HIX, DC-DP-SILVER-1300-20%-CSR-HDHP-DENTAL-COST(01-15)HIX, DC-DP-BRONZE-4500-50-HSA-DENTAL-HDHP-COST(01-15)HIX, DC-DP-BRONZE-5000-30%-HSA-DENTAL-HDHP-COST(01-15)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO-RX(01-15)HIX, DC-DP-GOLD-0-20-DENTAL-HMO-RX(01-15)HIX, DC-DP-PLATINUM-0-10-DENTAL-HMO-RX(01-15)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO-RX(01-15)HIX, DC-DP-BRONZE-0-0-DENTAL-HMO-RX(01-15)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-RX(01-15)HIX, DC-DP-BRONZE-4500-50-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-RX(01-15)HIX, DC-DP-CATASTROPHIC-6600-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-2500-30-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-RX(01-15)HIX, DC-DP-SILVER-1750-25%-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-SILVER-1300-20%-CSR-HDHP-DENTAL-RX(01-15)HIX, DC-DP-BRONZE-4500-50-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-DP-BRONZE-5000-30%-HSA-DENTAL-HDHP-RX(01-15)HIX, DC-DP-PED-DENTAL(01-15)HIX



## Actuarial Memorandum

I, Thomas Ahmann, 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 an approval of premium rates for Personal Advantage, the Direct Payment program sold on the individual exchange. This actuarial memorandum documents the assumptions and sources of data pertaining to the development of Kaiser premium rates effective January 2015. It is intended to comply with the requirements outlined in the DC Health Benefit Exchange Authority's *2015 Carrier Reference Manual* (March 2014, Version 1). It is not intended for any other purpose.

Kaiser Foundation Health Plan is an HMO company and offers traditional HMO copayment plans covering medical and pharmacy claims expenses. Kaiser also offers Deductible and High Deductible plans, some of which are HSA qualified. For the purposes of regulation, these are all HMO products.

Kaiser Permanente will market products to the Individual and Small Group markets through Direct Sales channels and Broker arrangements, as well as on the District of Columbia Marketplace (aka the Exchange). The products are guaranteed issue and guaranteed renewable.

This rate filing applies to forms that are open to new sales and renewals. This filing does not cover grandfathered plans that existed prior to March 23, 2010.

I am responsible for this filing. My telephone number is 510-271-6015 (Pacific time) and my email address is Thomas.M.Ahmann@kp.org.

### Proposed Rate Increases

The percent increase in the Market Adjusted Index Rate from 2014 to 2015 is 4.1%. The drivers of that change are shown in the table below, which contains all the components of the Market Adjusted Index Rate calculation. The numbers shown are the ratio of the 2015 to the 2014 factor, so a 1.000 indicates no impact on the rate change.

Source of Change	2015/2014
Based Period Experience	1.059
Base Period Util Copay	1.002
Pricing Trend	0.999
Morbidity Adjustment	0.965
Risk Adjustment Recoveries	1.003
Pent Up Demand	1.000
Reinsurance Recoveries	1.004
Reinsurance Premium	0.995
Average Age Impact	0.996
Additional EHB	1.005
Exchange Fee	1.000
Fixed Cost Adjustment	1.014
<b>Total Market Adjusted Index Rate Change</b>	<b>104.1%</b>

Plan level rate changes are shown in row 25 of Worksheet II in the URRT. The biggest contributing factor to plan increases that vary from the Market Adjusted Index Rate change is a change in the methodology for determining the utilization copay effect in the projection period.

For 2015, Kaiser has changed its methodology to determine the utilization copay effect for its plans to better reflect the impact of member cost share. This year, along with copayments, we have considered the deductible levels as well. The result of this change impacts the plans with higher deductibles (i.e. Silver and Bronze) more than the plans with lower deductibles or just copayments (i.e. Platinum and Gold) so those plans show lower increases.

### **Experience Period Claims**

#### *Base period data:*

The Revenue Requirement for 2015 for the new ACA plans is developed by accumulating District of Columbia-specific medical and administrative expenses for essential health benefits (EHB) for non-grandfathered business in the Child-Only, Conversion, Due Subsidy, Individually Medically Underwritten and Small Group lines of business incurred and paid in the period January 2013 through December 2013 including the incurred but not reported estimates for external expense. Allowed cost data from internal costs, fee for service claims, and prescription drug claims are trended to 2015. Allowed claims for internal services come directly from allocated costs while allowed claims for external expenses are calculated as estimated incurred plus member cost sharing.

A large claim was subtracted from the base period experience.

#### *Capitations:*

Kaiser Permanente has contracted with a dental provider to provide dental care to Kaiser members. Kaiser pays the provider a fixed capitation of \$1.15 PMPM to cover adult preventative. The \$1.15 PMPM is part of the base period allowed amount, shown in Exhibit 2. It is then removed as a non-Essential Health Benefit in Exhibit 3. Finally, this benefit is added back as part of the non-EHB adjustment in Exhibit 10.

#### *Incurred Estimates on External Expense:*

A common reserve tool developed and maintained by Kaiser Actuarial Services is used to set Kaiser's IBNR reserves. Kaiser's common reserve tool uses historical claim lag averages to project anticipated future payments. IBNR levels are set for line of business and service line breakouts. Note that the IBNR applies only to Kaiser's external allowed costs. Most of Kaiser's expenses are internal costs, which are allocated and immaterial reporting lag.

The completion factors used to complete the base period external claims are taken from the Kaiser's overall commercial line of business by type of service. The claims are incurred and paid in 2013 so a 12/12 completion factor is used.

#### *Premium:*

Premium was captured for calendar year 2013 for all members in the base period single (combined Small Group and Individual) pool. There were no MLR rebates for these members in this period. For Dues Subsidy members, the whole premium was captured and not just the portion paid by the member.

### **Part I Unified Rate Review Template**

#### *Base Period Experience:*

The base period experience in Worksheet 1 Section I and in Worksheet 2 Section III is the combined experience of the Small Group and Individual markets. The Index Rate of the Experience Period in cell G17 is taken from Exhibit 1 line 3. It is the per member per month allowed claims less non-essential health benefits from the base period. Therefore, it represents the average age of the members in the risk pool. The Index Rate for the Projection period, discussed below, is taken from Exhibit 1 Line 21.

#### *Benefit Categories:*

The benefit categories in Section II of Worksheet I are mapped based on type of service and place of treatment codes. For example:



<b>Benefit Category</b>	<b>Services</b>
Inpatient Hospital	Inpatient Facility, Inpatient Visits (Rounding), Inpatient Surgery - Non Maternity, Maternity
Outpatient Hospital	Outpatient Facility, Emergency/Urgent Care, Hospital Outpatient Other Professional, Outpatient Surgery
Professional	Diagnostic Services, Office Visits, Cardiovascular, Chemotherapy/Pharmacy, Dialysis, PT/OT/ST
Other Medical	Other Services
Capitation	Adult Preventive Dental
Prescription Drug	Pharmacy

*Morbidity and Other Adjustments:*

The morbidity adjustments in Section II Worksheet I are developed from rows (14) in the attached Exhibit 1 and reflect the morbidity in the single risk pool (Small Group and Individual combined) of our expected 2015 membership as well as. The development of these factors along with the documentation of these assumptions is included in Exhibit 7.1-7.3.

The “Other” adjustment in Section II Worksheet I is an adjustment to reflect that family contracts are limited to three dependents in 2015.

Included in the “Other” adjustment is the base period utilization copay effect from Exhibit 4. The adjustment is necessary to convert the base period experience from an average plan allowed amount to the allowed amount for the reference plan. “Other” also includes additional EHB benefits in the projection period.

All the factors discussed above in the Morbidity and Other Adjustments are based on Small Group and Individual experience combined.

*Paid to Allowed Ratio:*

The Paid to Allowed Average Factor in Projection Period in Section III of Worksheet I is an average plan factor for the plans listed in Worksheet II. It represents the change from the average benefit plan allowed amount to the average paid amount across the 2015 plans based on weightings in Worksheet 2 of the URRT.

The factor in cell v33 in Worksheet I of the URRT is calculated by weighting the plan design factors in Exhibit 10 by the projected members and allowed costs by plans in rows 81 and 100, respectively, of Worksheet II of the URRT.

*Estimated Average Annual Premium per Policy:*

The estimated average annual premium per policy based on the URRT and SERFF data included in the filing is \$4,417.08.

**Risk Adjustment**

Exhibit 7.1-7.3 documents the development of the Risk Adjustment index rate factor. The index rate is adjusted to reflect the expected change in morbidity of the members covered by these plans relative to the members in the base period data. It is also adjusted to reflect the risk adjustment receipts anticipated in the rating period based on the expect risk profile relative to the market of the Individual line only based on DISB guidance.

Assumptions are documented regarding the current relative morbidity of Kaiser’s population along with the expected morbidity of the future market relative to Kaiser. Growth assumptions for the market as a whole and Kaiser specifically are used to calculate Kaiser’s 2015 expected relative morbidity to the market. This value is used to determine the expected risk adjustment impact to the index rate.

## **Reinsurance**

An adjustment is made to the index rate to reflect reinsurance recoveries, which in 2015 is 50% of all claims dollars between \$45,000 and \$250,000 per claim. Because the new exchange environment will be guaranteed issue, the adjustment factor was developed using base period claims for Large Group since Large Group is not medically underwritten and would be a better representation of the expected claims distribution in a guaranteed issue environment. The development of the adjustment factors is shown in Exhibit 8.

As required by instructions, the contribution to the Federal transitional reinsurance program is netted against the reinsurance recovery described above in the development of the index rate and is not included in the administrative expense. The development of this adjustment is also shown in Exhibit 8.

## **Administrative Expense**

Retention includes broker commissions, administrative expenses and capital contribution. Commissions are paid to Brokers of Record. 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 health care delivery models, capital contributions are included in fee for service payments, whereas for Kaiser these are funded through premium rates.

## **Profit and Risk Margin**

As mentioned above, the capital contribution of 1%, shown in Exhibit 9, is an amount to maintain and expand medical center facilities where members receive the majority of health care in the Kaiser Foundation Health Plan.

## **Taxes and Fees**

Administrative expenses have been adjusted to reflect the federal PCORI tax and the federal health insurance provider tax that will apply in 2015. The amount is shown as percent in Exhibit 9. Also, a market wide factor is added to the Index Rate development in Exhibit 1 Line 19.

## **Projected Loss Ratio**

Based on a target admin percentage of 19.4%, which includes a 1% capital contribution margin, we anticipate an MLR based on federally prescribed methodology to be at least 82.6%. The ultimate MLR would be expected to be slightly higher due to the allowed adjustments to both claims and premium in the federally prescribed methodology. The anticipated minimum loss ratio is 75%.

## **Market Adjusted Index Rate**

The development of the index rate is summarized in Exhibit 1 and is based on combined experience of non-grandfathered Individual and Small Group experience as described above. The following factors along with Risk Adjustment and Reinsurance described above have been considered in the development and are documented below.

### *Utilization copayment effect adjustment:*

Allowed claims are grossed up for anticipated changes in the average utilization of services due to average cost sharing requirements in the base period. Member cost sharing results in lower utilization and, thus, lower allowed costs, than would otherwise occur in a zero cost share environment. An estimate based on industry standard factors has been made at the plan level to adjust our base period data to what would have been expected in a zero cost share environment in order to normalize for the utilization copayment effect. These adjustments are documented in Exhibit 4.

### *Demographic Adjustment:*

The Demographic Adjustment shown in Exhibit 5 represents the expected change in the average member age from the base period to the projection period. We have assumed that the average age in the projection period is unchanged from the base period. However, due to slight difference in the average age between the Individual and



Small group, there is a small change in the combined average age because of different growth in the Individual and Small Group members.

*Embedded Pediatric Dental Adjustment:*

Kaiser is embedding pediatric dental benefits into its 2015 plans. Kaiser will pay a dental provider a fixed per child per month capitation. Exhibit 14 shows the assumptions and development of the index rate adjustment factor to reflect the capitation on a per member per month basis by adjusting the index rate.

*Trend:*

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. For 2013 to 2015, our projected total annualized medical expense trend for Individual is 3.5% and is shown in Exhibit 6 of our filing.

**Alternative AV Calculations**

The AV calculator does not have an option for outpatient facility copay. To calculate the impact on the actuarial value of the plan for this benefit we used the alternate method described in 156.135 (b)(2). Last year, Kaiser requested from a major actuarial consulting firm the national average allowed amount for outpatient facility costs in 2014. We have used this same data since HHS has not updated the data from last year's AV calculator. To determine AVs for plans outpatient facility copays, we propose an OP Copay Converter to be used with the AV calculator. To create this converter, we then compared the copay amount to the estimated average national OP facility allowed amount to calculate the implied coinsurance % for OP procedures. This coinsurance should only be applied to the OP facility cost and not the OP professional cost, which should be covered at 100%. I certify the calculation to be actuarially sound.

Plan designs have been changed to waive primary office visit copays for children younger than five. As the AV calculator does not have an adjustment to account for this benefit, we lowered the copay amount 16% by multiplying the actual copay by a factor of 0.84. For example, a \$20 primary office visit copay is entered as \$16.80. The 16% adjustment is based on Kaiser data (as a proxy for a standard population). Primary care utilization was divided between children under five and all other members. The data showed 16% of primary care visits were attributed to children under five.

I certify the calculation to be actuarially sound.

**AV Pricing Values**

The rates for specific plans are calculated by multiplying plan factors times the index rate. The plan factors use industry standard data in a model from a national actuarial consulting firm, calibrated to Kaiser Experience to calculate the impact of the various cost share and plan elements for EHBs, including utilization copayment effect. The reference plan used as the basis for the AV pricing values is a \$0 cost share plan valued using the same industry standard factors described above.

Exhibit 10 indicates the portion of the AV Pricing Value that is attributable to each of the allowable modifiers to the Index Rate. The plan factor shown in Exhibit 10 reflects both member cost shares and the resulting dampening of expected utilization due to those cost shares.

The rates for the catastrophic plan were calculated by multiplying the plan factor, non-EHB adjustment, age factors, smoker factors for smoker rates and the administrative expense factor by a modified index rate. Because the small and individual pools are combined in 2015, we could not use the methodology to estimate the catastrophic index rate we had developed for other jurisdictions where the pools were separate. Therefore, we have used the modeled

impact from these other jurisdictions as a guide. We have adjusted the index rate lower by 10% to represent the expected average cost per member.

### **Age Factors**

The age factor table used to develop age specific rates is the standard table provided by DISB.

Exhibit 12 shows the development of the age calibration factor. This factor is new to the methodology in 2015. The development starts with the average age in the projection period from Exhibit 5. That age is rounded to the nearest age and the age factor is pulled from the DISB age curve. As described in the Actuarial Memorandum instructions, the ratio of the age factor for the nearest rounded age to the age factor for the average age in the projection period is the age calibration factor used in the rate development.

### **Non-EHB**

An adjustment has been made to the base period allowed amount to remove the Non-EHB benefits from the Index Rate. This multiplier was calculated by summing the allowed amount for Non-EHB benefits in the base period and adding the adult preventive dental capitation and then dividing by total allowed.

### **Additional URRT Items**

#### *Membership Projections:*

The total membership projection included across new plans in Section II of Worksheet 2 is consistent with Kaiser's expected market share of that growth. Detailed assumptions are presented and documented in Exhibit 7.1-7.3.

An assumption is made in Worksheet 2 as to the distribution of members by product based on Kaiser's expected distribution of membership by metal level.

#### *Terminated Plans:*

The list of terminated plans that are included in the column "Terminated Plans" in Worksheet I of the URRT are listed in Exhibit 2.

#### *Warning Alert:*

There are no warning alerts in the URRT.

### **Summary Rate Calculation**

Exhibit 1 shows the development of the Market Adjusted Index Rate from the base period Medical Cost Data. The Plan Adjusted Index Rates are calculated using the Market Adjusted Index Rate and the allowable plan adjustment factors in Exhibit 10. The final 2015 Consumer Adjusted Premium Rates are developed by applying the age slope, age calibration to the Plan Adjusted Index Rates to generate age specific rates.

### **Exhibit Table of Contents:**

The following exhibits are included in this filing:

- Exhibit 1 – Market Adjusted Index Rate Calculation
- Exhibit 2 – Allowed Claims Development
- Exhibit 3 – Non-EHB Adjustments
- Exhibit 4 – Utilization Copayment Effect Adjustment
- Exhibit 5 – Demographic Adjustment
- Exhibits 6 – Trend Calculation
- Exhibits 7.1 - Risk Adjustment and Morbidity Development – Combined Small and Individual
- Exhibits 7.2 - Risk Adjustment and Morbidity Development – Individual Line of Business
- Exhibits 7.3 - Risk Adjustment and Morbidity Development – Small Group Line of Business

- Exhibit 8 – Reinsurance Adjustment Factor
- Exhibit 9 – Administrative Expense Adjustment
- Exhibit 10 – Plan Adjusted Index Rates Development
- Exhibit 11 - AV Calculator Values by Plan
- Exhibit 12 – Age Calibration
- Exhibit 13 – Age Factors
- Exhibit 14 – Embedded Pediatric Dental Adjustment Factor
- Appendix I - Rate Sheet

**Certification**

This filing is in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8. To the best of my knowledge, the rating methodologies of Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. and the development of the Index Rate comply with the applicable District and Federal Statutes and Regulations (45 CFR 156.80(d)(1)). 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 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 rating methodologies produce premiums that are reasonable in relation to benefits being provided and the populations being covered and are based on sound and commonly accepted actuarial principles and are neither excessive nor deficient.



Thomas Ahmann, FSA, MAAA  
Actuarial Director  
Kaiser Foundation Health Plan, Inc.  
6/13/2014



**Index Rate Development**  
**Summary Index Rate Calculation**  
**Exhibit 1**

			<u>Source</u>
(1)	Base Period Allowed	\$333.14	Exhibit 2
(2)	Non-EHB Claims Adjustment	0.9873	Exhibit 3
(3)	Experience Period Index Rate	\$328.92	(1) * (2)
(4)	Product/Network Adjustment	1.0000	Exhibit 2
(5)	Adjusted Base Period Allowed	\$328.92	(3) * (4)
(6)	Base Period Utilization Adjustment	1.088	Exhibit 4
(7)	Projection Period Utilization Adjustment	0.908	
(8)	Demographic Adjustment	0.996	Exhibit 5
(9)	Product/Network Moribidity Adjustment	1.000	Exhibit 2
(10)	Additional EHB (including Ped Dental)	1.01149	Exhibit 14
(10)	Annualized Trend	3.5%	Exhibit 6
(11)	Months of Trend	24	
(12)	Trend Factor	1.071	$\{1 + (10)\} ^ \{ (11) / 12\}$
(14)	Change in Morbidity	1.050	Exhibit 7
(15)	Contract Limit of 3 Children Factor	1.005	
(16)	Combined Projection Period Index Rate Prior to Separate Modifiers	369.70	(5) * (6) * (7) * (8) * (9) * (10) * (12) * (13) * (14)
(17)	Risk Adjustment	0.922	Exhibit 7
(18)	Reinsurance Recovery	0.930	Exhibit 8
(19)	Reinsurance Premium	1.013	Exhibit 8
(20)	Exchange fee	1.0000	
(21)	Market Adjusted Index Rate	\$321.21	(16) * (17) * (18) * (19) * (20)



**Allowed Claims Development**  
**Exhibit 2**

Current Pool	Current Plans	Member Months	Total
Individual	All	12,279	\$304.86
Small Group	All	34,212	\$343.29
Grand Total		46,491	\$333.14

**Non-EHB Adjustments**  
**Exhibit 3**

Current Pool	Current Plans	Member Months	Non-EHB PMPM
Individual	All	12,279	\$4.06
Small Group	All	34,212	\$4.28
Grand Total		46,491	\$4.22

Multiplier to Remove Non-EHB [ 1 - (Non-EHB PMPM / Allowed PMPM)]	0.9873
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**Utilization Copayment Effect Adjustment**

**Exhibit 4**

Current Pool	Current Plan	Member Months	Allowed Amount	Copay Impact
Individual	All	12,279	\$304.86	0.897
Small Group	All	34,212	\$343.29	0.927
Grand Total		46,491	\$333.14	0.919

Adjustment Factor is the Inverse of the Total	1.088
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**Demographic Adjustment  
Exhibit 5**

		Member Months	Average Age Factor <sup>1</sup>	Weighed Average Age <sup>2</sup>
Experience Period	Individual	12279	1.0571	42.1
	Small Group	34212	1.0897	42.9
	Combined	46491	1.0811	42.7
Projection Period	Individual	24933	1.0571	42.1
	Small Group	37260	1.0897	42.9
	Combined	62193	1.0766	42.6
Demographic Factor			0.9959	

<sup>1</sup> Average age factor based on CMS Age curve

<sup>2</sup> Weighted Average Age = Interpolation on age curve of average age factor

**Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.**  
**Exhibit 6**  
**Trend Calculation**

Category	Weight	2013 to 2015 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%

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.1**

**Development of Risk Adjustment Factor Applied to Index Rate**

	<u>Small</u>	<u>Individual</u>	<u>Total</u>
Average Members	3,105	2,078	5,183
Adjustment for change in risk in Kaiser membership	99.6%	113.0%	105.0%
Adjustment for risk adjustment recoveries	95.6%	92.2%	

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.2**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered Guaranteed Issue	108	1.468
(2) Non-Grandfathered Medically Underwritten	11,667	0.977
(3) Dues Subsidy	504	1.115
(4) Total	12,279	0.987

**Impact of projected membership to Kaiser risk profile in 2015 relative to current market**

	<u>Member Months</u>	<u>Morbidity</u>
(5) Current Members [from (4) above]	12,279	0.987
(6) Gender to Unisex Selection Adjustment	11,667	1.100
(7) Total Morbidity Change	12,279	1.081
(8) New Entrants previously uninsured	6,327	1.300
(9) Transfers from other carriers or other KP Segments	6,327	1.000
(10) Subtotal	24,933	1.116

**Impact to Current Market from all new entrants in 2015**

	<u>Member Months</u>	<u>Risk Relativity</u>
(11) Current Market	211,205	1.000
(12) Uninsured New Entrants	25,246	1.300
(13) Transfers from Group	25,246	1.000
(14) 2015 Market	261,697	1.029
(15) <b>Kaiser risk relativity to 2015 market</b> [ (10) / (14) ]		1.085
(16) Pent Up Demand Factor for New Entrants		1.000
(17) Adjustment for change in risk in Kaiser membership [ (10) / (4) ]		113.0%
(18) Adjustment for risk adjustment recoveries [ 1 / (15) ]		92.2%
(19) Adjustment for Pent Up Demand [ { (8) mems * (16) + (5) mems + (9) mems } / (10) mems ]		100.0%

**Risk Adjustment Factor  
Exhibit 7.3**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered <sup>1</sup>	34,212	1.050

**Impact of projected membership to Kaiser risk profile in 2015 relative to current market**

	<u>Members Months</u>	<u>Morbidity</u>
(2) Current Members [from (4) above]	34,212	1.050
(3) New to Kaiser	3,048	1.000
(4) Subtotal	37,260	1.046

	<u>Member Months</u>	
(5) <b>2015 Market</b>	568,490	1.000
(6) <b>Kaiser risk relativity to 2015 market [ (4) / (5) ]</b>		1.046

**Development of Risk Adjustment Factor Applied to Index Rate**

(7) Adjustment for change in risk in Kaiser membership [ (4) / (1) ]		99.6%
(8) Adjustment for risk adjustment recoveries [ 1 / (6) ]		95.6%
(9) Total Adjustment [ (7) * (8) ]		<b>95.2%</b>

<sup>1</sup> Current Kaiser portfolio is expected to be 1.05 to market.



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Kaiser Foundation Health Plan of Mid-Atlantic-States - DC  
Market: Individual

Exhibit 8  
Reinsurance Adjustment Factor

Commercial Large Group Data  
Experience Period: September 2012 - August 2013

(1) Claim Amt	(2) Count	(3) Avg	(4) Frequency	(5) Cumulative Frequency	(6) Exp Recoveries
0	23,760	0	0.11656	1.00000	-
1	169,402	1,618	0.83102	0.88344	-
10,000	5,784	15,027	0.02837	0.05243	-
20,000	2,015	26,497	0.00988	0.02405	-
30,000	944	37,029	0.00463	0.01417	-
40,000	479	48,714	0.00235	0.00954	1,857
50,000	372	59,277	0.00182	0.00719	7,139
60,000	252	70,114	0.00124	0.00536	12,557
70,000	160	81,276	0.00078	0.00413	18,138
80,000	122	91,874	0.00060	0.00334	23,437
90,000	94	103,014	0.00046	0.00274	29,007
100,000	80	113,729	0.00039	0.00228	34,364
110,000	58	124,884	0.00028	0.00189	39,942
120,000	46	135,497	0.00023	0.00160	45,249
130,000	29	145,382	0.00014	0.00138	50,191
140,000	37	157,762	0.00018	0.00124	56,381
150,000	25	167,452	0.00012	0.00105	61,226
160,000	19	179,391	0.00009	0.00093	67,196
170,000	21	189,426	0.00010	0.00084	72,213
180,000	13	201,251	0.00006	0.00074	78,125
190,000	12	210,818	0.00006	0.00067	82,909
200,000	13	222,798	0.00006	0.00061	88,899
210,000	11	230,991	0.00005	0.00055	92,996
220,000	5	242,058	0.00002	0.00050	98,529
230,000	8	252,958	0.00004	0.00047	102,500
240,000	8	265,522	0.00004	0.00043	102,500
250,000	80	445,564	0.00039	0.00039	102,500

a	Total Claims Count	203,849	Sum of column (2)
b	Average Claim	3,149.64	Sumproduct of columns (3) and (4)
c	Average Recovery	219.44	Sumproduct of columns (4) and (6)
d = c/b	Recovery as % of Incurred Claims	7.0%	
e	Recovery applied to index <sup>1</sup>	93.0%	

Sep 2012-Aug 2013 Large Group HMO experience, trended to 2015 using a 3.5% annual trend assumption

<sup>1</sup> Calculated by weighting the recovery multiplier against the medical portion of the index

As a percent of Allowed 1.0130 1.9% 283.2  
Based on \$5.25 PMPM 2015 contribution amount as a percent of average expected allowed amount

**Administrative Expense Adjustment - Individual**  
Exhibit 9

<b>Retention Category</b>	<b>Percent of Retention</b>
Claims Processing	0.76%
Customer Service	1.60%
Taxes	2.88%
Capital Contribution	1.00%
Member Satisfaction Survey	0.17%
Member Communication Materials	0.41%
Open Enrollment	0.41%
Utilization Review	0.52%
Care Management	0.78%
Ad Hoc Reports	0.25%
Other - Community Service	0.30%
Corporate and Other Overhead	4.35%
Commissions	6.00%
<b>Total</b>	<b>19.43%</b>

**Plan Adjusted Index Rates  
Exhibit 10**

Plans	Metallic Level	Name	Allowable Modifiers				Plan Adjusted
			Plan Design	Utilization Copay Effect	Non-EHB	Admin	Index Rate
1	Platinum	KP DC Platinum 0/10/Dental/Ped Dental	0.9418	0.9201	1.0135	1.2412	385.82
2	Gold	KP DC Gold 0/20/Dental/Ped Dental	0.8878	0.9080	1.0135	1.2412	358.91
3	Gold	KP DC Gold 1000/20/Dental/Ped Dental	0.7952	0.9096	1.0135	1.2412	322.03
4	Silver	KP DC Silver 1500/30/Dental/Ped Dental	0.7425	0.8811	1.0135	1.2412	291.27
5	Silver	KP DC Silver 2500/30/Dental/Ped Dental	0.7196	0.8736	1.0135	1.2412	279.90
6	Silver	KP DC Silver 1750/25%/HSA/Dental/Ped Dental	0.7005	0.8553	1.0135	1.2412	266.73
7	Bronze	KP DC Bronze 4500/50/Dental/Ped Dental	0.6215	0.7942	1.0135	1.2412	219.76
8	Bronze	KP DC Bronze 4500/50/HSA/Dental/Ped Dental	0.6100	0.7816	1.0135	1.2412	212.26
9	Bronze	KP DC Bronze 5000/30%/HSA/Dental/Ped Dental	0.5974	0.7755	1.0135	1.2412	206.28
10	Catastrophic	KP DC Catastrophic 6600/0/Dental/Ped Dental	0.5681	0.7676	1.0135	1.2412	174.74

**AV Calculator Values by Plan**  
**Exhibit 11**

<b>Plans</b>	<b>Metallic Level</b>	<b>Name</b>	<b>AV</b>
1	Platinum	Plan 1	0.898
2	Gold	Plan 2	0.812
3	Gold	Plan 3	0.782
4	Silver	Plan 4	0.704
5	Silver	Plan 5	0.688
6	Silver	Plan 6	0.689
7	Bronze	Plan 7	0.603
8	Bronze	Plan 8	0.592
9	Bronze	Plan 9	0.589
10	Catastrophic	Plan 10	0.572

**Age Calibration Factor**  
**Exhibit 12**

	<u><b>Weighted Average Age</b></u>	<u><b>Age Factor</b></u>
Average Age in the Projection Period	42.6	1.077
Nearest Rounded Age	43.0	1.094
Calibration Factor		1.016

**Age Factors**  
**Exhibit 13**

<b>Age</b>	<b>Age Slope</b>	<b>Age Factor Indexed to Age 21</b>
20	0.654	0.90
21	0.727	1.00
22	0.727	1.00
23	0.727	1.00
24	0.727	1.00
25	0.727	1.00
26	0.727	1.00
27	0.727	1.00
28	0.744	1.02
29	0.76	1.05
30	0.779	1.07
31	0.799	1.10
32	0.817	1.12
33	0.836	1.15
34	0.856	1.18
35	0.876	1.20
36	0.896	1.23
37	0.916	1.26
38	0.927	1.28
39	0.938	1.29
40	0.975	1.34
41	1.013	1.39
42	1.053	1.45
43	1.094	1.50
44	1.137	1.56
45	1.181	1.62
46	1.227	1.69
47	1.275	1.75
48	1.325	1.82
49	1.377	1.89
50	1.431	1.97
51	1.487	2.05
52	1.545	2.13
53	1.605	2.21
54	1.668	2.29
55	1.733	2.38
56	1.801	2.48
57	1.871	2.57
58	1.944	2.67
59	2.02	2.78
60	2.099	2.89
61	2.181	3.00
62	2.181	3.00
63	2.181	3.00
64+	2.181	3.00

**Pediatric Dental Factor Development**  
**Exhibit 14**

Current Pool	Current Plan	Member Months	Ped Dental Factor
Individual	All	12,279	1.007
Small Group	All	34,212	1.013
Grand Total		46,491	1.011

	40 Yr Old Silver Without Load	40 Yr Old Silver With Load	Ped Dental PMPM
Individual	250.61	253.48	1.79
Small Group	281.29	284.49	3.59
Grand Total	273.18	276.30	3.11

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.  
 Rates effective January 1, 2015  
 District of Columbia Individual Exchange  
 Appendix I

Age	Platinum		Gold		Gold		Silver		Silver		Silver		Bronze		Bronze		Bronze		Catastrophic	
	KP DC	Platinum 0/10/Dental/Ped	KP DC	Gold 0/20/Dental/Ped	KP DC	Gold 1000/20/Dental/Ped	KP DC	Silver 1500/30/Dental/Ped	KP DC	Silver 2500/30/Dental/Ped	KP DC	Silver 1750/25%/HSA/Dental/Ped	KP DC	Bronze 4500/50/Dental/Ped	KP DC	Bronze 4500/50/HSA/Dental/Ped	KP DC	Bronze 5000/30%/HSA/Dental/Ped	KP DC	Catastrophic 6600/0/Dental/Ped
20 and Under		\$234.37		\$218.03		\$195.62		\$176.94		\$170.03		\$162.03		\$133.50		\$128.94		\$125.31		\$108.15
21		\$260.54		\$242.36		\$217.46		\$196.69		\$189.01		\$180.11		\$148.40		\$143.33		\$139.29		\$118.00
22		\$260.54		\$242.36		\$217.46		\$196.69		\$189.01		\$180.11		\$148.40		\$143.33		\$139.29		\$118.00
23		\$260.54		\$242.36		\$217.46		\$196.69		\$189.01		\$180.11		\$148.40		\$143.33		\$139.29		\$118.00
24		\$260.54		\$242.36		\$217.46		\$196.69		\$189.01		\$180.11		\$148.40		\$143.33		\$139.29		\$118.00
25		\$260.54		\$242.36		\$217.46		\$196.69		\$189.01		\$180.11		\$148.40		\$143.33		\$139.29		\$118.00
26		\$260.54		\$242.36		\$217.46		\$196.69		\$189.01		\$180.11		\$148.40		\$143.33		\$139.29		\$118.00
27		\$260.54		\$242.36		\$217.46		\$196.69		\$189.01		\$180.11		\$148.40		\$143.33		\$139.29		\$118.00
28		\$266.63		\$248.03		\$222.54		\$201.29		\$193.43		\$184.33		\$151.87		\$146.69		\$142.55		\$120.76
29		\$272.36		\$253.37		\$227.33		\$205.62		\$197.59		\$188.29		\$155.13		\$149.84		\$145.62		\$123.35
30		\$279.17		\$259.70		\$233.01		\$210.76		\$202.53		\$193.00		\$159.01		\$153.59		\$149.26		\$126.44
31		\$286.34		\$266.37		\$239.00		\$216.17		\$207.73		\$197.95		\$163.09		\$157.53		\$153.09		\$129.68
32		\$292.79		\$272.37		\$244.38		\$221.04		\$212.41		\$202.41		\$166.77		\$161.08		\$156.54		\$132.60
33		\$299.60		\$278.70		\$250.06		\$226.18		\$217.35		\$207.12		\$170.65		\$164.82		\$160.18		\$135.69
34		\$306.77		\$285.37		\$256.05		\$231.59		\$222.55		\$212.07		\$174.73		\$168.77		\$164.01		\$138.93
35		\$313.93		\$292.04		\$262.03		\$237.00		\$227.75		\$217.03		\$178.81		\$172.71		\$167.84		\$142.18
36		\$321.10		\$298.71		\$268.01		\$242.41		\$232.95		\$221.98		\$182.89		\$176.65		\$171.67		\$145.43
37		\$328.27		\$305.87		\$273.99		\$247.82		\$238.14		\$226.94		\$186.98		\$180.60		\$175.51		\$148.67
38		\$332.21		\$309.04		\$277.28		\$250.80		\$241.00		\$229.66		\$189.22		\$182.77		\$177.61		\$150.46
39		\$336.15		\$312.71		\$280.57		\$253.78		\$243.86		\$232.39		\$191.47		\$184.93		\$179.72		\$152.24
40		\$349.41		\$325.04		\$291.64		\$263.79		\$253.48		\$241.56		\$199.02		\$192.23		\$186.81		\$158.25
41		\$363.03		\$337.71		\$303.01		\$274.07		\$263.36		\$250.97		\$206.78		\$199.72		\$194.09		\$164.42
42		\$377.36		\$351.05		\$314.97		\$284.89		\$273.76		\$260.88		\$214.94		\$207.61		\$201.76		\$170.91
43		\$392.06		\$364.71		\$327.24		\$295.98		\$284.42		\$271.04		\$223.31		\$215.69		\$209.61		\$177.56
44		\$407.47		\$379.05		\$340.10		\$307.62		\$295.60		\$281.69		\$232.09		\$224.17		\$217.85		\$184.54
45		\$423.24		\$393.72		\$353.26		\$319.52		\$307.04		\$292.59		\$241.07		\$232.84		\$226.28		\$191.68
46		\$439.72		\$409.05		\$367.02		\$331.97		\$319.00		\$303.99		\$250.46		\$241.91		\$235.09		\$199.15
47		\$456.92		\$425.05		\$381.38		\$344.95		\$331.48		\$315.88		\$260.26		\$251.38		\$244.29		\$206.94
48		\$474.84		\$441.72		\$396.33		\$358.48		\$344.48		\$328.27		\$270.46		\$261.23		\$253.87		\$215.06
49		\$493.48		\$459.06		\$411.89		\$372.55		\$358.00		\$341.15		\$281.08		\$271.49		\$263.83		\$223.50
50		\$512.83		\$477.06		\$428.04		\$387.16		\$372.04		\$354.53		\$292.10		\$282.13		\$274.18		\$232.26
51		\$532.90		\$495.73		\$444.79		\$402.31		\$386.60		\$368.40		\$303.53		\$293.17		\$284.91		\$241.35
52		\$553.68		\$515.07		\$462.14		\$401.67		\$418.00		\$382.77		\$315.37		\$304.61		\$296.02		\$250.76
53		\$575.19		\$535.07		\$480.08		\$434.23		\$417.27		\$397.64		\$327.62		\$316.44		\$307.52		\$260.50
54		\$597.76		\$556.07		\$498.93		\$451.28		\$433.65		\$413.25		\$340.48		\$328.86		\$319.59		\$270.73
55		\$621.06		\$577.74		\$518.37		\$468.86		\$450.55		\$429.35		\$353.74		\$341.67		\$332.04		\$281.28
56		\$645.43		\$600.41		\$538.71		\$487.26		\$468.23		\$446.20		\$367.62		\$355.08		\$345.07		\$292.31
57		\$670.51		\$623.75		\$559.65		\$506.20		\$486.43		\$463.54		\$381.91		\$368.88		\$358.49		\$303.68
58		\$696.67		\$648.08		\$581.49		\$525.95		\$505.41		\$481.63		\$396.81		\$382.27		\$372.47		\$315.52
59		\$723.91		\$673.42		\$604.22		\$546.51		\$525.17		\$500.45		\$412.33		\$398.26		\$387.03		\$327.86
60		\$752.22		\$699.76		\$627.85		\$567.89		\$545.71		\$520.03		\$428.45		\$413.83		\$402.17		\$340.68
61		\$781.61		\$727.09		\$652.38		\$590.07		\$567.02		\$540.34		\$445.19		\$430.00		\$417.88		\$353.99
62		\$781.61		\$727.09		\$652.38		\$590.07		\$567.02		\$540.34		\$445.19		\$430.00		\$417.88		\$353.99
63		\$781.61		\$727.09		\$652.38		\$590.07		\$567.02		\$540.34		\$445.19		\$430.00		\$417.88		\$353.99
64+		\$781.61		\$727.09		\$652.38		\$590.07		\$567.02		\$540.34		\$445.19		\$430.00		\$417.88		\$353.99





**KAISER PERMANENTE®**

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

June 13, 2014

Mr. Efren Tanhehco  
Supervisory Actuary  
Department of Insurance and Securities  
Insurance Product Division  
810 First Street, N.E.  
Washington, DC 20002

Re: NAIC #: 95639  
HIOS Issuer ID 94506  
Individual On-Exchange Rate Filing  
Filing #1

Dear Mr. Tanhehco,

Attached is the Individual on-exchange rate filing for Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. (Kaiser) for a premium rate change effective January 1, 2015. Kaiser is an HMO company and offers traditional HMO copayment plans covering medical and pharmacy claims expenses. Kaiser also offers Deductible and High Deductible plans, some of which are HSA qualified.

The overall impact to the index rate is 4.1%.

Sincerely,

Brent Plemons  
Senior Actuarial Analyst  
Kaiser Foundation Health Plan, Inc.  
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**Rate Filing Justification Part II (Plain Language Summary)**

Pursuant to 45 CFR 154.215, health insurance issuers are required to file Rate Filing Justifications. Part II of the Rate Filing Justification for rate increases and new submissions must contain a written description that includes a simple and brief narrative describing the data and assumptions that were used to develop the proposed rates. The Part II template below must be filled out and uploaded as an Adobe PDF or Microsoft Word file.

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Name of Company\_\_\_\_\_

SERFF tracking number\_\_\_\_\_

Submission Date\_\_\_\_\_

Product Name\_\_\_\_\_

Market Type (Individual/Small Group)\_\_\_\_\_

Rate Filing Type (Rate Increase / New Filing)\_\_\_\_\_

**Scope and Range of the Increase:**

The \_\_\_\_\_% increase is requested because:

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This filing will impact:

# of D.C. policyholders\_\_\_\_\_ # of D.C. covered lives\_\_\_\_\_

The average, minimum, and maximum rate changes increases are:

- Average Rate Change: The average premium change, by percentage, across all policy holders if the filing is approved \_\_\_\_\_%
- Minimum Rate Change: The smallest premium increase (or largest decrease), by percentage, that any one policy holder would experience if the filing is approved \_\_\_\_\_%
- Maximum Rate Change: The largest premium increase, by percentage, that any one policy holder would experience if the filing is approved \_\_\_\_\_%

Individuals within the group may vary from the aggregate of the above increase components as a result

of:\_\_\_\_\_

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**Financial Experience of Product**

The overall financial experience of the product includes:

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The rate increase will affect the projected financial experience of the product by:

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**Components of Increase**

The request is made up of the following components:

*Trend Increases* – \_\_\_\_\_% of the \_\_\_\_\_% total filed increase

1. Medical Utilization Changes –Defined as the increase in total plan claim costs not attributable to changes in the unit cost of underlying services, or renegotiation of provider contracts. Examples include changes in the mix of services utilized, or an increase/decrease in the frequency of service utilization.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

2. Medical Price Changes – Defined as the increase in total plan claim costs attributable to changes in the unit cost of underlying services, or renegotiation of provider contracts.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

*Other Increases* – \_\_\_\_\_% of the \_\_\_\_\_% total filed increase

1. Medical Benefit Changes Required by Law – Defined as any new mandated plan benefit changes, as mandated by either State or Federal Regulation.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

2. Medical Benefit Changes Not Required by Law – Defined as changes in plan benefit design made by the company, which are not required by either State or Federal Regulation.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

3. Changes to Administration Costs – Defined as increases in the costs of providing insurance coverage. Examples include claims payment expenses, distribution costs, taxes, and general business expenses such as rent, salaries, and overhead.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

4. Changes to Profit Margin – Defined as increases to company surplus or changes as an additional margin to cover the risk of the company.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

5. Other – Defined as:

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This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y					
1	<b>Unified Rate Review v2.0.2</b>																													
2																														
3	Company Legal Name:		Kaiser Foundation Health Plan												State:		DC													
4	HIOS Issuer ID:		94506												Market:		Individual													
5	Effective Date of Rate Change(s):		1/1/2015																											
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:		1/1/2013		to		12/31/2013																							
13			<u>Experience Period</u>																											
14			<u>Aggregate Amount</u>		<u>PMPM</u>		<u>% of Prem</u>																							
15	Premiums (net of MLR Rebate) in Experience Period:		\$13,306,605		\$286.22		100.00%																							
16	Incurred Claims in Experience Period		\$13,851,891		297.95		104.10%																							
17	Allowed Claims:		\$15,488,071		333.14		116.39%																							
18	Index Rate of Experience Period				\$328.92																									
19	Experience Period Member Months		46,491																											
20	<b>Section II: Allowed Claims. PMPM basis</b>																													
21																														
22			<u>Experience Period</u>		<u>Projection Period:</u>		1/1/2015 to		12/31/2015		<u>Mid-point to Mid-point, Experience to Projection:</u>		24 months																	
23			<u>on Actual Experience Allowed</u>		<u>Adj't. from Experience to Projection Period</u>		<u>Annualized Trend Factors</u>		<u>Projections, before credibility Adjustment</u>			<u>Credibility Manual</u>																		
24	<b>Benefit Category</b>		<b>Utilization Description</b>		<b>Utilization per 1,000</b>		<b>Average Cost/Service</b>		<b>PMPM</b>		<b>Pop'l risk Morbidity</b>		<b>Other</b>		<b>Cost</b>		<b>Util</b>		<b>Utilization per 1,000</b>		<b>Average Cost/Service</b>		<b>PMPM</b>		<b>Utilization per 1,000</b>		<b>Average Cost/Service</b>		<b>PMPM</b>	
25	Inpatient Hospital		Days		295.54		\$2,766.47		\$68.13		1.050		0.965		1.035		1.010		316.55		\$2,859.79		\$75.44		0.00		\$0.00		\$0.00	
26	Outpatient Hospital		Services		314.90		1,966.71		51.61		1.050		0.965		1.035		1.010		337.29		2,033.05		57.14		0.00		0.00		0.00	
27	Professional		Visits		6,879.01		282.74		162.08		1.050		0.965		1.015		1.010		7,368.14		281.09		172.59		0.00		0.00		0.00	
28	Other Medical		Services		153.32		118.06		1.51		1.050		0.965		1.015		1.010		164.22		117.37		1.61		0.00		0.00		0.00	
29	Capitation		Other		3,169.39		4.35		1.15		1.000		1.000		1.000		1.000		3,169.39		4.35		1.15		0.00		0.00		0.00	
30	Prescription Drug		Prescriptions		4,388.20		133.07		48.66		1.050		0.965		1.022		1.022		4,812.57		134.12		53.79		0.00		0.00		0.00	
31	Total								\$333.14										4,812.57		134.12		53.79		0.00		0.00		\$0.00	
32	<b>Section III: Projected Experience:</b>																													
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48																														
49	<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.																													
50																														

Product-Plan Data Collection

Company Legal Name:  
HIOS Issuer ID:  
Effective Date of Rate Change(s):

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.  
94506  
1/1/2015

State: DC  
Market: Individual

Product/Plan Level Calculations

Section I: General Product and Plan Information

Product ID:	Individual HMO On Exchange												Terminated Plans 94506DC0380001
	94506DC039												
Product:	Platinum	Gold	Gold	Silver	Silver	Silver	Bronze	Bronze	Bronze	Bronze	Catastrophic	Catastrophic	
AV Metal Value	0.898	0.812	0.782	0.704	0.688	0.791	0.754	0.621	0.592	0.589	0.572	0.700	
AV Pricing Value	1.090	1.014	0.910	0.823	0.791	0.754	0.621	0.600	0.583	0.549	0.700	0.700	
Plan Type:	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	
Plan Name	KP DC Platinum 0/10/Dental/Ped Dental	KP DC Gold 0/20/Dental/Ped Dental	KP DC Gold 1000/20/Dental/P ed Dental	KP DC Silver 1500/30/Dental/P ed Dental	KP DC Silver 2500/30/Dental/P ed Dental	KP DC Silver 1750/25/HSA/D ental/Ped Dental	KP DC Bronze 4500/50/Dental/P ed Dental	KP DC Bronze 5000/50/HSA/D ental/Ped Dental	KP DC Bronze 5000/30/HSA/D ental/Ped Dental	KP DC Bronze 6600/0/Dental/P ed Dental	Catastrophic	Catastrophic	
Plan ID (Standard Component ID):	94506DC0390001	94506DC0390002	94506DC0390003	94506DC0390004	94506DC0390005	94506DC0390006	94506DC0390007	94506DC0390009	94506DC0390010	94506DC0390008	94506DC0390008	94506DC0380001	
Exchange Plan?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	
Historical Rate Increase - Calendar Year - 2	0.00%											10.10%	
Historical Rate Increase - Calendar Year - 1	0.00%											7.40%	
Historical Rate Increase - Calendar Year 0	0.00%											7.20%	
Effective Date of Proposed Rates	1/1/2015	1/1/2015	1/1/2015	1/1/2015	1/1/2015	1/1/2015	1/1/2015	1/1/2015	1/1/2015	1/1/2015	1/1/2015	1/1/2015	
Rate Change % (over prior filing)	4.69%	3.55%	3.92%	3.44%	2.68%	2.68%	-0.49%	-4.31%	-6.07%	-8.03%	-18.17%	0.00%	
Can't live Rate Change % (over 12 mos prior)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Proj'd Per Rate Change % (over Expt. Period)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-100.00%	
Product Threshold Rate Increase %	0.00%											#DIV/0!	

Section II: Components of Premium Increase (PMPM Dollar Amount above Current Average Rate PMPM)

Plan ID (Standard Component ID):	Total	94506DC0390001	94506DC0390002	94506DC0390003	94506DC0390004	94506DC0390005	94506DC0390006	94506DC0390007	94506DC0390009	94506DC0390010	94506DC0390008	94506DC0380001
Insurance	\$0.00	\$18.99	\$17.42	\$15.50	\$13.68	\$12.01	\$15.85	\$24.62	\$22.77	\$22.32	\$24.14	\$0.00
Outpatient	\$0.00	\$7.88	\$6.61	\$6.09	\$5.20	\$4.50	\$4.54	\$4.38	\$3.38	\$2.46	\$0.99	\$0.00
Professional	\$0.00	\$21.19	\$17.66	\$16.31	\$13.88	\$11.97	\$11.07	\$11.06	\$7.86	\$5.32	\$4.90	\$0.00
Prescription Drug	\$0.00	\$5.28	\$4.32	\$4.02	\$3.40	\$2.89	\$2.46	\$2.01	\$1.16	\$0.44	\$2.67	\$0.00
Other	\$0.00	\$1.21	\$1.08	\$0.97	\$0.85	\$0.77	\$0.89	\$1.27	\$1.11	\$1.07	\$0.96	\$0.00
Capitation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Administration	\$0.00	\$2.24	\$1.54	\$1.54	\$1.21	\$0.88	\$0.00	\$1.55	\$2.00	\$2.51	\$4.28	\$0.00
Taxes & Fees	\$0.00	\$0.76	\$0.58	\$0.55	\$0.46	\$0.38	\$0.24	\$0.03	\$0.09	\$0.21	\$0.59	\$0.00
Risk & Profit Charge	\$0.00	\$0.15	\$0.18	\$0.18	\$0.08	\$0.06	\$0.10	\$0.13	\$0.18	\$0.18	\$0.28	\$0.00
Total Rate Increase	\$0.00	\$31.32	\$21.32	\$19.15	\$16.00	\$13.30	\$15.34	\$29.50	\$27.72	\$27.02	\$33.81	\$0.00
Member Cost Share Increase	\$0.00	\$6.67	\$2.43	\$3.73	\$4.98	\$5.40	\$4.71	\$7.30	\$6.65	\$6.61	\$1.94	\$0.00
Average Current Rate PMPM	\$301.41	\$368.53	\$346.60	\$309.87	\$281.57	\$272.60	\$268.05	\$229.66	\$225.97	\$224.29	\$213.54	\$0.00
Projected Member Months	24,933	5,330	3,642	3,642	2,596	2,596	1,471	1,471	1,471	1,471	118	0

Section III: Experience Period Information

Plan ID (Standard Component ID):	Total	94506DC0390001	94506DC0390002	94506DC0390003	94506DC0390004	94506DC0390005	94506DC0390006	94506DC0390007	94506DC0390009	94506DC0390010	94506DC0390008	94506DC0380001
Average Rate PMPM	\$286.22	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$286.22
Member Months	46,491	0	0	0	0	0	0	0	0	0	0	46,491
Total Premium (TP)	\$13,306,654	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,306,654
EHB Percent of TP (see instructions)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TP	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total Allowed Claims (TAC)	\$15,488,071	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,488,071
EHB Percent of TAC (see instructions)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TAC	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Allowed Claims which are not the issuer's obligation	\$1,636,181	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,636,181
Portion of above payable by HHS's funds on behalf of insured person, in dollars	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Portion of above payable by HHS on behalf of insured person, as %	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.00%
Total incurred claims, payable with issuer funds	\$13,851,890	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,851,890
Net Amt of Reim	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Amt of Risk Adj	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Incurred Claims PMPM	\$297.95	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$297.95
Allowed Claims PMPM	\$333.14	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$333.14
EHB portion of Allowed Claims, PMPM	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$0.00

Section IV: Projected (12 months following effective date)

Plan ID (Standard Component ID):	Total	94506DC0390001	94506DC0390002	94506DC0390003	94506DC0390004	94506DC0390005	94506DC0390006	94506DC0390007	94506DC0390009	94506DC0390010	94506DC0390008	94506DC0380001
Plan Adjusted Index Rate	\$307.67	\$385.82	\$358.91	\$322.03	\$291.27	\$279.90	\$266.73	\$219.76	\$212.26	\$206.28	\$174.74	\$0.00
Member Months	24,933	5,330	3,642	3,642	2,596	2,596	1,471	1,471	1,471	1,471	118	0
Total Premium (TP)	\$7,671,351	\$2,056,421	\$1,307,150	\$1,172,833	\$756,137	\$736,630	\$692,431	\$323,267	\$312,234	\$303,438	\$30,615	\$0
EHB Percent of TP (see instructions)	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	0.00%
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TP	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	100.00%
Total Allowed Claims (TAC)	\$9,020,711	\$2,024,869	\$1,365,448	\$1,367,832	\$944,353	\$936,291	\$916,677	\$482,218	\$474,597	\$470,898	\$37,536	\$0
EHB Percent of TAC (see instructions)	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	0.00%
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TAC	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	100.00%
Allowed Claims which are not the issuer's obligation	\$2,863,825	\$322,858	\$293,286	\$420,249	\$343,014	\$362,338	\$374,430	\$239,072	\$241,676	\$246,136	\$20,766	\$0
Portion of above payable by HHS's funds on behalf of insured person, in dollars	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Portion of above payable by HHS on behalf of insured person, as %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	#DIV/0!
Total incurred claims, payable with issuer funds	\$6,156,886	\$1,702,011	\$1,072,154	\$947,583	\$601,339	\$573,953	\$542,247	\$243,144	\$232,921	\$224,762	\$16,770	\$0
Net Amt of Reim	\$403,523	\$86,264	\$58,947	\$58,947	\$42,014	\$42,014	\$42,014	\$23,802	\$23,802	\$23,802	\$1,917	\$0
Net Amt of Risk Adj	\$555,397	\$118,731	\$81,133	\$81,133	\$57,826	\$57,826	\$57,826	\$32,761	\$32,761	\$32,761	\$2,639	\$0

**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:** 2015 DC Individual Exchange Rate Filing  
**Project Name/Number:** /

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
06/13/2014		Supporting Document	DISB Actuarial Memorandum Dataset	06/13/2014	2015 Individual DISB Actuarial Memo Dataset.xlsx DISB Plain Language Summary.pdf (Superseded)

**Rate Filing Justification Part II (Plain Language Summary)**

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Name of Company\_\_\_\_\_

SERFF tracking number\_\_\_\_\_

Submission Date\_\_\_\_\_

Product Name\_\_\_\_\_

Market Type (Individual/Small Group)\_\_\_\_\_

Rate Filing Type (Rate Increase / New Filing)\_\_\_\_\_

**Scope and Range of the Increase:**

The \_\_\_\_\_% increase is requested because:

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This filing will impact:

# of D.C. policyholders\_\_\_\_\_ # of D.C. covered lives\_\_\_\_\_

The average, minimum, and maximum rate changes increases are:

- Average Rate Change: The average premium change, by percentage, across all policy holders if the filing is approved \_\_\_\_\_%
- Minimum Rate Change: The smallest premium increase (or largest decrease), by percentage, that any one policy holder would experience if the filing is approved \_\_\_\_\_%
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Individuals within the group may vary from the aggregate of the above increase components as a result

of:\_\_\_\_\_

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**Financial Experience of Product**

The overall financial experience of the product includes:

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The rate increase will affect the projected financial experience of the product by:

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**Components of Increase**

The request is made up of the following components:

*Trend Increases* – \_\_\_\_\_% of the \_\_\_\_\_% total filed increase

1. Medical Utilization Changes –Defined as the increase in total plan claim costs not attributable to changes in the unit cost of underlying services, or renegotiation of provider contracts. Examples include changes in the mix of services utilized, or an increase/decrease in the frequency of service utilization.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

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*Other Increases* – \_\_\_\_\_% of the \_\_\_\_\_% total filed increase

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2. Medical Benefit Changes Not Required by Law – Defined as changes in plan benefit design made by the company, which are not required by either State or Federal Regulation.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

3. Changes to Administration Costs – Defined as increases in the costs of providing insurance coverage. Examples include claims payment expenses, distribution costs, taxes, and general business expenses such as rent, salaries, and overhead.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

4. Changes to Profit Margin – Defined as increases to company surplus or changes as an additional margin to cover the risk of the company.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

5. Other – Defined as:

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This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.