

SERFF Tracking Number: KPMA-127608984 State: District of Columbia
Filing Company: Kaiser Foundation Health Plan of the Mid- Atlantic States, Inc. State Tracking Number:
Company Tracking Number:
TOI: HOrg03 Health Organizations - Other Sub-TOI: HOrg03.000 Health Organizations - Other
Product Name: 2012 DC Bridge Rate Filing
Project Name/Number: /

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Efren Tanhehco	01/20/2012	01/20/2012

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Disposition

Disposition Date: 01/20/2012
 Implementation Date: 02/01/2012
 Status: APPROVED
 HHS Status: HHS Approved
 State Review: Reviewed by Actuary
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	0.000%	0.000%	\$0	72	\$360,361	0.000%	0.000%
	Percent Change Approved:						
	Minimum:	0.0%	Maximum:	0.0%	Weighted Average:		0.0%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Actuarial Justification		Yes
Supporting Document	Rate Summary Worksheet		Yes
Supporting Document	Consumer Disclosure Form		Yes
Supporting Document	Cover Letter		Yes
Supporting Document	Objection Letter for Dues Subsidy Rate Filing		Yes
Supporting Document	DC 2012 Subsidy Rate Filing Exhibits		Yes
Rate	2012 DC Bridge Rate Filing Exhibits		Yes

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Rate Information

Rate data applies to filing.

Filing Method: Electronic
Rate Change Type: Neutral
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision: 02/01/2011
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:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	Neutral	0.000%	0.000%	\$0	72	\$360,361	0.000%	0.000%
Product Type:	HMO	PPO	EPO	POS	HSA	HDHP	FFS	Other
Covered Lives:	88							
Policy Holders:	72							

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Rate Review Details

COMPANY:

Company Name: Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
HHS Issuer Id: 00000
Product Names: Kaiser Permanente Bridge Program Membership Agreement
Trend Factors:

FORMS:

New Policy Forms:
Affected Forms:
Other Affected Forms: DC-DP-BRIDGE-APPXA(02/11), DC-DP-ALL-SEC 3 (02/12), DC-DP-BR-APPXB(02/11)

REQUESTED RATE CHANGE

INFORMATION:

Change Period: Annual
Member Months: 926
Benefit Change: None
Percent Change Requested: Min: 0.0 Max: 0.0 Avg: 0.0

PRIOR RATE:

Total Earned Premium: 410,952.00
Total Incurred Claims: 276,774.00
Annual \$: Min: 401.00 Max: 401.00 Avg: 389.16

REQUESTED RATE:

Projected Earned Premium: 410,952.00
Projected Incurred Claims: 306,486.00
Annual \$: Min: 401.00 Max: 401.00 Avg: 389.16

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Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	2012 DC Bridge Rate Filing Exhibits	DC-DP-BRIDGE- Other APPXA(02/11), DC-DP-ALL-SEC 3 (02/12), DC-DP-BR- APPXB(02/11)		Previous State Filing Number: Percent Rate Change Request:	DC 2012 Dues Subsidy Rate Filing Exhibits.pdf

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

Exhibit 1 - Base Rate Calculation

Effective Date: 2/1/2012
Jurisdiction: District of Columbia

Base Period: 05/2010 - 04/2011

Current Membership	88	
Membermonths	926	
Medical Expense Categories	<u>Claims Incurred</u>	<u>PMPM</u>
Internal	\$212,876.74	\$229.89
<u>External</u>	<u>\$38,164.75</u>	<u>\$41.21</u>
Total	\$251,041.49	\$271.10
Incurred Medical Costs		\$271.10
Cost Share		9.01
Net Incurred Medical Costs		\$262.10
Trend (11/1/2010 - 8/1/2012)		1.1074
Expected 2012 Medical Costs		\$290.23
Retention		15.0%
Monthly Required Revenue		\$341.45
Current Premium PMPM		\$389.16
Required Rate Increase		-12.3%
Requested Rate Increase		0.0%

	<u>2011 Rate</u>	<u>2012 Rate</u>
Individual	\$401.00	\$401.00
Two Party	\$802.00	\$802.00
Family	\$1,163.00	\$1,163.00

er Foundation Health Plan of the Mid-Atlantic States, Inc.
Dues Subsidy (Bridge Plan) 2012 Rate Filing
Exhibit 2 - Trend Calculation

Category	Weight	2012 Trend
Hospital	17.6%	5.0%
Physician Internal	56.1%	6.6%
Referral	4.0%	6.0%
Rx	14.9%	4.9%
Other	7.3%	6.1%
Composite	100.0%	6.0%

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Supporting Document Schedules

	Item Status:	Status Date:
<p>Satisfied - Item: Actuarial Justification Comments: See attached. Attachment: DC 2012 Dues Subsidy Actuarial Memorandum.pdf</p>		
<p>Bypassed - Item: Rate Summary Worksheet Bypass Reason: Filing is not on or after September 1, 2011. Comments:</p>		
<p>Bypassed - Item: Consumer Disclosure Form Bypass Reason: Filing is not on or after September 1, 2011. Comments:</p>		
<p>Satisfied - Item: Cover Letter Comments: See attached. Attachment: DC 2012 Dues Subsidy Rate Filing Cover Letter.pdf</p>		
<p>Satisfied - Item: Objection Letter for Dues Subsidy</p>		

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Rate Filing

Comments:

See Attached

Attachment:

DISB Dues.pdf

Item Status:

Status

Date:

Satisfied - Item: DC 2012 Subsidy Rate Filing Exhibits

Comments:

See attached

Attachment:

DC 2012 Dues Subsidy Rate Filing Exhibits.pdf

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

District of Columbia 2012 Dues Subsidy (Bridge) Rate Filing

Actuarial Memorandum

I, Peter Berry, Senior Actuarial Director for Kaiser Foundation Health Plan, Inc. (Kaiser) am a member of the American Academy of Actuaries. I meet the qualification standards for certifying Regulatory Filings for Rates and Financial Projections for Health Plans. This Actuarial Certification applies to the attached filing for a change in premium rates for Dues Subsidy, Kaiser's charitable contribution program. This actuarial memorandum documents the assumptions and sources of data pertaining to the development of Kaiser premium rates effective February 2012.

The Dues Subsidy program is part of Kaiser's charitable benefit program. In order to be eligible, members' annual income must be less than 300% of the Federal poverty level. Based upon income level, the member is responsible for either 5% or 10% of the filed premium rates.

Note that premium found in the attached exhibit is calculated using rates multiplied by lives. This is done to account for both Kaiser's and the member's portion of the premium.

The Revenue Requirement for 2012 is developed by accumulating medical and administrative expenses posted for the period May 2010 through April 2011 including the change in incurred but not reported estimates. Utilization and cost data from internal costs, fee for service claims, and prescription drug claims are trended to 2012. Trend considerations include historical trend by type of service, budget analysis for internal medical cost at Kaiser Medical Centers, contracts with fee for service providers and any additional information that would affect either the utilization or cost of services. A trend summary appears in Exhibit 2.

Retention is applied to the resulting claim cost PMPM to establish a projected revenue requirement for the block of business. Exhibit 1 shows the development of the Projected Revenue Target from the period Medical Cost Data. The final 2012 change in premium is applied to the base rates.

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.

Certification

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

A handwritten signature in dark ink, appearing to read "Peter Berry". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Peter Berry, FSA, MAAA

Senior Actuarial Director

Kaiser Foundation Health Plan, Inc.

8/31/2011



KAISER PERMANENTE®

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

August 31, 2011

Ms. Darniece Shirley
Department of Insurance and Securities
Insurance Product Division
810 First Street, N.E.
Washington, DC 20002

Re: NAIC #: 95639
Dues Subsidy (Bridge Plan) Rate Filing for 2012

Dear Ms. Darniece:

Attached for your review is the Dues Subsidy (Bridge Plan) rate filing for Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. These rates are compliant with DC B18-792-Reasonable Health Insurance Ratemaking and Health Care Reform Act of 2010. Please approve the rates enclosed.

Dues Subsidy is part of Kaiser's community service benefit. Eligible members are responsible for paying either 5% or 10% of the filed premium rate, depending upon certain income criteria.

As the experience for this block is not credible, and given that Kaiser pays most of the premium for the member, Kaiser is requesting no premium rate change.

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

- Exhibit 1 – Build-up of required rate increase, as well as current and proposed rates.
- Exhibit 2 – Projected 2012 trend calculation.

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

Sincerely,

Brent Plemons
Senior Actuarial Analyst

CC. Peter Berry, FSA, MAAA, Senior Actuarial Director
Wendy Drum, Director of Underwriting, Mid-Atlantic Region

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Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
Dues Subsidy (Bridge Plan) 2012 Rate Filing
Exhibit 3 - Build-up of Retention

Retention Category	Percent of Retention
Claims Processing	0.72%
Customer Service	1.51%
Taxes	0.03%
Capital Generation	1.18%
Member Satisfaction Survey	0.16%
Member Communication Materials	0.39%
Open Enrollment	0.39%
Utilization Review	0.49%
Care Management	0.74%
Ad Hoc Reports	0.00%
Other - Community Service	0.00%
Corporate and Other Overhead	7.40%
Commissions	0.00%
Premium Tax	2.00%
Total	15.00%